

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[100], received from the Company’s reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of 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.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG JINGXIN PHARMACEUTICAL CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Zhejiang Jingxin Pharmaceutical Co., Ltd. (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages I-[4] to I-[100], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as of 31 December 2023 and 2024, 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 years ended 31 December 2023 and 2024, and material accounting policy information and other explanatory information (together, the “**Financial Information**”). The historical financial information set out on pages I-[4] to I-[100] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [11 February 2026] (the “**Document**”) in connection with the initial [REDACTED] of [REDACTED] of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Financial Information

The directors of the Company are responsible for the preparation of Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the historical financial information, and for such internal control as the directors determine is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants’ Responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the 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 Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the historical financial information in order to design

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procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2023 and 2024 and of the Group's financial performance and cash flows for the years then ended in accordance with the basis of preparation set out in Note 2 to the historical financial information.

Review of stub period historical financial information

We have reviewed the stub period historical financial information of the Group which comprises the consolidated statement of financial position as at 31 October 2025, 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 ten months ended 31 October 2024 and 2025 and other explanatory information (together the "**Stub Period Historical Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Historical Financial Information in accordance with the basis of preparation set out in note 2 to the historical financial information. Our responsibility is to express a conclusion on the Stub Period Historical 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*". 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 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 Historical 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 2 to the historical financial information.

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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 Financial Information and the Stub Period Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 16 to the historical financial information which contains information about the dividends paid by the Company in respect of the years ended 31 December 2023 and 2024 and the ten months ended 31 October 2025.

[BDO Limited]

Certified Public Accountants

[●]

Practising Certificate no. P[●]

Hong Kong

Date

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I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the historical financial information as of 31 December 2023, 31 December 2024 and 31 October 2025 and for the years/periods then ended (the “**Track Record Period**”) (together, the “**Historical Financial Information**”) which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the year ended 31 December 2023 and 2024, on which the financial information is based, were audited by BDO Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (“**IAASB**”) (“**Underlying Financial Statements**”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended		Ten months ended	
		31 December		31 October	
		2023	2024	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(Unaudited)</i>	<i>(Unaudited)</i>
Continuing operations					
Revenue	6	3,998,835	4,158,551	3,438,388	3,344,144
Cost of sales		<u>(2,032,050)</u>	<u>(2,143,031)</u>	<u>(1,757,318)</u>	<u>(1,730,246)</u>
Gross profit		1,966,785	2,015,520	1,681,070	1,613,898
Other income	7	118,741	184,443	143,423	89,798
Impairment losses under ECL model, net of reversal	8	(5,138)	(14,574)	(19,227)	(7,105)
Impairment of property, plant and equipment		—	—	—	(2,725)
Impairment loss on investment in associates		(12,328)	—	—	—
Impairment loss of goodwill		—	—	—	(10,136)
Selling and marketing expenses		(783,527)	(692,264)	(595,734)	(510,432)
Administrative expenses		(215,538)	(230,391)	(191,368)	(183,481)
Research and development costs		(400,935)	(383,485)	(305,756)	(289,921)
Other gains and losses, net	9	53,529	(26,865)	(35,765)	15,646
Finance costs	10	(7,315)	(7,743)	(6,937)	(3,335)
Share of results of associates	18	<u>(6,042)</u>	<u>(658)</u>	<u>(798)</u>	<u>(660)</u>
Profit before tax		708,232	843,983	668,908	711,547
Income tax expenses	12	<u>(84,623)</u>	<u>(124,854)</u>	<u>(110,476)</u>	<u>(82,232)</u>
Profit for the year/period from continuing operations		623,609	719,129	558,432	629,315
Discontinued operations					
Loss for the year from discontinued operation		<u>(191)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit for the year/period		<u>623,418</u>	<u>719,129</u>	<u>558,432</u>	<u>629,315</u>

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	Year ended 31 December		Ten months ended 31 October	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<i>Notes</i>			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Other comprehensive income/(loss) for the year/period				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Share of other comprehensive income of associates	(445)	164	164	—
Exchange differences arising from translation of foreign operations	<u>111</u>	<u>545</u>	<u>270</u>	<u>(138)</u>
Total comprehensive income for the year/period	<u>623,084</u>	<u>719,838</u>	<u>558,866</u>	<u>629,177</u>
Profit/(loss) attributable to:				
Owners of the Company				
— From continuing operations	619,089	711,964	550,011	621,597
— From discontinued operation	(191)	—	—	—
Non-controlling interests				
— From continuing operations	<u>4,520</u>	<u>7,165</u>	<u>8,421</u>	<u>7,718</u>
	<u>623,418</u>	<u>719,129</u>	<u>558,432</u>	<u>629,315</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company				
— From continuing operations	618,755	712,659	550,438	621,459
— From discontinued operation	(191)	—	—	—
Non-controlling interests				
— From continuing operations	<u>4,520</u>	<u>7,179</u>	<u>8,428</u>	<u>7,718</u>
	<u>623,084</u>	<u>719,838</u>	<u>558,866</u>	<u>629,177</u>
Earning per share				
Basic (<i>RMB</i>)	<i>15</i>			
— From continuing operations	0.72	0.83	0.64	0.75
— From discontinued operation	0.00	N/A	N/A	N/A
Diluted (<i>RMB</i>)	<i>15</i>			
— From continuing operations	0.72	0.83	0.64	0.75
— From discontinued operation	0.00	N/A	N/A	N/A

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	<u>As at 31 December</u>		<u>As at</u>
		<u>2023</u>	<u>2024</u>	<u>31 October</u>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(Unaudited)</i>
Non-current assets				
Property, plant and equipment	19	2,278,611	2,211,669	2,310,704
Right-of-use assets	22	411,061	395,384	399,776
Investment properties	20	347,154	335,587	159,070
Intangible assets	21	32,990	22,335	65,430
Goodwill	23	348,485	348,485	338,349
Investments in associates	18	62,516	55,541	54,881
Financial assets at fair value through profit or loss	31	549,787	494,591	496,303
Prepayments and deposits	25	9,563	31,953	8,954
Time deposits	27	511,672	1,611,075	925,997
Deferred tax assets	24	<u>80,983</u>	<u>83,561</u>	<u>81,053</u>
Total non-current assets		<u>4,632,822</u>	<u>5,590,181</u>	<u>4,840,517</u>
Current assets				
Inventories	28	652,687	792,719	747,050
Trade receivables	25	571,456	747,848	808,452
Prepayments, deposits and other receivables	25	68,539	66,029	80,194
Financial assets at fair value through other comprehensive income	26	41,122	104,170	29,105
Financial assets at fair value through profit or loss	31	150,956	827,657	318,064
Time deposits with original maturities over three months	27	513,463	34,445	720,982
Restricted bank deposits	27	79,493	29,122	21,430
Cash and cash equivalents	27	<u>1,276,018</u>	<u>287,145</u>	<u>482,793</u>
Total current assets		<u>3,353,734</u>	<u>2,889,135</u>	<u>3,208,070</u>
Total assets		<u>7,986,556</u>	<u>8,479,316</u>	<u>8,048,587</u>

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		As at 31 December		As at
		2023	2024	31 October
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>Notes</i>			<i>(Unaudited)</i>
Current liabilities				
Trade and bills payables	29	587,427	565,190	541,834
Contract liabilities	30	53,346	56,484	44,589
Other payables and accruals	29	1,098,737	1,129,012	1,065,020
Borrowings	32	279,091	281,355	284,576
Lease liabilities	33	11,860	13,302	7,279
Tax payables		44,296	89,178	33,834
Total current liabilities		<u>2,074,757</u>	<u>2,134,521</u>	<u>1,977,132</u>
Net current assets		<u>1,278,977</u>	<u>754,614</u>	<u>1,230,938</u>
Total assets less current liabilities		<u>5,911,799</u>	<u>6,344,795</u>	<u>6,071,455</u>
Non-current liabilities				
Provision for litigations		3,203	1,195	868
Lease liabilities	33	31,228	23,131	23,263
Deferred tax liabilities	24	68,400	54,333	53,800
Deferred income	34	268,813	264,591	265,720
Total non-current liabilities		<u>371,644</u>	<u>343,250</u>	<u>343,651</u>
NET ASSETS		<u>5,540,155</u>	<u>6,001,545</u>	<u>5,727,804</u>
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	35	861,029	861,029	861,029
Treasury shares	36	—	—	(608,784)
Reserves		<u>4,651,345</u>	<u>5,108,481</u>	<u>5,439,300</u>
		5,512,374	5,969,510	5,691,545
Non-controlling interests		<u>27,781</u>	<u>32,035</u>	<u>36,259</u>
TOTAL EQUITY		<u>5,540,155</u>	<u>6,001,545</u>	<u>5,727,804</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests		
	Share capital	Treasury shares	Capital reserve	Exchange reserve	Special reserve	Statutory reserve	Retained earnings	Total	Total	
	(note 35) RMB'000	(note 36) RMB'000	(note 37) RMB'000	(note 37) RMB'000	(note 37) RMB'000	(note 37) RMB'000	(note 37) RMB'000	RMB'000	RMB'000	
As at 1 January 2023	861,029	—	1,720,168	1,372	—	324,775	2,238,779	5,146,123	25,847	5,171,970
Profit for the year	—	—	—	—	—	—	618,898	618,898	4,520	623,418
Other comprehensive loss	—	—	—	(334)	—	—	—	(334)	—	(334)
Total comprehensive income for the year	—	—	—	(334)	—	—	618,898	618,564	4,520	623,084
Dividend	—	—	—	—	—	—	(258,309)	(258,309)	(4,024)	(262,333)
Transferred to statutory reserve	—	—	—	—	—	49,336	(49,336)	—	—	—
Capital injection	—	—	3,110	—	—	—	—	3,110	41	3,151
Deregistration of a subsidiary	—	—	—	—	—	—	—	—	1,397	1,397
Provision of safety fund	—	—	—	—	2,886	—	—	2,886	—	2,886
As at 31 December 2023 and 1 January 2024	861,029	—	1,723,278	1,038	2,886	374,111	2,550,032	5,512,374	27,781	5,540,155
Profit for the year	—	—	—	—	—	—	711,964	711,964	7,165	719,129
Other comprehensive income	—	—	—	695	—	—	—	695	14	709
Total comprehensive income for the year	—	—	—	695	—	—	711,964	712,659	7,179	719,838
Dividend	—	—	—	—	—	—	(258,309)	(258,309)	(3,154)	(261,463)
Transferred to statutory reserve	—	—	—	—	—	96,365	(96,365)	—	—	—
Partial disposal of a subsidiary without loss of control	—	—	171	—	—	—	—	171	229	400
Provision of safety fund	—	—	—	—	2,615	—	—	2,615	—	2,615
As at 31 December 2024 and 1 January 2025	861,029	—	1,723,449	1,733	5,501	470,476	2,907,322	5,969,510	32,035	6,001,545
Profit for the period	—	—	—	—	—	—	621,597	621,597	7,718	629,315
Other comprehensive loss	—	—	—	(138)	—	—	—	(138)	—	(138)
Total comprehensive income for the period	—	—	—	(138)	—	—	621,597	621,459	7,718	629,177
Dividend	—	—	—	—	—	—	(284,854)	(284,854)	(3,687)	(288,541)
Repurchase of shares	—	(608,784)	—	—	—	—	—	(608,784)	—	(608,784)
Acquisition of non-controlling interest	—	—	(285)	—	—	—	—	(285)	193	(92)
Reversal of unutilised safety fund	—	—	—	—	(5,501)	—	—	(5,501)	—	(5,501)
As at 31 October 2025 (Unaudited)	861,029	(608,784)	1,723,164	1,595	—	470,476	3,244,065	5,691,545	36,259	5,727,804
As at 1 January 2024	861,029	—	1,723,278	1,038	2,886	374,111	2,550,032	5,512,374	27,781	5,540,155
Profit for the period	—	—	—	—	—	—	550,011	550,011	8,421	558,432
Other comprehensive income	—	—	—	427	—	—	—	427	7	434
Total comprehensive income for the year	—	—	—	427	—	—	550,011	550,438	8,428	558,866
Dividend	—	—	—	—	—	—	(258,309)	(258,309)	(3,154)	(261,463)
Partial disposal of a subsidiary without loss of control	—	—	171	—	—	—	—	171	229	400
Provision of safety fund	—	—	—	—	4,130	—	—	4,130	—	4,130
As at 31 October 2024 (Unaudited)	861,029	—	1,723,449	1,465	7,016	374,111	2,841,734	5,808,804	33,284	5,842,088

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended		Ten months ended	
	31 December		31 October	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before taxation from continuing operations	708,232	843,983	668,908	711,547
Loss for the year from discontinued operation	(191)	—	—	—
	708,041	843,983	668,908	711,547
Adjustment for:				
Interest income	(60,269)	(71,238)	(61,120)	(48,582)
Impairment losses under ECL model, net of reversal	5,138	14,574	19,227	7,105
Impairment of goodwill	—	—	—	10,136
Impairment of property, plant and equipment	—	—	—	2,725
Impairment loss on investment in associates	12,328	—	—	—
(Reversal of write-down)/write-down of inventories	(2,029)	6,419	8,398	13,146
Depreciation of property, plant and equipment	186,049	264,437	220,774	212,715
Depreciation of right-of-use assets	22,529	22,080	18,418	18,961
Depreciation of investment properties	10,034	10,928	9,095	10,310
Amortisation of intangible assets	12,893	13,324	11,168	10,460
(Gain)/loss on disposal of property, plant and equipment	(2,455)	(2,515)	(193)	49
Gain on disposal of right-of-use assets	(4,398)	—	—	—
Provision/(reversal of provision) of safety fund	2,886	2,615	4,130	(5,501)
Finance costs	7,315	7,743	6,937	3,335
Gain on disposal of financial assets at fair value through profit or loss, net	(7,997)	(3,733)	(9,175)	(6,317)
Fair value (gain)/loss on financial assets at fair value through profit or loss	(36,771)	42,367	52,784	(2,313)
Write-off of investment properties	—	639	639	—
Deferred income credited to profit or loss	(23,719)	(22,015)	(18,049)	(18,482)
Share of results of associates	6,042	658	798	660
Loss on deregistration of a subsidiary	1,397	—	—	—

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	Year ended		Ten months ended	
	31 December		31 October	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating cashflow before change in working capital	837,014	1,130,266	932,739	919,954
Decrease/(increase) in inventories	123,042	(146,451)	(92,525)	32,523
Increase in trade receivables	(103,748)	(189,555)	(218,405)	(66,553)
(Increase)/decrease in financial assets at fair value through other comprehensive income	(5,981)	(63,048)	9,993	75,065
Increase in prepayments, deposits and other receivables	(261,914)	(36,648)	(63,558)	(72,706)
(Decrease)/increase in trade and bills payables	(16,459)	(22,237)	47,577	(23,356)
(Decrease)/increase in contract liabilities	(27,661)	3,138	(6,489)	(11,895)
Increase/(decrease) in other payables and accruals	279,174	27,714	16,596	(60,358)
Increase/(decrease) in provision	1,262	(2,008)	(1,813)	(327)
Decrease in restricted bank deposits	<u>5,315</u>	<u>50,371</u>	<u>50,371</u>	<u>7,692</u>
Cash generated from operations	830,044	751,542	674,486	800,039
Interest received	60,269	71,238	61,120	48,582
Income tax paid	<u>(97,475)</u>	<u>(96,617)</u>	<u>(96,099)</u>	<u>(135,601)</u>
Net cashflow from operating activities	<u>792,838</u>	<u>726,163</u>	<u>639,507</u>	<u>713,020</u>

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	Year ended		Ten months ended	
	31 December		31 October	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from investing activities				
Purchase of financial assets				
at fair value through profit or loss	(425,000)	(4,236,000)	(3,816,000)	(1,600,900)
Placement of time deposits	(750,196)	(1,102,863)	(1,102,863)	(30,000)
Cash paid for the acquisition of				
non-controlling interests	—	—	—	(92)
Proceeds from disposal of property, plant				
and equipment	5,181	5,201	2,174	1,555
Proceed from disposal of a right-of-use				
asset	5,084	—	—	—
Proceeds from disposal of financial assets				
at fair value through profit or loss	635,972	3,625,095	3,240,261	2,123,670
Dividends from financial assets				
at fair value through profit or loss	5,882	5,882	5,882	11,059
Withdrawal of time deposits	305,000	530,000	500,000	62,000
Purchases of property, plant and				
equipment	(312,994)	(265,769)	(237,972)	(136,294)
Purchases of intangible assets	(4,622)	(2,669)	(2,160)	(53,555)
Purchases of investment properties	(223,835)	—	—	—
Refund of purchase consideration	—	2,038	2,038	—
Receipt of government grants for				
property, plant and equipment	21,936	17,793	15,707	19,611
Deposit paid for acquisition of right				
of use assets	—	(16,570)	—	—
Net cashflow (used in)/from				
 investing activities	<u>(737,592)</u>	<u>(1,437,862)</u>	<u>(1,392,933)</u>	<u>397,054</u>

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	Year ended		Ten months ended	
	31 December		31 October	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flow from financing activities				
Interest paid	(7,315)	(7,743)	(6,937)	(3,335)
Proceeds from borrowings	585,002	738,290	638,855	442,562
Repayment of borrowings	(544,734)	(735,910)	(636,380)	(439,884)
Injection from non-controlling interests	—	400	400	—
Principal element for lease liabilities	(16,285)	(13,910)	(12,713)	(13,583)
Repurchase of treasury shares	—	—	—	(608,784)
Dividends paid to equity holders of the parent	(258,309)	(258,309)	(258,309)	(284,854)
Dividends paid to non-controlling interests	(4,024)	(3,154)	(3,154)	(3,687)
Withdrawal of rental deposits	56	172	172	368
Net cashflow used in financing activities	<u>(245,609)</u>	<u>(280,164)</u>	<u>(278,066)</u>	<u>(911,197)</u>
Effects of exchange rate changes on cash and cash equivalents	2,714	2,990	2,321	(3,229)
Net increase in cash and cash equivalents	(190,363)	(991,863)	(1,031,492)	198,877
Cash and cash equivalents at the beginning of year/period	<u>1,463,667</u>	<u>1,276,018</u>	<u>1,276,018</u>	<u>287,145</u>
Cash and cash equivalents at end of year/period	<u><u>1,276,018</u></u>	<u><u>287,145</u></u>	<u><u>246,847</u></u>	<u><u>482,793</u></u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	<u>As at 31 December</u>		<u>As at</u>
		<u>2023</u>	<u>2024</u>	<u>31 October</u>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(Unaudited)</i>
Non-current assets				
Property, plant and equipment	19	861,143	899,842	1,211,417
Right-of-use assets	22	59,747	61,850	75,682
Investment properties	20	424,698	411,565	127,928
Intangible assets	21	5,361	5,608	52,034
Investments in subsidiaries	17	1,380,293	1,400,893	1,391,758
Investments in associates	18	61,630	55,541	54,881
Financial assets at fair value through profit or loss	31	549,430	493,987	496,261
Prepayments and deposits	25	1,749	28,728	—
Times deposits	27	308,216	1,191,347	697,172
Deferred tax assets	24	<u>52,378</u>	<u>61,232</u>	<u>60,064</u>
Total non-current assets		<u>3,704,645</u>	<u>4,610,593</u>	<u>4,167,197</u>
Current assets				
Inventories	28	171,610	240,784	205,864
Trade receivables	25	203,697	336,729	509,707
Prepayments, deposits and other receivables	25	763,499	782,213	975,049
Financial assets at fair value through other comprehensive income	26	50,479	43,390	5,139
Financial assets at fair value through profit or loss	31	150,956	772,527	217,761
Time deposits with original maturities over three months	27	360,629	23,500	522,447
Restricted banks deposits	27	13,039	15,500	4,000
Cash and cash equivalents	27	<u>833,931</u>	<u>119,560</u>	<u>116,270</u>
Total current assets		<u>2,547,840</u>	<u>2,334,203</u>	<u>2,556,237</u>
Total assets		<u><u>6,252,485</u></u>	<u><u>6,944,796</u></u>	<u><u>6,723,434</u></u>

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		As at 31 December		As at
		2023	2024	31 October
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>Notes</i>			<i>(Unaudited)</i>
Current liabilities				
Trade and bills payables	29	257,666	396,450	343,840
Contract liabilities	30	44,309	37,055	19,941
Other payables and accruals	29	977,060	846,545	887,679
Borrowings	32	39,869	—	—
Lease liabilities	33	164	2,120	2,703
Tax payables		<u>25,772</u>	<u>62,163</u>	<u>29,002</u>
Total current liabilities		<u>1,344,840</u>	<u>1,344,333</u>	<u>1,283,165</u>
Net current assets		<u>1,203,000</u>	<u>989,870</u>	<u>1,273,072</u>
Total assets less current liabilities		<u>4,907,645</u>	<u>5,600,463</u>	<u>5,440,269</u>
Non-current liabilities				
Provision for litigations		1,100	929	780
Lease liabilities	33	804	2,631	1,114
Deferred tax liabilities	24	46,743	40,262	40,293
Deferred income	34	<u>96,247</u>	<u>88,386</u>	<u>91,209</u>
Total non-current liabilities		<u>144,894</u>	<u>132,208</u>	<u>133,396</u>
NET ASSETS		<u>4,762,751</u>	<u>5,468,255</u>	<u>5,306,873</u>
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	35	861,029	861,029	861,029
Treasury shares	36	—	—	(608,784)
Reserves	37	<u>3,901,722</u>	<u>4,607,226</u>	<u>5,054,628</u>
TOTAL EQUITY		<u>4,762,751</u>	<u>5,468,255</u>	<u>5,306,873</u>

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II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established in the People’s Republic of China (the “PRC”) on 13 February 1999. In July 2004, the Company’s shares were listed on the main board of the Shenzhen Stock Exchange with stock code 002020. Its registered office and the principal place of business activities is located at No. 800 East Xinchang Avenue, Xinchang County, Zhejiang, China.

The Group and the Company are principally engaged in research, development, production, and sales of drugs, active pharmaceutical ingredients and medical devices.

In the opinion of the directors, Mr Lyu Gang (呂綱) is the controlling shareholder of the Company.

The statutory consolidated financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the relevant accounting principles in the PRC were audited by BDO China Shu Lun Pan CPAs LLP (立信會計師事務所(特殊普通合夥)) which are certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards which collective term includes all individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board (“IASB”). In addition, the Historical Financial Information also complies with the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has consistently adopted all applicable new and revised IFRSs that are effective during the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in note 3.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE NEW STANDARDS, INTERPRETATION AND AMENDMENTS

The Group has not early applied the following new standards, interpretations and amendments that have been issued, but are not yet effective, during the Track Record Period.

Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial Instruments ¹
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvement to IFRS Accounting Standards — Volume 11 ¹
IFRS 18	Presentation and disclosure in financial statements ²
IFRS 19 and its amendments	Subsidiaries without public accountability: Disclosures ²
Amendments to IAS21	Translation to a hyperinflationary Presentation Currency ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

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

³ Effective for annual periods beginning on or after a date to be determined.

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IFRS 18 “Presentation and Disclosure” 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.

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” clarify that a financial liability is derecognised on the ‘settlement date’, i.e., when the related obligation is discharged or cancelled or expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (“ESG”)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (“CLI”). Additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are also introduced.

The Group has already commenced an assessment of the impact of these new and revised IFRS, which are relevant to the Group’s operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when new and amended IFRS Accounting Standards become effective.

4. ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(a) Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(c) Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and

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- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 Leases) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

(d) Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statements of financial position of the Company.

(e) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When there is objective evidence that the investment in an associate is impaired, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

The Company's investments in associates are accounted for in the financial statements using the equity method.

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(f) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services, the sales of goods or the use by others of the Group's assets in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties and value-added tax.

Further details of the Group's revenue and other income recognition policies are as follows:

Sales of goods

The sales generally involve a single performance obligation to deliver goods pursuant to customer purchase orders. For most contracts, there is a fixed unit price for each product sold. Where a customer orders more than one product type, the Group allocates the contract price to each product type by reference to each product's standalone selling price.

The Group has determined that the performance obligations are satisfied at a point in time when the Group completes delivery according to the customer purchase orders. The majority of sales are delivered at place ("DAP") for local sales, and free on board ("FOB") or cost, insurance and freight ("CIF") for export sales. Upon arrival at the customer's designated location under DAP arrangement, or upon loading onto the vessel at the port of shipment under FOB or CIF arrangement, the customer is able to direct the use of, and obtain substantially all of the remaining benefits from, the asset. The Group considers control to have been transferred at that point in time because the Group no longer has physical possession of the asset but has a present right to payment; the customer has legal title, and the significant risks and rewards of ownership of the asset. The goods have either been accepted by the customers or there is objective evidence that the goods provided meet the required specification. Shipping and handling activities performed prior to the customer obtaining control of the goods are accounted for as fulfilment activities and are not a promised good or service. Shipping and handling costs, associated with the distribution of the goods to the customers, are recorded in cost of sales and are recognised when control of the goods is transferred to the customer.

Customers are either required to provide upfront payments to the Group to secure an order, or are required to pay when the control of the promised goods are transferred, usually payable within 30 to 120 days. A contract liability is recognised when the Group receives consideration in advance of transferring control of the promised goods. A receivable is recognised when the control of the promised goods has been transferred to the customers but the Group has not received consideration in advance, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The credit period granted to customers by the Group is determined based on their credit risk characteristics. Generally, the Group does not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, there is no significant financing component and the transaction price is not adjusted for the time value of money. However, if the transfer of control of the promised goods and the receipt of consideration occur more than one year apart, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

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The Group also allows certain customers a right to return the goods for a full refund if they have quality issue and this give rise to variable consideration. In estimating the variable consideration, the Group uses an expected value approach to estimates these returns, given the large number of customer contracts that have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group also considers whether the amount of variable consideration is constrained. The Group estimates the amount of returns are immaterial based on its specified terms of the contracts, accumulated experience with customers and historical data on returns for specific products.

Maintenance service

Maintenance service is transferred over time during the contract period or when services are rendered.

Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not credit-impaired. For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, the calculation of interest income reverts to the gross basis.

Government grants

Government grants are not recognised 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 recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense 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 property, plant and equipment are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants 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 recognised in profit or loss in the period in which they become receivable. Such grants are presented under other income.

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(g) Lease

The Group as lessee

The Group assess 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.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option and lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases. The Group present right-of-use assets and lease liabilities separately in the consolidated statements of financial position.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

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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 asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(h) 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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rate prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised 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 foreign operations are translated into the presentation currency of the Group (i.e. 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 the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non- controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(i) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Retirement benefit costs

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service.

(k) Short-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(l) Treasury shares

Own equity instruments which held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognised in the consolidated statements of profit or loss and other comprehensive income on the purchase, sale, issue or cancelation of the Group's own equity instruments.

(m) Taxation

Income tax expense represents the sum of the current tax and deferred tax. Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

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Deferred tax

Deferred tax is recognised 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 profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised 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 profits nor the accounting profit and at that time of the transaction does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 realised, based on tax rates (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.

(n) **Property, plant and equipment**

Property, plant and equipment (other than freehold land and construction in progress) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated and is measured at cost less subsequent accumulated impairment losses. Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment (other than freehold and construction in progress) are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and buildings	35 years
Production equipment	3–10 years
Transportation vehicle	3–10 years
Furniture, fixtures and equipment	3–10 years
Other equipment	3–10 years

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

An item of property, plant and equipment is derecognised 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

(o) Investment properties

Investment properties, principally land and buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are measured using the cost model.

(p) Goodwill

Goodwill is measured as described in note 4 (c). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units (“CGUs”) that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 6).

(q) Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows.

Trademarks	10 years
Computer software	5–10 years
Patent related intellectual properties	5–10 years
Other software	5 years

The amortisation expense is recognised in profit or loss and included in administrative expenses.

(r) Research and development costs

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

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(s) Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) 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 recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(t) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trading date basis.

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Fair value through other comprehensive income ("FVTOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income.

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FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model, whereby changes in fair value, interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

Impairment loss on financial assets

The Group recognises a loss allowance for expected credit loss (“**ECL**”) on financial assets which are subject to impairment under IFRS 9 “Financial Instruments”. The amount of ECL is updated at the end of each reporting period 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. Assessment are done based on the Group’s historical credit loss experience, adjusted for 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 measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognises lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;
- 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 debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument 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 debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

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.

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred 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).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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

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

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, e.g. 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 made are recognised in profit or loss.

Measurement and recognition of ECL

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

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 adjusted by 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.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables are each assessed as a separate group. Bills receivables are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account, except for debt instruments measured at FVTOCI where the loss allowance is recognised in other comprehensive income without reducing the carrying amount of these debt instruments.

Derecognition of financial assets

The Group derecognises 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 shall continue to recognise the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a debt instrument classified as at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

(ii) *Financial liabilities and equity instruments*

Classification as debt or equity

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

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance in note 4(i). Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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 recognised at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Group derecognises 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 derecognised and the consideration paid and payable is recognised in profit or loss.

(u) *Inventories*

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

(v) *Provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, 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, judgements 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

The following are key assumptions concerning the future, and other 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 financial year.

Key sources of estimation uncertainty

Useful lives on property, plant and equipment and intangible assets

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment and amortisation charge for its intangible assets. This estimate is based on the historical experience of the actual useful lives of assets of similar nature and functions and may vary significantly as a result of technical innovations. The Group will increase the depreciation and amortisation charges where useful lives are less than the previously estimates, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation or amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Estimated impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited) was RMB348,485,000, RMB348,485,000 and RMB338,349,000. Further details are given in note 23.

Estimated impairment of associates

As at 31 December 2023, in view of continuing and significant operating loss incurred by an associate, Vascular Graft Solutions Ltd., the Group performed impairment assessment at reporting date. Determining whether and the amount of impairment loss to be recognised requires an estimation of the recoverable amount of the relevant associate which is the higher of value in use and fair value less costs of disposal. Based on the fair value less costs of disposal calculation, which is determined to be higher than the value in use, the investment was written down to its recoverable amount of RMB6,513,000, and an impairment loss of RMB12,328,000 was recognised for the years ended 31 December 2023.

In cases where inputs for the estimation of the recoverable amount changes based on the latest transaction price of share of the associate changes, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

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Provision of ECL for financial assets measured at amortised cost

The Group calculates ECL under IFRS 9. The provision rates are 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 circumstances and forecast economic conditions. Details of the key assumptions and inputs used are set out in Note 38. Changes in these assumptions and inputs could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

Fair value measurement of financial instruments

Certain of the Group's financial assets are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Fair values of bills receivables are estimated as the present values of future cash flows, discounted at interest rates based on the government yield curve as at the end of the reporting period plus a credit spread to reflect the credit risks of the issuer. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting period.

6. SEGMENT INFORMATION AND REVENUE

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) drugs segment produces and sells difference types finished pharmaceuticals;
- (b) active pharmaceutical ingredients segment produces and sells difference raw materials to customers for further processing to medicine;
- (c) medical devices segment manufactures and sells of medical devices and provides the relevant maintenance services; and
- (d) Others comprise, principally, the Group's management services, investment properties business and sale of pharmaceutical related material.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings (other than lease liabilities), an amount due to the ultimate holding company, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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Year ended 31 December 2023

	Drugs	Active pharmaceutical ingredients	Medical devices	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	2,485,316	2,157,480	637,246	225,977	5,506,019
Inter-segment revenue	(158,926)	(1,201,173)	—	(147,085)	(1,507,184)
Revenue (from external customers)	<u>2,326,390</u>	<u>956,307</u>	<u>637,246</u>	<u>78,892</u>	<u>3,998,835</u>
Timing of revenue recognition					
At a point in time	2,326,390	956,307	636,578	46,998	3,966,273
Over time	—	—	668	31,894	32,562
	<u>2,326,390</u>	<u>956,307</u>	<u>637,246</u>	<u>78,892</u>	<u>3,998,835</u>
Segment profit before income tax	<u>461,155</u>	<u>162,482</u>	<u>79,959</u>	<u>4,445</u>	<u>708,041</u>
Interest income	28,119	31,286	856	8	60,269
Fair value gain/(loss) on financial assets at fair value through profit or loss	37,020	—	—	(249)	36,771
Depreciation of property, plant and equipment	(83,293)	(89,779)	(8,212)	(4,765)	(186,049)
Depreciation of right-of-use assets	(5,567)	(6,456)	(9,931)	(575)	(22,529)
Depreciation of investment properties	—	—	—	(10,034)	(10,034)
(Provision)/reversal of provision for impairment loss of non-financial assets	(873)	5,576	(2,674)	—	2,029
Amortisation of intangible assets	(4,810)	(64)	(7,959)	(60)	(12,893)
Finance costs	(1,820)	(4,608)	(883)	(4)	(7,315)
Share of results of associates	(6,042)	—	—	—	(6,042)
(Impairment loss) of investment in associate	(11,357)	—	—	(971)	(12,328)
Income tax expense	(55,681)	(24,635)	(4,307)	—	(84,623)

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Drugs	Active pharmaceutical ingredients	Medical devices	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	2,710,909	2,055,672	687,233	292,749	5,746,563
Inter-segment revenue	(188,617)	(1,179,376)	—	(220,019)	(1,588,012)
Revenue (from external customers)	<u>2,522,292</u>	<u>876,296</u>	<u>687,233</u>	<u>72,730</u>	<u>4,158,551</u>
Timing of revenue recognition					
At a point in time	2,522,292	876,296	685,850	40,492	4,124,930
Over time	<u>—</u>	<u>—</u>	<u>1,383</u>	<u>32,238</u>	<u>33,621</u>
	<u>2,522,292</u>	<u>876,296</u>	<u>687,233</u>	<u>72,730</u>	<u>4,158,551</u>
Segment profit before income tax	<u>593,920</u>	<u>131,753</u>	<u>96,672</u>	<u>21,638</u>	<u>843,983</u>
Interest income	43,617	25,961	1,632	28	71,238
Fair value (loss)/gain on financial assets at fair value through profit or loss	(41,857)	130	—	(640)	(42,367)
Depreciation of property, plant and equipment	(114,740)	(136,142)	(9,465)	(4,090)	(264,437)
Depreciation of right-of-use assets	(6,117)	(6,348)	(9,502)	(113)	(22,080)
Depreciation of investment properties	—	—	—	(10,928)	(10,928)
(Provision)/reversal of provision for impairment loss of non-financial assets	258	(6,066)	(611)	—	(6,419)
Amortisation of intangible assets	(5,236)	(28)	(8,055)	(5)	(13,324)
Finance costs	(1,635)	(5,624)	(484)	—	(7,743)
Share of results of associates	(658)	—	—	—	(658)
Income tax expense	(82,043)	(28,998)	(9,211)	(4,602)	(124,854)

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Ten months ended 31 October 2024 (unaudited)

	Drugs	Active pharmaceutical ingredients	Medical devices	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	2,263,824	1,692,239	544,296	188,051	4,688,410
Inter-segment revenue	(153,718)	(966,788)	—	(129,516)	(1,250,022)
Revenue (from external customers)	<u>2,110,106</u>	<u>725,451</u>	<u>544,296</u>	<u>58,535</u>	<u>3,438,388</u>
Timing of revenue recognition					
At a point in time	2,110,106	725,451	543,793	32,507	3,411,857
Over time	—	—	503	26,028	26,531
	<u>2,110,106</u>	<u>725,451</u>	<u>544,296</u>	<u>58,535</u>	<u>3,438,388</u>
Segment profit/(loss) before income tax	<u>470,065</u>	<u>121,536</u>	<u>71,221</u>	<u>6,086</u>	<u>668,908</u>
Interest income	36,990	22,729	1,384	17	61,120
Fair value loss on financial assets at fair value through profit or loss	(52,138)	—	—	(646)	(52,784)
Depreciation of property, plant and equipment	(95,094)	(114,423)	(7,807)	(3,450)	(220,774)
Depreciation of right-of-use assets	(5,075)	(5,297)	(7,952)	(94)	(18,418)
Depreciation of investment properties	—	—	—	(9,095)	(9,095)
Provision for impairment loss of non-financial assets	(2,211)	(5,597)	(590)	—	(8,398)
Amortisation of intangible assets	(4,398)	(28)	(6,737)	(5)	(11,168)
Finance costs	(1,433)	(5,081)	(423)	—	(6,937)
Share of results of associates	(798)	—	—	—	(798)
Income tax expense	(75,303)	(26,744)	(6,977)	(1,452)	(110,476)

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ACCOUNTANTS’ REPORT

Ten months ended 31 October 2025 (unaudited)

	Drugs	Active pharmaceutical ingredients	Medical devices	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	2,107,836	1,638,090	568,978	290,725	4,605,629
Inter-segment revenue	(99,100)	(940,083)	—	(222,302)	(1,261,485)
Revenue (from external customers)	<u>2,008,736</u>	<u>698,007</u>	<u>568,978</u>	<u>68,423</u>	<u>3,344,144</u>
Timing of revenue recognition					
At a point in time	2,008,736	698,007	568,427	42,323	3,317,493
Over time	—	—	551	26,100	26,651
	<u>2,008,736</u>	<u>698,007</u>	<u>568,978</u>	<u>68,423</u>	<u>3,344,144</u>
Segment profit before income tax	<u>571,227</u>	<u>69,309</u>	<u>70,416</u>	<u>595</u>	<u>711,547</u>
Interest income	31,794	15,814	965	9	48,582
Fair value gain/(loss) on financial assets at fair value through profit or loss	2,572	303	—	(562)	2,313
Depreciation of property, plant and equipment	(93,487)	(107,858)	(8,362)	(3,008)	(212,715)
Depreciation of right-of-use assets	(5,550)	(5,228)	(8,089)	(94)	(18,961)
Depreciation of investment properties	—	—	—	(10,310)	(10,310)
Provision for impairment loss of non-financial assets	(15,180)	(8,338)	(2,489)	—	(26,007)
Amortisation of intangible assets	(7,764)	—	(2,696)	—	(10,460)
Finance costs	(958)	(2,117)	(260)	—	(3,335)
Share of results of associates	(660)	—	—	—	(660)
Income tax expense	(64,021)	(12,695)	(4,800)	(716)	(82,232)

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ACCOUNTANTS’ REPORT

As at 31 December 2023

	<u>Drugs</u>	<u>Active pharmaceutical ingredients</u>	<u>Medical devices</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total segment assets	5,402,222	2,849,931	604,071	116,332	8,972,556
Total segment assets include:					
Investments accounted for using the equity method	62,516	—	—	—	62,516
Additions to non-current assets (other than financial instruments and deferred income tax assets)	727,632	338,488	30,546	5,368	1,102,034

As at 31 December 2024

	<u>Drugs</u>	<u>Active pharmaceutical ingredients</u>	<u>Medical devices</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total segment assets	4,957,009	2,249,447	575,721	140,146	7,922,323
Total segment assets include:					
Investments accounted for using the equity method	55,541	—	—	—	55,541
Additions to non-current assets (other than financial instruments and deferred income tax assets)	158,918	52,191	16,012	433	227,554

As at 31 October 2025 (unaudited)

	<u>Drugs</u>	<u>Active pharmaceutical ingredients</u>	<u>Medical devices</u>	<u>Others</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total segment assets	5,307,526	2,372,135	590,274	159,644	8,429,579
Total segment assets include:					
Investments accounted for using the equity method	54,881	—	—	—	54,881
Additions to non-current assets (other than financial instruments and deferred income tax assets)	188,544	32,861	14,202	1,238	236,845

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A reconciliation of reportable segments’ profit before income tax to total profit before income tax is provided as follows:

	<u>Year ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total segment profit before income tax	708,041	843,983	668,908	711,547
Discontinued operation	191	—	—	—
Profit before income tax per consolidated statement of comprehensive income	<u>708,232</u>	<u>843,983</u>	<u>668,908</u>	<u>711,547</u>

A reconciliation of reportable segments’ assets to total assets is provided as follows:

	<u>As at 31 December</u>		<u>As at</u>
	<u>2023</u>	<u>2024</u>	<u>31 October</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(Unaudited)</i>
Total segment assets	8,972,556	7,922,323	8,429,579
Deferred tax assets	80,983	83,561	81,053
Restricted bank deposits	79,493	29,122	21,430
Time deposits	1,025,135	1,645,520	1,646,979
Financial assets at fair value through profit or loss	700,743	1,322,248	814,367
Cash and cash equivalents	1,276,018	287,145	482,793
Elimination of intersegment receivables	<u>(4,148,372)</u>	<u>(2,810,603)</u>	<u>(3,427,614)</u>
Total assets per consolidated financial position	<u>7,986,556</u>	<u>8,479,316</u>	<u>8,048,587</u>

Geographical information

An analysis of the Group’s revenue from external customers, based on location of customers and analysed by country, is presented below:

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from external customers				
— Chinese Mainland	3,303,930	3,316,354	2,753,052	2,627,531
— Other regions	694,905	842,197	685,336	716,613
	<u>3,998,835</u>	<u>4,158,551</u>	<u>3,438,388</u>	<u>3,344,144</u>

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Information about the Group’s non-current assets excluding financial assets and deferred tax assets by geographical location of the assets are presented below:

	As at 31 December		As at
	2023	2024	31 October
	RMB’000	RMB’000	RMB’000
			(Unaudited)
Non-current assets excluding financial assets and deferred tax assets			
— Mainland China	3,483,409	3,398,874	3,335,709
— Korea	458	2,080	1,455
— Israel	6,513	—	—
	<u>3,490,380</u>	<u>3,400,954</u>	<u>3,337,164</u>

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Years ended 31 December		Ten months ended 31 October	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	(Unaudited)
Customer 1	606,280	661,931	548,088	525,277

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	As at	As at 31 December		As at
	1 January	2023	2024	31 October
	RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)
Trade receivables (Note 25)	474,434	571,456	747,848	808,452
Contract liabilities (Note 30)	81,007	53,346	56,484	44,589

The contract liabilities mainly relate to the advance consideration received from customers.

Transaction Price Allocated to Future Performance Obligations

IFRS 15 requires that the Group to disclose the aggregate amount of transaction price that is allocated to each performance obligation that has not yet been satisfied as at reporting date. The guidance provides certain practical expedients that limit this requirement and, therefore, for the vast majority of contracts, the Group does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which revenue is recognised at the amount to which the Group has the right to invoice for services performed.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods are a part of contracts that have an original expected duration of one year or less and (ii) contracts for which revenue is recognised at the amount to which the Group has the right to invoice for services performed.

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ACCOUNTANTS’ REPORT

7. OTHER INCOME

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Government subsidies				
— related to assets (<i>Note 34</i>)	23,719	22,015	18,049	18,482
— related to income (<i>note</i>)	19,038	75,087	50,865	12,734
Input VAT preferential tax reductions	14,155	14,729	12,148	8,735
VAT preferential tax reductions	1,014	827	694	690
Refund of individual income tax handling fees	546	547	547	575
Interest income	60,269	71,238	61,120	48,582
	<u>118,741</u>	<u>184,443</u>	<u>143,423</u>	<u>89,798</u>

note: Government grants mainly represent subsidy income received from various government authorities as incentives to certain subsidiaries of the Group. There are no unfulfilled conditions or other contingencies attached to these grants.

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Trade receivables	6,726	13,163	15,100	5,949
Deposits and other receivables	(1,588)	1,411	4,127	1,156
	<u>5,138</u>	<u>14,574</u>	<u>19,227</u>	<u>7,105</u>

9. OTHER GAINS AND LOSSES, NET

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Donations	(342)	(417)	(407)	(258)
Exchange gain/(loss)	3,434	2,925	1,699	(4,954)
Fair value gain/(loss) on financial assets at fair value through profit or loss	36,771	(42,367)	(52,784)	2,313
Gain on disposal of financial assets at fair value through profit or loss, net	7,997	3,733	9,175	6,317
Dividends from financial assets at fair value through profit or loss	5,882	5,882	5,882	11,059
Gain/(loss) on disposal of property, plant and equipment and right-of-use assets	6,853	2,515	193	(49)
Loss on deregistration of a subsidiary	(1,397)	—	—	—
Claims to suppliers, couriers and insurance companies	822	2,040	1,837	1,068
Tax surcharge	(8)	(3,336)	(3,257)	(832)
Loss on litigation claims	(8,030)	(317)	(317)	(111)
Others	1,547	2,477	2,214	1,093
	<u>53,529</u>	<u>(26,865)</u>	<u>(35,765)</u>	<u>15,646</u>

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10. FINANCE COSTS

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest expenses on borrowings	5,266	6,090	5,522	2,116
Interest expenses on lease liabilities	<u>2,049</u>	<u>1,653</u>	<u>1,415</u>	<u>1,219</u>
Total	<u>7,315</u>	<u>7,743</u>	<u>6,937</u>	<u>3,335</u>

11. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cost of inventories recognised as expense	1,795,425	1,830,570	1,498,959	1,454,450
Depreciation and amortisation				
— Property, plant and equipment	186,049	264,437	220,774	212,715
— Investment properties	10,034	10,928	9,095	10,310
— Right-of-use assets	22,529	22,080	18,418	18,961
— Intangible assets	12,893	13,324	11,168	10,460
(Reversal of write-down)/write-down of inventories	(2,029)	6,419	8,398	13,146
Staff costs (including directors’ emoluments):				
— Salaries and other benefits	522,160	499,159	416,977	428,680
— Retirement benefits scheme contributions	77,681	79,659	64,558	69,755
Auditors’ remuneration	1,226	1,226	1,022	1,022
Short-term leases with application of recognition exemption	2,935	1,796	1,248	1,525

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

12. INCOME TAX EXPENSES

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax				
— PRC Enterprise Income Tax (“EIT”)	77,232	128,013	114,740	79,058
— Hong Kong Profits Tax	118	124	124	—
— Under provision in prior years	<u>4,434</u>	<u>13,362</u>	<u>13,361</u>	<u>1,199</u>
	81,784	141,499	128,225	80,257
Deferred tax (<i>Note 24</i>)	<u>2,839</u>	<u>(16,645)</u>	<u>(17,749)</u>	<u>1,975</u>
Total income tax expense	<u>84,623</u>	<u>124,854</u>	<u>110,476</u>	<u>82,232</u>

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Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the standard EIT rate of the Company and the PRC subsidiaries is 25%. For the Company and the PRC subsidiaries approved as “High and New Technology Enterprise” by the relevant government authorities, they are subject to a preferential rate of 15%. For the PRC subsidiaries approved as “Micro and Small Enterprise” by the relevant government authorities, which the annual taxable income that is more than RMB1,000,000 but not more than RMB3,000,000 shall be included in its taxable income at the reduced rate of 25% for years ended 31 December 2023 to 2027, with the applicable enterprise income tax rate of 20%. For the annual taxable income that is not more than RMB1,000,000 shall be included in its taxable income at the reduced rate of 25% for years ended 31 December 2023 to 2027, with the applicable enterprise income tax rate of 20%.

A subsidiary of the Company incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended 31 December 2023 and 2024 and period ending 31 October 2024 and 2025. On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

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

The income tax expense for each of the reporting period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before tax	708,041	843,983	668,908	711,547
Tax at the applicable tax rate of 15% <i>(note)</i>	106,206	126,597	100,336	106,732
Effect of different tax rates of subsidiaries operating in other jurisdictions	517	(6,199)	(6,101)	(1,020)
Under provision of current tax in prior years	4,434	13,362	13,361	1,199
Tax effect of expenses not deductible for tax purpose	10,508	10,998	12,613	1,056
Utilisation of tax losses previously not recognised	—	—	(38)	(110)
Effect of deductible temporary differences and tax losses not recognised as deferred tax asset	12,758	23,537	22,445	11,394
Research and development expenses and other additional deduction <i>(note)</i>	(51,557)	(44,489)	(33,048)	(37,316)
Others	1,757	1,048	908	297
Income tax expense	<u>84,623</u>	<u>124,854</u>	<u>110,476</u>	<u>82,232</u>

Note: The applicable tax rate is with reference to the preferential PRC tax rate of 15% as the income deriving entities which are the Company and the PRC subsidiaries were approved as “High and New Technology Enterprise” by the relevant government authorities under the EIT Law and Implementation Regulation of the EIT Law for the years.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, enterprises engaging in research and development activities are entitled to claim up to 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that period.

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13. DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company for the services provided to the Group during each of the reporting period are as follows:

Year ended 31 December 2023

	<u>Directors’ fee</u>	<u>Salaries and other benefits</u>	<u>Performance — based bonus</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chairman:					
Mr. Lyu Gang	—	1,081	522	6	1,609
Executive directors:					
Mr. Wang Nengneng	—	778	300	44	1,122
Mr. Hong Yunfei	—	595	283	143	1,021
Mr. Jin Zhiping	—	931	402	39	1,372
Ms. Chen Meili	—	600	373	—	973
Mr. Hu Wan	—	426	207	45	678
Independent non-executive directors:					
Mr. Xu Pan	80	—	—	—	80
Ms. Lei Ying	80	—	—	—	80
Mr. Zhang Daliang	80	—	—	—	80
Supervisors:					
Mr. Xu Xiaojun	—	414	106	34	554
Mr. Hu Tianqing	—	425	213	39	677
Ms. Lin Fenjuan	—	226	65	34	325
	<u>240</u>	<u>5,476</u>	<u>2,471</u>	<u>384</u>	<u>8,571</u>

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	<u>Directors’ fee</u>	<u>Salaries and other benefits</u>	<u>Performance — based bonus</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chairman:					
Mr. Lyu Gang	—	961	727	—	1,688
Executive directors:					
Mr. Wang Nengneng	—	565	609	58	1,232
Mr. Hong Yunfei	—	602	348	145	1,095
Mr. Jin Zhiping	—	568	457	51	1,076
Ms. Chen Meili	—	435	725	—	1,160
Mr. Hu Wan	—	397	155	43	595
Independent non-executive directors:					
Mr. Xu Pan	80	—	—	—	80
Ms. Lei Ying	80	—	—	—	80
Mr. Zhang Daliang	80	—	—	—	80
Supervisors:					
Mr. Xu Xiaojun	—	377	183	47	607
Mr. Hu Tianqing	—	443	450	39	932
Ms. Lin Fenjuan	—	227	88	47	362
	<u>240</u>	<u>4,575</u>	<u>3,742</u>	<u>430</u>	<u>8,987</u>

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ACCOUNTANTS’ REPORT

Ten months ended 31 October 2024 (unaudited)

	<u>Directors’ fee</u>	<u>Salaries and other benefits</u>	<u>Performance — based bonus</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chairman:					
Mr. Lyu Gang	—	562	887	—	1,449
Executive directors:					
Mr. Wang Nengneng	—	499	507	48	1,054
Mr. Hong Yunfei	—	503	290	121	914
Mr. Jin Zhiping	—	501	381	43	925
Ms. Chen Meili	—	373	605	—	978
Mr. Hu Wan	—	332	129	36	497
Independent non-executive directors:					
Mr. Xu Pan	67	—	—	—	67
Ms. Lei Ying	67	—	—	—	67
Mr. Zhang Daliang	67	—	—	—	67
Supervisors:					
Mr. Xu Xiaojun	—	316	153	39	508
Mr. Hu Tianqing	—	366	375	43	784
Ms. Lin Fenjuan	—	189	73	39	301
	<u>201</u>	<u>3,641</u>	<u>3,400</u>	<u>369</u>	<u>7,611</u>

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ACCOUNTANTS’ REPORT

Ten months ended 31 October 2025 (unaudited)

	<u>Directors’ fee</u>	<u>Salaries and other benefits</u>	<u>Performance — based bonus</u>	<u>Retirement benefit scheme contributions</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chairman:					
Mr. Lyu Gang	—	621	872	—	1,493
Executive directors:					
Mr. Wang Nengneng	—	493	387	46	926
Mr. Hong Yunfei	—	508	266	122	896
Ms. Lyu Jiaqi (<i>note (b)</i>)	—	30	—	8	38
Mr. Li Bixiang (<i>note (b)</i>)	—	54	—	4	58
Mr. Xu Xiaojun (<i>note (e)</i>)	—	22	—	3	25
Mr. Jin Zhiping (<i>note (a)</i>)	—	605	261	46	912
Ms. Chen Meili (<i>note (a)</i>)	—	459	482	—	941
Mr. Hu Wan (<i>note (a)</i>)	—	327	130	34	491
Independent non-executive directors:					
Dr. Huang Tao (<i>note (d)</i>)	8	—	—	—	8
Dr. Xu Pan	67	—	—	—	67
Ms. Lei Ying	67	—	—	—	67
Mr. Zhang Daliang (<i>note (c)</i>)	60	—	—	—	60
Supervisors:					
Mr. Xu Xiaojun (<i>note (e)</i>)	—	306	187	35	528
Mr. Hu Tianqing	—	395	407	—	802
Ms. Lin Fenjuan	—	191	71	37	299
	<u>202</u>	<u>4,011</u>	<u>3,063</u>	<u>335</u>	<u>7,611</u>

Notes:

- (a) Jin Zhiping, Chen Meili and Hu Wan resigned as executive directors of the Company on 10 October 2025.
- (b) Lyu Jiaqi and Li Bixiang was appointed an executive director of the Company on 10 October 2025.
- (c) Zhang Daliang resigned as an independent non-executive director of the Company on 10 October 2025.
- (d) Huang Tao was appointed an independent non-executive director of the Company on 10 October 2025.
- (e) Xu Xiaojun ceased to serve as the supervisor and was appointed as an executive director of the Company on 10 October 2025.

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ACCOUNTANTS’ REPORT

14. FIVE HIGHEST PAID INDIVIDUALS

During the years ended 31 December 2023 and 2024, and ten months ended 31 October 2024 and 31 October 2025, the five individuals with the highest emoluments in the Group include 3 and 2, and 3 and 2 directors of the Company, details of whose remuneration are set out in Note 13 above. The emoluments payable to the remaining 2, 3, 2, 3, individuals during each of the reporting period are as follows:

	<u>Year ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Salaries and other benefits	1,696	3,013	1,794	3,319
Performance-based bonus	556	1,349	784	1,012
Retirement benefit scheme contributions	273	200	165	169
	<u>2,525</u>	<u>4,562</u>	<u>2,743</u>	<u>4,500</u>

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

	<u>Year ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
			(unaudited)	(unaudited)
Nil to HK\$1,000,000	—	—	—	—
HK\$1,000,001–HK\$1,500,000	1	1	1	—
HK\$1,500,001–HK\$2,000,000	1	2	1	3
	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>

During each of the reporting period, no emoluments were paid by the Group to the directors 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. None of the directors of the Company have waived any emoluments during each of the reporting period.

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ACCOUNTANTS’ REPORT

17. INVESTMENTS IN SUBSIDIARIES

Company	As at 31 December		As at
	2023	2024	31 October
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries			(unaudited)
— Unlisted shares, at cost	1,551,310	1,571,910	1,572,911
— Impairment loss	(171,017)	(171,017)	(181,153)
	<u>1,380,293</u>	<u>1,400,893</u>	<u>1,391,758</u>

Particulars of the principal subsidiaries directly and indirectly held by the Company at the end of each reporting period are set out below:

Name of subsidiaries	Place and date of incorporation establishment	Authorised shares capital/ registered capital	Equity interests attributable to the Company as at						Principal activities
			31 December 2023		31 December 2024		31 October 2025		
			Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	
Shaoxing Jingxin Pharmaceutical Co., Ltd. ^{**} 紹興京新藥業有限公司	17 December 2004 China	RMB150,000,000	100	—	100	—	100	—	Manufacture and sell of active pharmaceutical ingredients
Shandong Jingxin Pharmaceutical Co., Ltd. ^{**} 山東京新藥業有限公司	24 March 2020 China	RMB120,000,000	100	—	100	—	100	—	Manufacture and sell of chemical intermediates
Shangrao Jingxin Pharmaceutical Co., Ltd. ^{**} 上饒京新藥業有限公司	19 October 2005 China	RMB35,000,000	90	10	90	10	90	10	Manufacture and sell of chemical intermediates
Inner Mongolia Jingxin Pharmaceutical Co., Ltd. ^{**} 內蒙古京新藥業有限公司	1 August 2002 China	RMB30,000,000	100	—	100	—	100	—	Manufacture and sell of Chinese medicine
Shenzhen Beacon Display Technology Co., Ltd. [^] 深圳市巨烽顯示科技有限公司	3 June 2004 China	RMB10,752,688	100	—	100	—	100	—	Manufacture and sell of medical devices
Zhejiang Jingxin Medical Co., Ltd. 浙江京新醫藥有限公司 [@]	28 August 2017 China	RMB10,000,000	100	—	100	—	100	—	Wholesale of drugs
Zhejiang Jingxin Pharmaceutical Import & Export Co., Ltd.* 浙江京新藥業進出口有限公司	28 November 2006 China	RMB5,000,000	100	—	100	—	100	—	Sales of chemical goods
Shenyang TORCH-BIGTIDE Digital Technology Co., Ltd. [#] 瀋陽火炬北泰數碼科技有限責任公司	30 September 1999 China	RMB18,300,000	—	75.68	—	75.68	—	75.68	Manufacture and sell of medical devices

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The Group had interests in the following associates during each of the reporting period:

Name of associates	Place of incorporation/ establishment and operation	Equity interests attributable to the Company as at						Principal activities
		31 December 2023		31 December 2024		31 October 2025		
		Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	
Shanghai Ruitai Biotechnology Co., Ltd. (“Shanghai Ruitai”) 上海睿泰生物科技股份有限公司 (note (a))	China	12.46	—	12.46	—	12.46	—	Research and development on Regenerative Medicine and Tissue Engineering
Vascular Graft Solutions LTD (note (b)) (“Vascular”)	Israel	5.29	0.83	—	—	—	—	Research and development vascular medical devices
Hangzhou Nutrition Biotechnology Co., Ltd. (“Hangzhou Nutrition”) 杭州紐曲星生物科技 有限公司 (note (c))	China	14.29	—	14.29	—	14.29	—	Research and development of Fish Collagen Peptide

Notes:

- (a) The board of directors of Shanghai Ruitai consisted of 6 directors. The Group has the right to appoint 1 director into Shanghai Ruitai enabling the Group to participate in the financing and operating policy decision of Shanghai Ruitai.
- (b) The board of directors of Vascular consisted of 7 directors. The Group has the right to appoint 1 director into Vascular enabling the Group to participate in the financing and operating policy decision of Vascular for the year ended 31 December 2023.
- (c) The board of directors of Hangzhou Nutrition consisted of 5 directors. The Group has the right to appoint 1 director into Hangzhou Newqstar enabling the Group to participate in the financing and operating policy decision of Hangzhou Newqstar.

Aggregate information of associates of the Group that are not individually material:

	As at 31 December		As at 31 October	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of the Group’s associates in the Historical Financial Information	62,516	55,541	54,881	(unaudited)
	Years ended 31 December		Ten months ended 31 October	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Loss for the year/period	(6,042)	(658)	(798)	(660)
Other comprehensive loss for the year/period	(445)	164	164	—
Total comprehensive loss for the year/period	(6,487)	(494)	(634)	(660)

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ACCOUNTANTS’ REPORT

19. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Property and buildings	Production equipment	Transportation vehicles	Furniture, fixtures and equipment	Other equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
Cost								
As at 1 January 2023	284,910	935,030	737,551	10,527	53,713	426,674	138,652	2,587,057
Additions	796,754	7,804	11,272	206	7,237	38,199	1,995	863,467
Transfers	(599,600)	444,737	37,696	207	1,856	111,059	4,045	—
Disposals/written off	—	—	(9,083)	(526)	(352)	(5,124)	—	(15,085)
As at 31 December 2023 and 1 January 2024	482,064	1,387,571	777,436	10,414	62,454	570,808	144,692	3,435,439
Additions	164,337	—	24,653	465	1,464	10,146	19	201,084
Transfers	(627,849)	241,224	127,196	73	2,184	209,108	48,064	—
Disposals/written off	—	—	(32,954)	(417)	(438)	(2,507)	—	(36,316)
As at 31 December 2024 and 1 January 2025	18,552	1,628,795	896,331	10,535	65,664	787,555	192,775	3,600,207
Additions	117,189	—	18,699	1,907	2,059	9,457	424	149,735
Transfers	(86,499)	3,987	60,662	—	335	21,515	—	—
Transferred from investment properties	—	207,321	—	—	—	—	—	207,321
Transferred to investment properties	—	(63,195)	—	—	—	—	—	(63,195)
Disposals/written off	(327)	—	(8,262)	(2,651)	(631)	(3,299)	—	(15,170)
As at 31 October 2025 (unaudited)	48,915	1,776,908	967,430	9,791	67,427	815,228	193,199	3,878,898
Accumulated depreciation and impairment								
As at 1 January 2023	—	220,876	478,009	7,572	29,489	136,347	111,941	984,234
Provided for the year	—	28,596	39,925	577	9,188	96,214	11,549	186,049
Disposals/written off	—	—	(7,793)	(500)	(317)	(4,845)	—	(13,455)
As at 31 December 2023 and 1 January 2024	—	249,472	510,141	7,649	38,360	227,716	123,490	1,156,828
Provided for the year	—	43,380	73,867	759	8,323	122,619	15,489	264,437
Disposals/written off	—	—	(29,807)	(397)	(313)	(2,210)	—	(32,727)
As at 31 December 2024 and 1 January 2025	—	292,852	554,201	8,011	46,370	348,125	138,979	1,388,538
Provided for the period	—	35,617	63,432	584	5,150	94,913	13,019	212,715
Impairment loss	—	—	2,303	—	—	422	—	2,725
Transferred to investment properties	—	(22,081)	—	—	—	—	—	(22,081)
Disposals/written off	—	—	(7,496)	(2,491)	(572)	(3,144)	—	(13,703)
As at 31 October 2025 (unaudited)	—	306,388	612,440	6,104	50,948	440,316	151,998	1,568,194
Net book value								
As at 31 December 2023	482,064	1,138,099	267,295	2,765	24,094	343,092	21,202	2,278,611
As at 31 December 2024	18,552	1,335,943	342,130	2,524	19,294	439,430	53,796	2,211,669
As at 31 October 2025 (unaudited)	48,915	1,470,520	354,990	3,687	16,479	374,912	41,201	2,310,704

Certain properties and buildings situated in Chinese Mainland with a total net carrying amount of approximately RMB441,782,000, RMB526,614,000 and RMB830,012,000 (unaudited) as at 31 December 2023, 31 December 2024 and 31 October 2025 are in the process of obtaining the properties certificates. The Group has been using the relevant properties and buildings without objection from the relevant authorities. The risk of having to relocate the business operations from the properties and buildings is relatively low.

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	Construction in progress	Property and buildings	Production equipment	Transportation vehicles	Furniture, fixtures and equipment	Other equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company								
Cost								
As at 1 January 2023	62,403	551,845	353,787	4,351	35,049	74,602	107,259	1,189,296
Additions	228,596	—	5,342	—	2,198	5,324	206	241,666
Transfers	(33,970)	17,945	3,188	—	196	12,641	—	—
Disposals/written off	—	—	(4,627)	—	(172)	(1,686)	—	(6,485)
As at 31 December 2023 and 1 January 2024	257,029	569,790	357,690	4,351	37,271	90,881	107,465	1,424,477
Additions	119,968	—	5,384	—	366	4,215	—	129,933
Transfers	(363,033)	214,798	63,364	—	2,165	34,927	47,779	—
Disposals/written off	—	—	(16,216)	—	(607)	(1,269)	—	(18,092)
As at 31 December 2024 and 1 January 2025	13,964	784,588	410,222	4,351	39,195	128,754	155,244	1,536,318
Additions	102,491	—	7,188	391	1,537	5,776	—	117,383
Transfers	(77,978)	1,193	59,007	—	128	17,650	—	—
Transferred from investment properties	—	312,964	—	—	—	—	—	312,964
Transferred to investment properties	—	(63,195)	—	—	—	—	—	(63,195)
Disposals/written off	—	—	(6,348)	(1,577)	(710)	(5,370)	—	(14,005)
As at 31 October 2025 (unaudited)	38,477	1,035,550	470,069	3,165	40,150	146,810	155,244	1,889,465
Accumulated depreciation and impairment								
As at 1 January 2023	—	114,080	239,759	3,270	21,279	31,522	87,482	497,392
Provided for the year	—	14,702	12,055	147	6,163	30,496	8,423	71,986
Disposals/written off	—	—	(4,291)	—	(158)	(1,595)	—	(6,044)
As at 31 December 2023 and 1 January 2024	—	128,782	247,523	3,417	27,284	60,423	95,905	563,334
Provided for the year	—	20,873	33,539	223	4,637	18,417	12,433	90,122
Impairment loss	—	—	(2,984)	—	—	(3)	—	(2,987)
Disposals/written off	—	—	(12,318)	—	(534)	(1,141)	—	(13,993)
As at 31 December 2024 and 1 January 2025	—	149,655	265,760	3,640	31,387	77,696	108,338	636,476
Provided for the period	—	16,925	29,999	150	2,212	14,170	10,715	74,171
Impairment loss	—	—	6	—	—	55	—	61
Transferred to investment property	—	(22,081)	—	—	—	—	—	(22,081)
Disposals/written off	—	—	(5,572)	(1,289)	(658)	(3,060)	—	(10,579)
As at 31 October 2025 (unaudited)	—	144,499	290,193	2,501	32,941	88,861	119,053	678,048
Net book value								
As at 31 December 2023	257,029	441,008	110,167	934	9,987	30,458	11,560	861,143
As at 31 December 2024	13,964	634,933	144,462	711	7,808	51,058	46,906	899,842
As at 31 October 2025 (unaudited)	38,477	891,051	179,876	664	7,209	57,949	36,191	1,211,417

Certain properties and buildings situated in Chinese Mainland with a total net carrying amount of approximately RMB256,779,000, RMB437,916,000 and RMB739,870,000 (unaudited) as at 31 December 2023, 31 December 2024 and 31 October 2025 are in the process of obtaining the property certificates. The Group has been using the relevant properties and buildings without objection from the relevant authorities. The risk of having to relocate the business operations from the properties and buildings is relatively low.

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20. INVESTMENT PROPERTIES

	<u>Buildings</u>	<u>Land-use-right</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group Cost			
As at 1 January 2023	176,620	12,970	189,590
Additions	<u>223,835</u>	<u>—</u>	<u>223,835</u>
As at 31 December 2023 and 1 January 2024	400,455	12,970	413,425
Disposals/written off	<u>(639)</u>	<u>—</u>	<u>(639)</u>
As at 31 December 2024 and 1 January 2025	399,816	12,970	412,786
Transferred from property, plant and equipment	41,114	—	41,114
Transferred to property, plant and equipment	<u>(223,197)</u>	<u>—</u>	<u>(223,197)</u>
As at 31 October 2025 (unaudited)	<u>217,733</u>	<u>12,970</u>	<u>230,703</u>
Depreciation			
As at 1 January 2023	51,157	5,080	56,237
Provided for the year	<u>9,788</u>	<u>246</u>	<u>10,034</u>
As at 31 December 2023 and 1 January 2024	60,945	5,326	66,271
Provided for the year	<u>10,672</u>	<u>256</u>	<u>10,928</u>
As at 31 December 2024 and 1 January 2025	71,617	5,582	77,199
Provided for the period	10,096	214	10,310
Transferred to property, plant and equipment	<u>(15,876)</u>	<u>—</u>	<u>(15,876)</u>
As at 31 October 2025 (unaudited)	<u>65,837</u>	<u>5,796</u>	<u>71,633</u>
Net book value			
As at 31 December 2023	<u>339,510</u>	<u>7,644</u>	<u>347,154</u>
As at 31 December 2024	<u>328,199</u>	<u>7,388</u>	<u>335,587</u>
As at 31 October 2025 (unaudited)	<u>151,896</u>	<u>7,174</u>	<u>159,070</u>

Amount recognised in profit or loss for investment properties

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Rental income from operating leases	32,562	33,621	26,531	26,651
Interest expenses on lease liabilities	<u>(2,049)</u>	<u>(1,653)</u>	<u>(1,415)</u>	<u>(1,219)</u>
	<u>30,513</u>	<u>31,968</u>	<u>25,116</u>	<u>25,432</u>

The following fair value has been determined at the end of reporting period based on market approach, which were performed by an independent valuer. The fair value was as follows:

	<u>As at 31 December</u>		<u>As at</u>
	<u>2023</u>	<u>2024</u>	<u>31 October</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>
Fair value	<u>870,771</u>	<u>738,382</u>	<u>396,656</u>

Certain investment properties situated in Chinese Mainland with a total net carrying amount of approximately RMB218,772,000, RMB212,220,000 and nil (unaudited); and fair value of RMB225,255,000, RMB217,638,000 and nil (unaudited) as at 31 December 2023, 31 December 2024 and 31 October 2025 are in the process of obtaining the properties certificates. The Group has been utilising the relevant investment properties for leasing without having objection from the relevant authorities. The risk of having to relocate the business operations is relatively low.

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	<u>Buildings</u>
	<i>RMB’000</i>
Company	
Cost	
As at 1 January 2023	130,388
Additions	<u>338,008</u>
As at 31 December 2023 and 1 January 2024	468,396
Disposals/written off	<u>(638)</u>
As at 31 December 2024 and 1 January 2025	467,758
Transferred from property, plant and equipment	41,114
Transferred to property, plant and equipment	(337,084)
Others	<u>(285)</u>
As at 31 October 2025 (unaudited)	<u>171,503</u>
Depreciation	
As at 1 January 2023	32,513
Provided for the year	<u>11,185</u>
As at 31 December 2023 and 1 January 2024	43,698
Provided for the year	<u>12,495</u>
As at 31 December 2024 and 1 January 2025	56,193
Provided for the period	11,521
Transferred to property, plant and equipment	(24,120)
Others	<u>(19)</u>
As at 31 October 2025 (unaudited)	<u>43,575</u>
Net book value	
As at 31 December 2023	<u><u>424,698</u></u>
As at 31 December 2024	<u><u>411,565</u></u>
As at 31 October 2025 (unaudited)	<u><u>127,928</u></u>

The following fair value has been determined at the end of reporting period based on market approach, which were performed by an independent valuer. The fair value was as follows:

	<u>As at 31 December</u>		<u>As at</u>
	<u>2023</u>	<u>2024</u>	<u>31 October</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(Unaudited)</i>
Fair value	<u>467,829</u>	<u>454,264</u>	<u>161,178</u>

Certain investment properties situated in Chinese Mainland with a total net carrying amount of approximately RMB330,362,000, RMB320,711,000 and nil (unaudited); and fair value of RMB337,283,000, RMB328,893,000 and nil(unaudited) as at 31 December 2023, 31 December 2024 and 31 October 2025 are in the process of obtaining the properties certificates. The Company has been utilising the relevant investment properties for leasing without having objection from the relevant authorities. The risk of having to relocate the business operations is relatively low.

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21. INTANGIBLE ASSETS

	<u>Trademarks</u>	<u>Computer software</u>	<u>Patent related intellectual properties</u>	<u>Other software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group					
Cost					
As at 1 January 2023	67,018	2,079	110,717	15,302	195,116
Additions	—	20	—	4,602	4,622
As at 31 December 2023 and 1 January 2024	67,018	2,099	110,717	19,904	199,738
Additions	—	—	—	2,669	2,669
Disposals	—	—	—	(36)	(36)
As at 31 December 2024 and 1 January 2025	67,018	2,099	110,717	22,537	202,371
Additions	—	—	50,214	3,341	53,555
As at 31 October 2025 (unaudited)	67,018	2,099	160,931	25,878	255,926
Amortisation					
As at 1 January 2023	51,929	2,009	93,306	6,611	153,855
Provided for the year	6,702	83	2,887	3,221	12,893
As at 31 December 2023 and 1 January 2024	58,631	2,092	96,193	9,832	166,748
Provided for the year	6,702	7	2,864	3,751	13,324
Disposals	—	—	—	(36)	(36)
As at 31 December 2024 and 1 January 2025	65,333	2,099	99,057	13,547	180,036
Provided for the period	1,677	—	6,048	2,735	10,460
As at 31 October 2025 (unaudited)	67,010	2,099	105,105	16,282	190,496
Net book value					
As at 31 December 2023	<u>8,387</u>	<u>7</u>	<u>14,524</u>	<u>10,072</u>	<u>32,990</u>
As at 31 December 2024	<u>1,685</u>	<u>—</u>	<u>11,660</u>	<u>8,990</u>	<u>22,335</u>
As at 31 October 2025 (unaudited)	<u>8</u>	<u>—</u>	<u>55,826</u>	<u>9,596</u>	<u>65,430</u>

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	Patent related intellectual properties	Other software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Company			
Cost			
As at 1 January 2023	38,902	7,743	46,645
Additions	<u>—</u>	<u>2,029</u>	<u>2,029</u>
As at 31 December 2023 and 1 January 2024	38,902	9,772	48,674
Additions	—	2,618	2,618
Disposals	<u>—</u>	<u>(36)</u>	<u>(36)</u>
As at 31 December 2024 and 1 January 2025	38,902	12,354	51,256
Additions	<u>50,214</u>	<u>1,587</u>	<u>51,801</u>
As at 31 October 2025 (unaudited)	<u>89,116</u>	<u>13,941</u>	<u>103,057</u>
Amortisation			
As at 1 January 2023	38,902	2,511	41,413
Provided for the year	<u>—</u>	<u>1,900</u>	<u>1,900</u>
As at 31 December 2023 and 1 January 2024	38,902	4,411	43,313
Provided for the year	—	2,371	2,371
Disposals	<u>—</u>	<u>(36)</u>	<u>(36)</u>
As at 31 December 2024 and 1 January 2025	38,902	6,746	45,648
Provided for the period	<u>3,661</u>	<u>1,714</u>	<u>5,375</u>
As at 31 October 2025 (unaudited)	<u>42,563</u>	<u>8,460</u>	<u>51,023</u>
Net book value			
As at 31 December 2023	<u>—</u>	<u>5,361</u>	<u>5,361</u>
As at 31 December 2024	<u>—</u>	<u>5,608</u>	<u>5,608</u>
As at 31 October 2025 (unaudited)	<u>46,553</u>	<u>5,481</u>	<u>52,034</u>

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22. RIGHT-OF-USE ASSETS

Details of the right-of-use assets recognised and movements during each of the reporting period:

Group

	Land use rights	Property and buildings	Equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Costs				
As at 1 January 2023	420,423	82,533	1,171	504,127
Additions	—	714	—	714
Effect of modification to lease terms	—	(3,053)	(41)	(3,094)
Disposal	(1,050)	—	—	(1,050)
As at 31 December 2023 and 1 January 2024	419,373	80,194	1,130	500,697
Additions	—	7,716	—	7,716
Effect of modification to lease terms	—	(20,906)	(1,130)	(22,036)
As at 31 December 2024 and 1 January 2025	419,373	67,004	—	486,377
Additions	17,067	7,629	—	24,696
Effect of modification to lease terms	—	(4,785)	—	(4,785)
As at 31 October 2025 (unaudited)	436,440	69,848	—	506,288
Depreciation				
As at 1 January 2023	43,094	26,813	860	70,767
Provided for the year	8,367	13,872	290	22,529
Effect of modification to lease terms	—	(3,014)	(282)	(3,296)
Disposal	(364)	—	—	(364)
As at 31 December 2023 and 1 January 2024	51,097	37,671	868	89,636
Provided for the year	8,347	13,471	262	22,080
Effect of modification to lease terms	—	(19,593)	(1,130)	(20,723)
As at 31 December 2024 and 1 January 2025	59,444	31,549	—	90,993
Provided for the period	7,240	11,721	—	18,961
Effect of modification to lease terms	—	(3,442)	—	(3,442)
As at 31 October 2025 (unaudited)	66,684	39,828	—	106,512
Carrying amounts				
As at 31 December 2023	<u>368,276</u>	<u>42,523</u>	<u>262</u>	<u>411,061</u>
As at 31 December 2024	<u>359,929</u>	<u>35,455</u>	<u>—</u>	<u>395,384</u>
As at 31 October 2025 (unaudited)	<u>369,756</u>	<u>30,020</u>	<u>—</u>	<u>399,776</u>

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Company

	<u>Land use rights</u>	<u>Property and buildings</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Costs			
As at 1 January 2023	79,437	5,322	84,759
Effect of modification to lease terms	<u>—</u>	<u>(567)</u>	<u>(567)</u>
As at 31 December 2023 and 1 January 2024	79,437	4,755	84,192
Additions	<u>—</u>	<u>5,482</u>	<u>5,482</u>
As at 31 December 2024 and 1 January 2025	79,437	10,237	89,674
Additions	<u>17,067</u>	<u>—</u>	<u>17,067</u>
As at 31 October 2025 (unaudited)	<u>96,504</u>	<u>10,237</u>	<u>106,741</u>
Depreciation			
As at 1 January 2023	19,651	2,523	22,174
Provided for the year	1,542	1,149	2,691
Effect of modification to lease terms	<u>—</u>	<u>(420)</u>	<u>(420)</u>
As at 31 December 2023 and 1 January 2024	21,193	3,252	24,445
Provided for the year	<u>1,542</u>	<u>1,837</u>	<u>3,379</u>
As at 31 December 2024 and 1 January 2025	22,735	5,089	27,824
Provided for the period	<u>1,570</u>	<u>1,665</u>	<u>3,235</u>
As at 31 October 2025 (unaudited)	<u>24,305</u>	<u>6,754</u>	<u>31,059</u>
Carrying amounts			
As at 31 December 2023	<u>58,244</u>	<u>1,503</u>	<u>59,747</u>
As at 31 December 2024	<u>56,702</u>	<u>5,148</u>	<u>61,850</u>
As at 31 October 2025 (unaudited)	<u>72,199</u>	<u>3,483</u>	<u>75,682</u>

For the years ended 31 December 2023 and 2024, and ten months ended 31 October 2025 the Group leases various, manufacturing factories, office premises, warehouse and staff quarters for its operations. Lease contracts are entered into for fixed term of 1 years to 15 years. 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 year for which the contract is enforceable. The land use rights of the Group and the Company are located in the Chinese Mainland on the lease of 40–50 years.

Restrictions or covenants on lease

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.

Leases committed

As at 31 December 2023, 31 December 2024 and 31 October 2025, the Group did not enter into any new leases for buildings, machinery and equipment that have not yet commenced.

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23. GOODWILL

	As at 31 December		As at
	2023	2024	31 October
	RMB'000	RMB'000	2025
			RMB'000 (unaudited)
Group			
Cost	516,103	516,103	516,103
Accumulated impairment	(167,618)	(167,618)	(177,754)
Net Carrying amount	<u>348,485</u>	<u>348,485</u>	<u>338,349</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Medical devices cash-generating unit (“**Medical devices CGU**”); and
- Drugs cash-generating unit (“**Drugs CGU**”).

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Medical devices CGU			Drugs CGU			Total		
	31 December		31 October	31 December		31 October	31 December		31 October
	2023	2024	2025	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000	RMB'000 (unaudited)
Carrying amount	<u>257,885</u>	<u>257,885</u>	<u>257,885</u>	<u>90,600</u>	<u>90,600</u>	<u>80,464</u>	<u>348,485</u>	<u>348,485</u>	<u>338,349</u>

The Group has engaged independent professionally qualified valuers to assist in the determination of the recoverable amounts of the Medical devices CGU and the Drugs CGU. The recoverable amounts of the Medical devices CGU and the Drugs CGU have been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period.

Headroom of the each of the cash-generating units, by considering the recoverable amounts and their carrying amounts, is as follows:

	Medical devices CGU			Drugs CGU			Total		
	31 December		31 October	31 December		31 October	31 December		31 October
	2023	2024	2025	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	RMB'000	RMB'000 (unaudited)
Head room	<u>488,518</u>	<u>364,050</u>	<u>263,804</u>	<u>117,728</u>	<u>19,108</u>	<u>—</u>	<u>606,246</u>	<u>383,158</u>	<u>263,804</u>

The carrying amount of the Drugs CGU which belonged to the Drugs segment was impaired by RMB10,136,000 (unaudited) during the period ended 31 October 2025. Consequently, the carrying amount of goodwill was written down by RMB10,136,000. The impairment loss recognised was included in the consolidated statement of profit or loss. The impairment was attributable to the increasing competitive business landscape for traditional Chinese medicine in Chinese Mainland.

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Key assumptions

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	<u>Medical devices CGU</u>	<u>Drugs CGU</u>
31 December 2023		
Revenue (<i>% annual growth rate</i>)	8% to 13%	1% to 5%
Terminal growth rate (%)	0%	0%
Pre-tax discount rate (%)	10.28%	11.08%
31 December 2024		
Revenue (<i>% annual growth rate</i>)	4%	0% to 4%
Terminal growth rate (%)	0%	0%
Pre-tax discount rate (%)	9.45%	11.60%
31 October 2025		
Revenue (<i>% annual growth rate</i>)	5%	1% to 45%
Terminal growth rate (%)	0%	0%
Pre-tax discount rate (%)	10.27%	11.80%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue	Average annual growth rate over the five-year forecast period; based on past performance and management’s expectation of market development.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flow beyond the budget period.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

Sensitivity analysis

The Group performed the sensitivity analysis based on the assumption that the pre-tax discount rate and the annual growth rate of revenue have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would have decreased by the following.

	<u>Medical devices CGU</u>	<u>Drugs CGU</u>
	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2023		
Annual growth rate of revenue decreased by 2%	193,000	55,914
Pre-tax discount rate increased by 1%	122,000	20,905
31 December 2024		
Annual growth rate of revenue decreased by 2%	191,000	46,651
Pre-tax discount rate increased by 1%	112,000	13,251
31 October 2025		
Annual growth rate of revenue decreased by 2%	169,000	N/A
Pre-tax discount rate increased by 1%	98,000	N/A

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24. DEFERRED TAXATION

Group

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

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deferred tax assets	80,983	83,561	81,053
Deferred tax liabilities	<u>(68,400)</u>	<u>(54,333)</u>	<u>(53,800)</u>
Net deferred tax assets	<u>12,583</u>	<u>29,228</u>	<u>27,253</u>

The followings are the major deferred tax assets and liabilities recognised and movements during each of the reporting period:

Gross deferred tax assets

	Loss allowance on trade receivables	Write-down of inventories to net realisable value	Depreciation	Lease liabilities	Deferred income	Intergroup unrealised profits	Accrued salaries	Selling expenses	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2023	6,504	2,511	663	8,272	21,029	6,216	10,382	19,529	75,106
Credited/(charged) to profit or loss	<u>963</u>	<u>36</u>	<u>37</u>	<u>(1,694)</u>	<u>(227)</u>	<u>(173)</u>	<u>—</u>	<u>6,935</u>	<u>5,877</u>
As at 31 December 2023 and 1 January 2024	7,467	2,547	700	6,578	20,802	6,043	10,382	26,464	80,983
Credited/(charged) to profit or loss	<u>1,777</u>	<u>351</u>	<u>—</u>	<u>(1,120)</u>	<u>(693)</u>	<u>718</u>	<u>—</u>	<u>6,481</u>	<u>7,514</u>
As at 31 December 2024 and 1 January 2025	9,244	2,898	700	5,458	20,109	6,761	10,382	32,945	88,497
Credited/(charged) to profit or loss	<u>571</u>	<u>1,343</u>	<u>(65)</u>	<u>(704)</u>	<u>185</u>	<u>(1,621)</u>	<u>—</u>	<u>(2,945)</u>	<u>(3,236)</u>
As at 31 October 2025 (unaudited)	<u>9,815</u>	<u>4,241</u>	<u>635</u>	<u>4,754</u>	<u>20,294</u>	<u>5,140</u>	<u>10,382</u>	<u>30,000</u>	<u>85,261</u>

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Gross deferred tax liabilities

	Fair value adjustment arising from business combination	Accelerated tax depreciation	Fair value gain	Right of use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	3,169	30,835	17,616	8,064	59,684
(Credited)/charged to profit or loss	<u>(461)</u>	<u>5,887</u>	<u>5,122</u>	<u>(1,832)</u>	<u>8,716</u>
As at 31 December 2023 and 1 January 2024	2,708	36,722	22,738	6,232	68,400
(Credited)/charged to profit or loss	<u>(457)</u>	<u>2,299</u>	<u>(9,744)</u>	<u>(1,229)</u>	<u>(9,131)</u>
As at 31 December 2024 and 1 January 2025	2,251	39,021	12,994	5,003	59,269
(Credited)/charged to profit or loss	<u>(382)</u>	<u>(276)</u>	<u>117</u>	<u>(720)</u>	<u>(1,261)</u>
As at 31 October 2025 (unaudited)	<u>1,869</u>	<u>38,745</u>	<u>13,111</u>	<u>4,283</u>	<u>58,008</u>

Note:

As at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), the Group had unused tax losses of RMB141,951,000 and RMB241,247,000 and RMB281,833,000, respectively, available to offset against future profits, and had not been recognised as at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), respectively, as it is not probable that taxable profit will be available against which the tax losses will be utilised. The tax losses can be carried forward for 5 or 10 years from the year in which they were incurred.

Company

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

	As at 31 December		As at 31 October
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Deferred tax assets	52,378	61,232	60,064
Deferred tax liabilities	<u>(46,743)</u>	<u>(40,262)</u>	<u>(40,293)</u>
Net deferred tax assets	<u>5,635</u>	<u>20,970</u>	<u>19,771</u>

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The followings are the major deferred tax assets and liabilities recognised and movements during each of the reporting period:

Gross deferred tax assets

	Loss allowance on trade receivables	Write-down of inventories to net realisable value	Lease liabilities	Deferred income	Accrued salaries	Selling expenses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	1,427	1,053	376	15,177	10,382	16,500	44,915
Credited/(charged) to profit or loss	<u>628</u>	<u>305</u>	<u>(231)</u>	<u>(739)</u>	<u>—</u>	<u>7,500</u>	<u>7,463</u>
As at 31 December 2023 and 1 January 2024	2,055	1,358	145	14,438	10,382	24,000	52,378
Credited/(charged) to profit or loss	<u>1,471</u>	<u>(240)</u>	<u>568</u>	<u>(1,179)</u>	<u>—</u>	<u>8,946</u>	<u>9,566</u>
As at 31 December 2024 and 1 January 2025	3,526	1,118	713	13,259	10,382	32,946	61,944
Credited/(charged) to profit or loss	<u>1,177</u>	<u>129</u>	<u>(140)</u>	<u>422</u>	<u>—</u>	<u>(2,946)</u>	<u>(1,358)</u>
As at 31 October 2025 (unaudited)	<u><u>4,703</u></u>	<u><u>1,247</u></u>	<u><u>573</u></u>	<u><u>13,681</u></u>	<u><u>10,382</u></u>	<u><u>30,000</u></u>	<u><u>60,586</u></u>

Gross deferred tax liabilities

	Accelerated tax depreciation	Fair value gain	Right of use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	26,062	17,436	420	43,918
(Credited)/charged to profit or loss	<u>(2,282)</u>	<u>5,301</u>	<u>(194)</u>	<u>2,825</u>
As at 31 December 2023 and 1 January 2024	23,780	22,737	226	46,743
Charged/(credited) to profit or loss	<u>3,448</u>	<u>(9,764)</u>	<u>547</u>	<u>(5,769)</u>
As at 31 December 2024 and 1 January 2025	27,228	12,973	773	40,974
Charged/(credited) to profit or loss	<u>—</u>	<u>92</u>	<u>(251)</u>	<u>(159)</u>
As at 31 October 2025 (unaudited)	<u><u>27,228</u></u>	<u><u>13,065</u></u>	<u><u>522</u></u>	<u><u>40,815</u></u>

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25. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<u>As at 31 December</u>		<u>As at</u>
	<u>2023</u>	<u>2024</u>	<u>31 October</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Group			
Trade receivables			
— third parties	616,384	803,130	864,753
— related parties	—	1,897	6,718
	<u>616,384</u>	<u>805,027</u>	<u>871,471</u>
Less: loss allowance for trade receivables	<u>(44,928)</u>	<u>(57,179)</u>	<u>(63,019)</u>
	<u>571,456</u>	<u>747,848</u>	<u>808,452</u>
Prepayments	<u>22,896</u>	<u>39,367</u>	<u>39,189</u>
Deposits and other receivables			
— third parties	56,443	63,284	55,769
— related parties	<u>2,288</u>	<u>250</u>	<u>250</u>
	<u>58,731</u>	<u>63,534</u>	<u>56,019</u>
Less: loss allowance for deposits and other receivables	<u>(3,525)</u>	<u>(4,919)</u>	<u>(6,060)</u>
	<u>55,206</u>	<u>58,615</u>	<u>49,959</u>
Prepayments, deposits and other receivables	78,102	97,982	89,148
Less: Portion classified as non-current assets	<u>(9,563)</u>	<u>(31,953)</u>	<u>(8,954)</u>
	<u>68,539</u>	<u>66,029</u>	<u>80,194</u>

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	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Company			
Trade receivables			
— third parties	208,258	354,031	472,473
— subsidiaries	9,140	6,206	68,589
	217,398	360,237	541,062
Less: loss allowance for trade receivables	(13,701)	(23,508)	(31,355)
	203,697	336,729	509,707
Prepayments	8,817	24,790	15,516
Deposits and other receivables (<i>note</i>)			
— third parties	9,596	26,303	13,340
— related parties	2,288	250	250
— subsidiaries	745,939	762,041	948,243
	757,823	788,594	961,833
Less: loss allowance for deposits and other receivables	(1,392)	(2,443)	(2,300)
	756,431	786,151	959,533
Prepayments, deposits and other receivables	765,248	810,941	975,049
Less: Portion classified as non-current assets	(1,749)	(28,728)	—
	763,499	782,213	975,049

Notes:

- (a) Details of the trade and other receivables due from related parties are set out in note 45.
- (b) During the Track Record Period, the amounts due from subsidiaries were unsecured, interest free and repayable on demand.

The Group generally allows a credit period ranging from 30 to 120 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each of the reporting period:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Group			
Within 1 year	569,322	743,920	802,727
1 to 2 years	1,793	3,813	5,210
2 to 3 years	341	115	515
	571,456	747,848	808,452

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Movements in lifetime ECL that have been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended 31 December 2023 and 2024 and ten months ended 31 October 2025:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
At the beginning of year/period	38,281	44,928	57,179
Provided for the year/period, net	6,726	13,163	5,949
Write off	(79)	(890)	(110)
Exchange realignment	—	(22)	1
	<u> </u>	<u> </u>	<u> </u>
At the end of year/period	<u>44,928</u>	<u>57,179</u>	<u>63,019</u>

The Company generally allows a credit period ranging from 30 to 90 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each of the reporting period:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Company			
Within 1 year	200,083	332,561	509,612
1 to 2 years	1,750	721	94
2 to 3 years	1,864	1,621	1
3 to 4 years	—	1,826	—
	<u> </u>	<u> </u>	<u> </u>
	<u>203,697</u>	<u>336,729</u>	<u>509,707</u>

Movements in lifetime ECL that has been recognised for trade receivables of the Company in accordance with the simplified approach set out in IFRS 9 for the years ended 31 December 2023 and 2024 and ten months ended 31 October 2025 (unaudited):

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
At the beginning of year/period	9,515	13,701	23,508
Provided for the year/period	4,186	10,689	7,847
Write off	—	(882)	—
	<u> </u>	<u> </u>	<u> </u>
At the end of year/period	<u>13,701</u>	<u>23,508</u>	<u>31,355</u>

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26. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Group

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>
Bills receivable	41,122	104,170	29,105

Company

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>
Bills receivable	50,479	43,390	5,139

27. TIME DEPOSITS, CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>
Group			
Time deposits (<i>note (a)</i>)			
— Non-current assets	511,672	1,611,075	925,997
— Current assets	513,463	34,445	720,982
	<u>1,025,135</u>	<u>1,645,520</u>	<u>1,646,979</u>
Restricted bank and other deposits (<i>note (b)</i>)	<u>79,493</u>	<u>29,122</u>	<u>21,430</u>
Cash and bank balances (<i>note (c)</i>)	<u>1,276,018</u>	<u>287,145</u>	<u>482,793</u>

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	As at 31 December		As at
	2023	2024	31 October
	RMB'000	RMB'000	2025
			RMB'000 (unaudited)
Company			
Time deposits (<i>note (a)</i>)			
— Non-current assets	308,216	1,191,347	697,172
— Current assets	360,629	23,500	522,447
	668,845	1,214,847	1,219,619
Restricted bank and other deposits (<i>note (b)</i>)	13,039	15,500	4,000
Cash and bank balances (<i>note (c)</i>)	833,931	119,560	116,270

Notes:

- (a) As at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), the fixed deposits of the Group were issued by various banks in the PRC with interest at a fixed rate ranging from 2.9% to 4.0%, 2.4% to 3.5% and 2.4% to 3.5% per annum payable at maturity respectively. The maturity dates of fixed deposits are ranging from January 2024 to August 2026, January 2025 to September 2027 and January 2026 to September 2027 respectively.

As at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), time deposit of RMB284,631,000, RMB361,587,000 and RMB343,519,000 were pledged as securities for the bills payable and bank loans of the Group.

As at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), the fixed deposits of the Company were issued by various banks in the PRC with interest at a fixed rate ranging from 2.9% to 4.0%, 2.4% to 3.4% and 2.4% to 3.3% per annum payable at maturity respectively. The maturity dates of fixed deposits are ranging from January 2024 to August 2026, January 2025 to September 2027 and January 2026 to September 2027 respectively.

As at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), time deposit of RMB10,824,000, RMB94,659,000 and RMB74,492,000 were pledged as securities for the bills payable and bank loans of the Company.

- (b) At the end of each reporting date, cash and bank balances of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates which are 0.0% to 2.5%, 0.0% to 4.4% and 0.0% to 4.0% per annum as at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), respectively.

At the end of each reporting date, cash and bank balances of the Company comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates which are 0.0% to 2.5%, 0.0% to 1.2% and 0.1% to 2.4% per annum as at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), respectively.

- (c) As at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), certain bank deposits of the Group with balances of approximately RMB78,953,000, RMB29,122,000 and RMB21,430,000 were pledged to secure bills payable of RMB327,704,000, RMB283,000,000 and RMB209,511,000, respectively.

As at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), certain bank deposits of the Company with balances of approximately RMB12,500,000, RMB15,500,000 and RMB4,000,000 were pledged to secure bills payables of RMB125,000,000, RMB155,000,000 and RMB40,000,000, respectively.

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Notes:

- (a) Details of the trade and other payables due to related parties are set out in note 45.
- (b) During the Track Record Period, the amounts due to subsidiaries were unsecured, interest free and repayable on demand.
- (c) The Group’s bills payable were secured by
 - (i) pledged of bank deposits of RMB78,953,000, RMB29,122,000 and RMB21,430,000 as at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited);
 - (ii) pledge of bills receivable of RMB14,633,000, RMB9,544,000 and RMB13,397,000 as at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited);
 - (iii) pledge of time deposits of RMB142,260,000 and RMB144,985,000 as securities to banking facilities jointly for bills payables and loans of the Group as at 31 December 2024 and 31 October 2025 (unaudited).

The Company’s bills payable were secured by

- (i) pledged of bank deposits of RMB12,500,000, RMB15,500,000 and RMB4,000,000 as at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited);
- (ii) pledge of time deposits of RMB10,824,000 and RMB23,521,000 as at 31 December 2023 and 31 December 2024;
- (iii) pledge of time deposits of RMB71,138,000 and RMB72,492,000 as securities to banking facilities jointly for bills payable and loans of the Company as at 31 December 2024 and 31 October 2025 (unaudited).

Payment terms with suppliers are mainly on credit ranging from 30 to 90 days from invoice date. The following is an aging analysis of trade payables presented based on transaction date at the end of each of the reporting period:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Group			
Within 1 year	253,694	275,159	221,246
1–2 years	1,947	2,853	1,953
2–3 years	198	417	2,759
3–4 years	97	25	84
4–5 years	33	79	58
Over 5 years	1,147	1,157	2,012
	<u>257,116</u>	<u>279,690</u>	<u>228,112</u>

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	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Company			
Within 1 year	122,188	149,088	162,840
1–2 years	119	3	795
2–3 years	10	—	40
3–4 years	—	10	36
4–5 years	—	—	43
Over 5 years	349	349	1,159
	<u>122,666</u>	<u>149,450</u>	<u>164,913</u>

30. CONTRACT LIABILITIES

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Group			
Contract liabilities	<u>53,346</u>	<u>56,484</u>	<u>44,589</u>

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Company			
Contract liabilities	<u>44,309</u>	<u>37,055</u>	<u>19,941</u>

Contract liabilities mainly relate to receipt from the customer in advance.

When the Group receives deposits from customers for the sales of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposits. The increase in the contract liabilities as at 31 December 2023 and 2024 and 31 October 2025 (unaudited) was primarily the result of entering into additional customer contracts and receiving forward sale deposits by the end of the reporting period.

RMB76,349,000, RMB50,082,000 and RMB51,755,000 of the contract liabilities of the Group as of 1 January 2023, 2024 and 2025 has been recognised as revenue for the years ended 31 December 2023 and 2024 and ten months ended 31 October 2025 (unaudited), respectively.

RMB42,904,000, RMB41,742,000 and RMB34,121,000 of the contract liabilities of the Company as of 1 January 2023, 2024 and 2025 has been recognised as revenue for the years ended 31 December 2023 and 2024 and ten months ended 31 October 2025 (unaudited), respectively.

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31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
Non-current assets			
Unlisted equity investments, at fair value			
— Mapi-Pharma Ltd	301,689	248,970	239,825
— Pharma Two B Ltd.	6,168	—	—
— Vascular Graft Solutions	—	4,435	307
— SPES (Hangzhou) Biopharmaceutical Co., Ltd. (“世培(杭州)生物製藥有限公司”)	16,010	—	—
— Hangzhou Huqingyutang Pharmaceutical Holdings Co., Ltd. (“杭州胡慶余堂醫藥控股有限公司”)	205,920	223,254	237,518
— Xinchang Xingcun Fumin Equity Investment Fund Partnership (Limited Partnership) (“新昌縣興村富民股權投資基金合夥 企業(有限合夥)”)	10,000	10,000	10,000
— Shenzhen Aima Biotechnology Co., Ltd (“深圳艾碼生物科技有限公司”)	10,000	7,932	8,653
	<u>549,787</u>	<u>494,591</u>	<u>496,303</u>
Current assets			
Structured deposits	150,956	827,657	318,064

Company

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
Non-current assets			
Unlisted equity investments, at fair value			
— Mapi-Pharma Ltd	301,689	248,970	239,825
— Pharma Two B Ltd.	5,811	—	—
— Vascular Graft Solutions	—	3,831	265
— SPES (Hangzhou) Biopharmaceutical Co., Ltd. (“世培(杭州)生物製藥有限公司”)	16,010	—	—
— Hangzhou Huqingyutang Pharmaceutical Holdings Co., Ltd. (“杭州胡慶余堂醫藥控股有限公司”)	205,920	223,254	237,518
— Xinchang Xingcun Fumin Equity Investment Fund Partnership (Limited Partnership) (“新昌縣興村富民股權投資基金合夥 企業(有限合夥)”)	10,000	10,000	10,000
— Shenzhen Aima Biotechnology Co., Ltd (“深圳艾碼生物科技有限公司”)	10,000	7,932	8,653
	<u>549,430</u>	<u>493,987</u>	<u>496,261</u>
Current assets			
Structured deposits	150,956	772,527	217,761

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The above equity investments were classified as financial assets at fair value through profit or loss as they as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

Structured deposits were wealth management products issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

32. BORROWINGS

Group

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
Bank borrowings, secured <i>(note(a))</i>	279,091	281,355	284,576
Loan interest at rate per annum in the range of	0.2 % to 1.7 %	0.9 % to 1.2 %	0.6 % to 1.4 %

Total current and non-current borrowings were scheduled to repay as follows:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
On demand or within one year	279,091	281,355	284,576

Company

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
Bank borrowings, secured <i>(note (b))</i>	39,869	—	—
Loan interest at rate per annum in the range of	0.2 % to 1.7 %	N/A	N/A

Total current and non-current borrowings were scheduled to repay as follows:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
On demand or within one year	39,869	—	—

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The carrying amounts of the Group’s and the Company’s current interest-bearing bank borrowings approximate to their fair values.

Notes:

- (a) The Group’s bank borrowings were secured by:
- (i) pledged of time deposits of RMB284,631,000, RMB219,327,000,000 and RMB198,535,000 as at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited);
 - (ii) pledge of time deposits of RMB14,260,000 and RMB144,985,000 as securities to banking facilities jointly for bills payables and loans of the Group as at 31 December 2024 and 31 October 2025 (unaudited).
- (b) The Company’s bank borrowings were secured by pledged of time deposits of RMB41,335,000 of a subsidiary as at 31 December 2023.

33. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group’s and the Company’s lease liabilities at the end of each reporting period:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>
Group			
Within one year	11,860	13,302	7,279
Within a period of more than one year but within two years	11,117	4,623	4,811
Within a period of more than two years but within five years	5,967	6,479	8,264
More than five years	<u>14,144</u>	<u>12,029</u>	<u>10,188</u>
	43,088	36,433	30,542
Less: Amounts due for settlement with 12 months shown under current liabilities	<u>(11,860)</u>	<u>(13,302)</u>	<u>(7,279)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>31,228</u>	<u>23,131</u>	<u>23,263</u>
	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>
Company			
Within one year	164	2,120	2,703
Within a period of more than one year but within two years	184	2,204	892
Within a period of more than two years but within five years	<u>620</u>	<u>427</u>	<u>222</u>
	968	4,751	3,817
Less: Amounts due for settlement with 12 months shown under current liabilities	<u>(164)</u>	<u>(2,120)</u>	<u>(2,703)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>804</u>	<u>2,631</u>	<u>1,114</u>

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Amounts included in the consolidated statements of cash flows for leases comprise the following:

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Within operating cash flows	2,935	1,796	1,248	1,525
Within financing cash flows	18,334	15,563	14,030	14,802
Total	<u>21,269</u>	<u>17,359</u>	<u>15,278</u>	<u>16,327</u>

34. DEFERRED INCOME

Group

	<u>Government grant related to assets</u>
	<i>RMB'000</i>
As at 1 January 2023	270,596
Additions	21,936
Release to profit and loss	<u>(23,719)</u>
As at 31 December 2023 and 1 January 2024	268,813
Additions	17,793
Release to profit and loss	<u>(22,015)</u>
As at 31 December 2024 and 1 January 2025	264,591
Additions	19,611
Release to profit and loss	<u>(18,482)</u>
As at 31 October 2025 (unaudited)	<u>265,720</u>

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Company

	Government grant related to assets
	<i>RMB’000</i>
As at 1 January 2023	101,177
Additions	12,342
Release to profit and loss	<u>(17,272)</u>
As at 31 December 2023 and 1 January 2024	96,247
Additions	6,103
Release to profit and loss	<u>(13,964)</u>
As at 31 December 2024 and 1 January 2025	88,386
Additions	13,243
Release to profit and loss	<u>(10,420)</u>
As at 31 October 2025 (unaudited)	<u>91,209</u>

Note: Government grants mainly comprise incentives provided by local authorities for acquisition of plant and equipment. The amounts received are treated as deferred income and will be released to profit or loss over the estimated useful lives of the underlying plant and equipment. There is no unfulfilled obligations for the recognised income at the end of each reporting period.

35. SHARE CAPITAL

	Number of shares	Amount
	<i>’000</i>	<i>RMB’000</i>
Group and Company		
Ordinary shares of RMB1.00 each		
As at 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025 and 31 October 2025 (unaudited)	<u>861,029</u>	<u>861,029</u>

36. TREASURY SHARES

	Number of shares	Amount
	<i>’000</i>	<i>RMB’000</i>
Group and Company		
As at 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	—	—
Repurchase of shares	<u>47,271</u>	<u>608,784</u>
As at 31 October 2025 (unaudited)	<u>47,271</u>	<u>608,784</u>

During ten months ended 31 October 2025, the Company repurchased 47,271,000 shares, which accounted for 5.5% of the Company’s total shares. The implementation of the repurchase meets the requirements of the Company’s share repurchase plan and relevant laws and regulations.

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37. RESERVES

Reserve movement of the Company:

	Capital reserve	Exchange reserve	Statutory reserve	Retained earnings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	1,777,014	1,137	324,775	1,561,037	3,663,963
Profit for the year	—	—	—	493,360	493,360
Other comprehensive income	—	(444)	—	—	(444)
Total comprehensive income for the year	—	(444)	—	493,360	492,916
Dividend	—	—	—	(258,309)	(258,309)
Transferred to statutory reserve	—	—	49,336	(49,336)	—
Capital injection	3,152	—	—	—	3,152
As at 31 December 2023 and 1 January 2024	1,780,166	693	374,111	1,746,752	3,901,722
Profit for the year	—	—	—	963,649	963,649
Other comprehensive income	—	164	—	—	164
Total comprehensive income for the year	—	164	—	963,649	963,813
Dividend	—	—	—	(258,309)	(258,309)
Transferred to statutory reserve	—	—	96,365	(96,365)	—
As at 31 December 2024 and 1 January 2025	1,780,166	857	470,476	2,355,727	4,607,226
Profit for the period	—	—	—	732,256	732,256
Total comprehensive income for the period	—	—	—	732,256	732,256
Dividend	—	—	—	(284,854)	(284,854)
As at 31 October 2025 (Unaudited)	<u>1,780,166</u>	<u>857</u>	<u>470,476</u>	<u>2,803,129</u>	<u>5,054,628</u>

Notes:

Description of the Group’s reserves as below:

(a) Capital Reserve:

The amount mainly represents capital contribution in excess of nominal value of share capital.

(b) Exchange reserve:

The amount represents gains/losses arising on retranslating the net assets of entities with functional currency other than RMB into presentation currency of the Company.

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(c) Special reserve:

Pursuant to certain regulations issued by the Ministry of Finance (“財政部”) and the State Administration of Work Safety (“安全監管總局”) in Chinese Mainland, entities engaged in manufacture of dangerous goods are required to set aside safety fund at 4.5% per revenue on revenue amount below RMB10,000,000, 2.25% per revenue on revenue amount between RMB10,000,000 to RMB100,000,000, 0.55% per revenue on revenue amount between RMB100,000,000 to RMB1,000,000,000, 0.2% per revenue on revenue amount over RMB1,000,000,000. A subsidiary of the Company which is engaged in manufacture of pharmaceutical products is subject to the regulations and therefore is required to set aside an amount of certain percentage of revenue to a safety fund. The safety fund can be used for safety facilities and environment improvement, and is not available for distribution to shareholders.

(d) Statutory reserve:

In accordance with the articles of association of the Company and subsidiaries established in the PRC, the Company and these subsidiaries are required to transfer 10% of the profit after taxation in accordance to China Accounting Standards for Business Enterprises to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years’ losses, expand the existing operations or convert into additional capital of the Company and the subsidiaries.

(e) Retained earnings:

Cumulative net gains recognised in profit or loss.

38. OVERVIEW OF THE GROUP’S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group’s maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of the financial position.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group’s credit risk grading to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group’s own historical repayment records to rate its major customers and other debtors. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate exposure is spread amongst approved counterparties.

The Group’s credit risk is primarily attributable to trade receivables and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

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Trade receivables

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance for trade receivables at lifetime ECL. Except for trade receivables that are credit-impaired, the Group uses a provision matrix to measure the ECLs of trade receivables from individual customers. Loss rates are calculated under a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on historical credit loss experience. These rates are adjusted by forward-looking factors, based on GDP forecast to reflect difference economic conditions during the period over which the historical data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

Deposits and other receivables

The Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and available forward-looking information.

The Group applies the general approach in calculating ECLs, where the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 3 months past due.

Cash and bank balances, restricted bank deposits and bills receivables from banks

The Group’s exposure to credit risk arising from cash and bank balances, restricted bank deposits and bills receivables from bank is limited because the counterparties are banks and financial institutions with “investment grade” credit rating assigned by credit rating agency, which the Group considers to represent low credit risk. The Group assessed 12 months ECL for these balances by reference to information relating to PD and LGD of the respective credit rating published by credit rating agency. The directors of the Company considered that the ECL allowance on these balances is insignificant at 31 December 2023 and 31 December 2024 and 31 October 2025 (unaudited) and therefore no loss allowance was recognised.

Amounts due from subsidiaries

The Company regularly monitors the business performance of the subsidiaries. The Company’s credit risks in these balances are mitigated through the value of the assets held by these entities and the power to control the relevant activities of these entities. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12 months ECL. For the years ended 31 December 2023 and 2024 and ten months ended 31 October 2025 (unaudited), the Group assessed the ECL for amounts due from subsidiaries are insignificant and thus no loss allowance is recognised.

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The following table details the credit risk exposures of the Group’s trade receivables which are subject to ECL assessment:

	Average expected credit loss rate	Gross amounts	Loss allowance
		<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2023			
Within 1 year	6.9%	611,253	41,931
1 to 2 years	27.0%	2,455	662
2 to 3 years	69.3%	1,111	770
Over 3 years	100%	541	541
Credit-impaired	100%	<u>1,024</u>	<u>1,024</u>
		<u><u>616,384</u></u>	<u><u>44,928</u></u>
As at 31 December 2024			
Within 1 year	6.8%	798,379	54,459
1 to 2 years	26.2%	5,166	1,353
2 to 3 years	53.1%	245	130
Over 3 years	100%	1,007	1,007
Credit-impaired	100%	<u>230</u>	<u>230</u>
		<u><u>805,027</u></u>	<u><u>57,179</u></u>
As at 31 October 2025 (unaudited)			
Within 1 year	6.8%	861,155	58,428
1 to 2 years	26.0%	7,040	1,830
2 to 3 years	62.4%	1,369	854
Over 3 years	100%	834	834
Credit-impaired	100%	<u>1,073</u>	<u>1,073</u>
		<u><u>871,471</u></u>	<u><u>63,019</u></u>

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The table below details the credit risk exposures of the Group’s deposits and other receivables which are subject to ECL assessment:

	Average expected credit loss rate	Gross amounts	Loss allowance
		<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2023			
12 months ECL	5.9%	58,654	3,448
Credit-impaired	100%	<u>77</u>	<u>77</u>
		<u>58,731</u>	<u>3,525</u>
As at 31 December 2024			
12 months ECL	7.6%	63,457	4,842
Credit-impaired	100%	<u>77</u>	<u>77</u>
		<u>63,534</u>	<u>4,919</u>
As at 31 October 2025 (unaudited)			
12 months ECL	10.7%	55,942	5,983
Credit-impaired	100%	<u>77</u>	<u>77</u>
		<u>56,019</u>	<u>6,060</u>

The Group makes full provision when there is information indicating that the receivable is in severe financial difficulty and there is no realistic prospect of recovery.

39. CAPITAL MANAGEMENT

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

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes borrowings and lease liabilities), less cash and bank balances. Adjusted capital comprises equity attributable to owners of the Company (comprising share capital and reserves).

The Group’s adjusted net debt-to-capital ratio as at 31 December 2023 and 2024 and 31 October 2025 (unaudited) was as follows:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>
Borrowings	279,091	281,355	284,576
Lease liabilities	43,088	36,433	30,542
Less: cash and bank balances	(1,276,018)	(287,145)	(482,793)
Adjusted net debt	N/A	30,643	N/A
Adjusted capital	5,512,374	5,969,510	5,691,545
Adjusted net debt-to-capital ratio	—	0.5%	—

Management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

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40. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
Group			
Financial assets			
Financial assets measured at amortised cost	2,928,157	2,620,726	2,957,323
Financial assets measured at FVTPL	700,743	1,322,248	814,367
Financial assets measured at FVOCI	41,122	104,170	29,105
Financial liabilities			
Financial liabilities at amortised cost	1,795,686	1,806,999	1,733,140

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
Company			
Financial assets			
Financial assets measured at amortised cost	2,432,532	2,425,459	2,819,506
Financial assets measured at FVTPL	700,386	1,266,514	714,022
Financial assets measured at FVOCI	50,479	43,390	5,139
Financial liabilities			
Financial liabilities at amortised cost	1,154,903	1,129,194	1,129,193

Financial risk management objectives and policies

The Group’s major financial assets and liabilities include bank deposits, trade receivables, deposits and other receivables, cash and bank balances, trade and bills payables, other payables and accruals, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group’s activities expose it primarily to currency risk, interest rate risk, price risk, credit risk and liquidity risk. There has been no change in the Group’s exposure to these risks or the manner in which it managed and measured the risks during each of the reporting period.

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Currency risk

The Group has currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the units’ functional currencies. The operating units are mainly exposed to foreign currency of US\$ and EUR.

The Group’s policy is to ensure that its net exposure is kept to an acceptable level by forecasting sales and purchases over the following 12 months at any point in time. The carrying amounts of the Group’s foreign currency denominated monetary assets (trade and other receivables and cash and bank balances) and liabilities (trade, other payables and borrowings) at the end of each reporting period are summarised as follows:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
Group			
Assets			
US\$	507,229	577,778	795,180
EUR	16,428	50,459	20,529
Liabilities			
US\$	8,133	10,208	9,311
EUR	—	25	—

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>
Company			
Assets			
US\$	325,993	311,761	330,472
EUR	15,156	46,503	19,172
Liabilities			
US\$	2,935	2,898	3,926

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Sensitivity analysis

The following table details the Group’s sensitivity to a 5 increase and decrease in foreign currencies against RMB. 5 represents management’s assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5 change in foreign currency rate. A positive number below indicates an increase in profit before tax where foreign currencies strengthens 5 against RMB. For a 5 weakening of foreign currencies against RMB, there would be an equal and opposite impact on profit before tax.

	<u>As at 31 December</u>		<u>As at</u>
	<u>2023</u>	<u>2024</u>	<u>31 October</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>
Group			
Impact on profit before tax			
US\$	24,955	28,379	39,293
EUR	821	2,522	1,026

	<u>As at 31 December</u>		<u>As at</u>
	<u>2023</u>	<u>2024</u>	<u>31 October</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>

Company

Impact on profit before tax

US\$	16,153	15,443	16,327
EUR	758	2,325	959

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

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’s and the Company’s interest rate risk arises primarily from cash and bank balances, restricted bank deposits, lease liabilities and borrowings.

Cash and bank balances and restricted bank deposits issued at variable rates expose the Group to cash flow interest rate risk. Lease liabilities and borrowings issued at fixed rate expose the Group to fair value interest rate risk. The Group has a policy of maintaining its borrowings on a fixed rate basis.

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, therefore, in respect of the fixed rate instruments, a change in interest rates would not affect the profit or loss and equity of the Group and the Company at each reporting date. The management considers that the effect of cash flow interest rate risk arising from variable-rate bank balances is insignificant either due to their short-term maturity or stable interest rate.

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Price risk

The Group and the Company is exposed to equity price risk through its unlisted equity investments at fair value. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the financial information available to the Group. At 31 December 2023 and 2024 and 31 October 2025 (unaudited), it is estimated that an increase/ (decrease) of the price-to-book-value ratios of comparable listed companies, with all other variables held constant, would have insignificant effect on the Group’s and the Company’s profit or loss and equity.

Credit risk

As at the end of each reporting period, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Credit terms are granted to customers who are in good credit reputation. In order to minimise the credit risk, management has designated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. To secure critical supplies, or to negotiate more favourable terms and forester long-term partnerships, the Group may make deposits or advances to suppliers and customers. However, these payments expose the Group to credit risk. If a customer or supplier defaults on their obligations to repay or fails to deliver as agreed, the Group may struggle to recover these funds. To mitigate this risk, the Group carefully assesses their creditworthiness and avoid making large payments to high-risk suppliers and customers. In addition, the directors of the Company review the recoverability of each significant trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group’s credit risk is significantly reduced.

As at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), the Group has concentration of credit risk as 11.9%, 17.3% and 17.8%, respectively, of the total trade receivables, was due from the Group’s largest debtor. The Group’s concentration of credit risk on the top five largest debtors accounted for 33.7%, 39.2% and 42.5% of the total trade receivables as at 31 December 2023, 31 December 2024 and 31 October 2025 (unaudited), respectively.

The Group expects that there is no significant credit risk associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and bank balances and unused banking facilities deemed adequate by management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s and the Company’s remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

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Liquidity risk table

	On demand or less than one year <i>RMB'000</i>	One to two years <i>RMB'000</i>	Two to five years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Group						
As at 31 December 2023						
Trade and bills payables	587,427	—	—	—	587,427	587,427
Other payables and accruals	1,098,737	—	—	—	1,098,737	1,098,737
Borrowings	280,100	—	—	—	280,100	279,091
Lease liabilities	12,765	12,237	8,415	16,157	49,574	43,088
Total	<u>1,979,029</u>	<u>12,237</u>	<u>8,415</u>	<u>16,157</u>	<u>2,015,838</u>	<u>2,008,343</u>
As at 31 December 2024						
Trade and bills payables	565,190	—	—	—	565,190	565,190
Other payables and accruals	1,129,012	—	—	—	1,129,012	1,129,012
Borrowings	282,000	—	—	—	282,000	281,355
Lease liabilities	14,555	5,620	8,645	13,422	42,242	36,433
Total	<u>1,990,757</u>	<u>5,620</u>	<u>8,645</u>	<u>13,422</u>	<u>2,018,444</u>	<u>2,011,990</u>
As at 31 October 2025 (unaudited)						
Trade and bills payables	541,834	—	—	—	541,834	541,834
Other payables and accruals	1,065,020	—	—	—	1,065,020	1,065,020
Borrowings	285,000	—	—	—	285,000	284,576
Lease liabilities	8,318	5,808	10,200	11,142	35,468	30,542
Total	<u>1,900,172</u>	<u>5,808</u>	<u>10,200</u>	<u>11,142</u>	<u>1,927,322</u>	<u>1,921,972</u>

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	On demand or less than one year	One to two years	Two to five years	Total undiscounted cash flows	Carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Company					
As at 31 December 2023					
Trade and bills payables	257,666	—	—	257,666	257,666
Other payables and accruals	977,060	—	—	977,060	977,060
Borrowings	40,100	—	—	40,100	39,869
Lease liabilities	207	217	663	1,087	968
Total	<u>1,275,033</u>	<u>217</u>	<u>663</u>	<u>1,275,913</u>	<u>1,275,563</u>
As at 31 December 2024					
Trade and bills payables	396,450	—	—	396,450	396,450
Other payables and accruals	846,545	—	—	846,545	846,545
Borrowings	—	—	—	—	—
Lease liabilities	2,294	2,294	445	5,033	4,751
Total	<u>1,245,289</u>	<u>2,294</u>	<u>445</u>	<u>1,248,028</u>	<u>1,247,746</u>
As at 31 October 2025 (unaudited)					
Trade and bills payables	343,840	—	—	343,840	343,840
Other payables and accruals	887,679	—	—	887,679	887,679
Borrowings	—	—	—	—	—
Lease liabilities	2,741	980	228	3,949	3,817
Total	<u>1,234,260</u>	<u>980</u>	<u>228</u>	<u>1,235,468</u>	<u>1,235,336</u>
Fair value measurement					

This note provides information about how the Group determines fair value of the following financial assets and financial liabilities that are measured at fair value on a recurring basis.

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(i) *Fair value of the Group’s financial assets that are measured at fair value on a recurring basis*

	As at 31 December		As at	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2023	2024	31 October 2025				
	RMB’000	RMB’000	RMB’000				
Financial assets							
Unlisted equity investment							
— Mapi-Pharma Ltd	301,689	248,970	239,825	Level 3	Valuation multiples	Volatility (31 December 2023: 46.9%; 31 December 2024: 41.4%; and 31 October 2025: 46.9%) Risk free rate (31 December 2023: 3.9%; 31 December 2024: 4.3%; and 31 October 2025: 3.6%)	31 December 2023: Increase/(decrease) in 5 % point in volatility would result in decrease in fair value by RMB64,000 and RMB299,000 Increase/(decrease) in 1 % point in risk free rate would result in (decrease)/increase in fair value by RMB617,000 and RMB644,000 31 December 2024: Increase/(decrease) in 5 % point in volatility would result in decrease in fair value by RMB158,000 and RMB205,000 Increase/(decrease) in 1 % point in risk free rate would result in (decrease)/increase in fair value by RMB690,000 and RMB718,000 31 October 2025: Increase/(decrease) in 5 % point in volatility would result in (decrease)/increase in fair value by RMB424,000 and RMB212,000 Increase/(decrease) in 1 % point in risk free rate would result in (decrease)/increase in fair value by RMB502,000 and RMB511,000
— Pharma Two B Ltd.	6,168	—	—	Level 3	Valuation multiples	Volatility (31 December 2023: 45.3%) Risk free rate (31 December 2023: 3.9%)	31 December 2023: Increase/(decrease) in 5 % point in volatility would result in increase/(decrease) in fair value by RMB56,000 and RMB140,000 Increase/(decrease) in 1 % point in risk free rate would result in increase/(decrease) in fair value by RMB112,000 and RMB115,000
— Vascular Graft Solutions	—	4,435	307	Level 3	Valuation multiples	Comparable transaction price (31 December 2024: US\$1.4; and 31 October 2025: US\$0.5)	31 December 2024: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB222,000 31 December 2025: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB15,000
— SPES (Hangzhou) Biopharmaceutical Co., Ltd. (“世培(杭州)生物製藥有限公司”)	16,010	—	—	Level 3	Valuation multiples	R&D multiple (31 December 2023: 25.2)	31 December 2023: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB800,000
— Hangzhou Huqingyutang Pharmaceutical Holdings Co., Ltd. (“杭州胡慶余堂醫藥控股有限公司”)	205,920	223,254	237,518	Level 3	Valuation multiples	Price-to-Earnings Ratio (31 December 2023: 9.7; 31 December 2024: 10.4; and 31 October 2025: 11.3)	31 December 2023: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB10,296,000 31 December 2024: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB11,163,000 31 October 2025: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB11,876,000
— Xinchang Xingcun Fumin Equity Investment Fund Partnership (Limited Partnership) (“新昌縣興村富民股權投資基金合夥企業(有限合夥)”)	10,000	10,000	10,000	Level 3	Share of net assets	Net assets value per share (31 December 2023: 1; 31 December 2024: 1; and 31 October 2025: 1)	5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB500,000
— Shenzhen Aima Biotechnology Co., Ltd (“深圳艾碼生物科技股份有限公司”)	10,000	7,932	8,653	Level 3	Valuation multiples	R&D multiple (31 December 2023: 7.4; 31 December 2024: 13.9; and 31 October 2025: 20.4)	31 December 2023: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB500,000 31 December 2024: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB397,000 31 October 2025: 5% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB433,000
	<u>549,787</u>	<u>494,591</u>	<u>496,303</u>				
Bills receivables	41,122	104,170	29,105	Level 2	Discounted future cash flow by discount rate observed from available market	N/A	N/A
Structured deposits	150,956	827,657	318,064	Level 2	Adjusted quoted price	N/A	N/A

There were no transfers between levels during each of the reporting periods.

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41. EMPLOYEE STOCK OWNERSHIP PLAN

The 2025 Employee Stock Ownership Plan

In October 2025, the Company adopted an Employee Stock Ownership Plan (the “**2025 ESOP**”) for the primary purpose of attracting, retaining and motivating, the directors, key management and core employees of the Group (the “**Participants**”). The source of underlying shares for the 2025 ESOP shall be the repurchased shares of the Company. The duration period of 2025 ESOP shall be 60 months and shares held under the 2025 ESOP will be managed by a management committee. The fundings of the 2025 ESOP will be sourced from the Participants’ salaries, subscription funds or by ways allowed by the laws and regulations in the Chinese Mainland and the scale of the 2025 ESOP will be no more than RMB150,000,000.

The underlying shares held under the 2025 ESOP are subject to lock-up periods in tranches and performance targets at company level as follows:

Trench	Portion	Unlock timing	Condition
1	40%	12 months from the date of the Company’s announcement of the completion of transfer of the last tranche of the underlying shares to the ESOP	Increase in net profit in 2025 over net profit in 2024 not less than 10%
2	30%	24 months from the date of the Company’s announcement of the completion of transfer of the last tranche of the underlying shares to the ESOP	Increase in net profit of 2026 over net profit in 2024 not less than 22%
3	30%	36 months from the date of the Company’s announcement of the completion of transfer of the last tranche of the underlying shares to the ESOP	Increase in net profit of 2027 over net profit in 2024 not less than 35%

Apart from above-mentioned Company’s performance appraisal, eligible employees have to fulfill requirement of individual performance appraisal.

Subsequent to the end of the Track Record Period, the Company transferred 7,123,000 of its repurchased shares to the 2025 ESOP by way of non-trade transfer at a transfer price was RMB12.5 per share on 21 January 2026.

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42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings	Lease liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023	238,584	57,713	296,297
Financing cash flows	35,002	(18,334)	16,668
New leases	—	714	714
Lease modification	—	202	202
Interest expense recognised	5,266	2,049	7,315
Others	239	744	983
	<hr/>	<hr/>	<hr/>
At 31 December 2023 and 1 January 2024	279,091	43,088	322,179
Financing cash flows	(3,710)	(15,563)	(19,273)
New leases	—	7,716	7,716
Lease modification	—	(1,313)	(1,313)
Interest expense recognised	6,090	1,653	7,743
Others	(116)	852	736
	<hr/>	<hr/>	<hr/>
At 31 December 2024 and 1 January 2025	281,355	36,433	317,788
Financing cash flows	562	(14,802)	(14,240)
New leases	—	7,629	7,629
Lease modification	—	(1,343)	(1,343)
Interest expense recognised	2,116	1,219	3,335
Others	543	1,406	1,949
	<hr/>	<hr/>	<hr/>
At 31 October 2025 (unaudited)	<u>284,576</u>	<u>30,542</u>	<u>315,118</u>

43. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 October 2025.

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44. COMMITMENTS

(a) Capital commitment

The Group has capital commitments under non-cancellable contracts as follows:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Acquisition of property, plant and equipment	414,530	309,359	265,673

The Company has capital commitments under non-cancellable contracts as follows:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Acquisition of property, plant and equipment	149,788	121,120	159,342

(b) Operating lease commitment as lessor

The Group leases offices, dormitories and plant under non-cancellable operating lease agreements. The leases have varying terms between 1 and 7 years. At 31 December 2023 and 2024 and 31 October 2025 (unaudited), the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Within one year	15,062	11,001	14,021
After one year but within two years	9,599	4,169	9,994
After two years but within three years	3,155	1,733	4,544
After three years but within four years	1,463	906	1,292
After four years but within five years	906	215	231
After five years	215	—	33
	<u>30,400</u>	<u>18,024</u>	<u>30,115</u>

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The Company leases offices, dormitories and plant under non-cancellable operating lease agreements. The leases have varying terms between 1 and 7 years. At 31 December 2023 and 2024 and 31 October 2025 (unaudited), the undiscounted lease payments receivable by the Company in future periods under operating leases with its tenants are as follows:

	As at 31 December		As at
	2023	2024	31 October
	RMB'000	RMB'000	RMB'000
			(unaudited)
Within one year	4,686	6,506	6,479
After one year but within two years	3,276	4,923	4,963
After two years but within three years	2,051	3,502	2,472
After three years but within four years	1,463	1,027	1,251
After four years but within five years	906	215	196
After five years	215	—	33
	<u>12,597</u>	<u>16,173</u>	<u>15,394</u>

45. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group during the Track Record Period are as follows:

<u>Names of related parties</u>	<u>Relationship</u>
Zhejiang Jinzhi Investment Co., Ltd. (浙江金至投資有限公司)	Controlled by the controlling shareholder of the Company
Jingxin Holding Group Co., Ltd. (京新控股集團有限公司)	Controlled by the controlling shareholder of the Company
Zhejiang Yuanjin Investment Management Co., Ltd. (浙江元金投資管理有限公司)	Controlled by the controlling shareholder of the Company
Xinchang Jingxin Property Management Co., Ltd. (新昌京新物業管理有限公司)	Controlled by the controlling shareholder of the Company
Zhejiang Jinlangbo Pharmaceutical Co., Ltd. (浙江金朗博藥業有限公司)	Controlled by the controlling shareholder of the Company
Xinchang Country Jingxin Real Estate Co., Ltd. (新昌縣京新置業有限公司)	Controlled by the controlling shareholder of the Company
Zhejiang Yuanjin Chemical Co., Ltd. (浙江元金化學有限公司)	Controlled by the controlling shareholder of the Company
Zhejiang Yuanjin Packaging Co., Ltd. (浙江元金包裝有限公司)	Controlled by the controlling shareholder of the Company
Zhejiang Donggao Agricultural Development Co., Ltd. (浙江東高農業開發有限公司)	Controlled by the controlling shareholder of the Company
Hangzhou Haishijia Technology Co., Ltd. (杭州海獅佳科技有限公司)	Controlled by the controlling shareholder of the Company
Hangzhou Fangyou Biotechnology Co., Ltd. (杭州方佑生物科技有限公司)	Controlled by the controlling shareholder of the Company
Hangzhou Fangyou Property Management Co., Ltd. (杭州方佑物業管理有限公司)	Controlled by the controlling shareholder of the Company
Hangzhou Jiancheng Technology Co., Ltd. (杭州健澄科技有限公司)	Jointly controlled by the controlling shareholder and a close family member of the controlling shareholder of the Company
Zhejiang Fangyou Investment Management Co., Ltd. (浙江方佑投資管理有限公司)	Controlled by the controlling shareholder of the Company
Jiangxi Jingweitong New Materials Co., Ltd. (江西京緯通新材料有限公司)	Controlled by the controlling shareholder of the Company
Shanghai Jinzhi Chemical Co., Ltd. (上海金至化工有限公司)	Controlled by the controlling shareholder of the Company

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<u>Names of related parties</u>	<u>Relationship</u>
Zhejiang Jingweitong Biomaterials Co., Ltd. (浙江京緯通生物材料有限公司)	Controlled by the controlling shareholder of the Company
Xinchang Xinjin Pharmaceutical Co., Ltd. (新昌信錦藥業有限公司)	Controlled by the controlling shareholder of the Company
Hangzhou Nutrition Biotechnology Co., Ltd. (杭州紐曲星生物科技有限公司)	Associate of the Company
Shaoxing Jingweitong Technology Co., Ltd. (紹興京緯通科技有限公司)	Joint controlled by the Group and the close family member of a controlling shareholder of the Company

Note: The English names of the related parties registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

In addition to the transactions and balances disclosed in respective notes, the Group had the following significant transactions and balances with related parties during the Track Record Period:

(a) Related party transactions:

(i) Fee paid to related parties for services/goods

	<u>Year ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Zhejiang Yuanjin Packaging Co., Ltd.	61,608	72,076	55,593	49,471
Hangzhou Haishijia Technology Co., Ltd.	991	1,166	1,013	975
Xinchang Jingxin Property Management Co., Ltd.	1,535	1,601	1,305	1,484
Jiangxi Jingweitong New Materials Co., Ltd.	968	6,987	4,614	5,870
Zhejiang Donggao Agricultural Development Co., Ltd.	400	285	—	—
Hangzhou Fangyou Property Management Co., Ltd.	1,195	1,092	666	1,215
Hangzhou Newqustar Biotechnology Co., Ltd.	498	986	673	173
Xinchang Xinjin Pharmaceutical Co., Ltd.	—	902	812	4,233
	<u>67,195</u>	<u>85,095</u>	<u>64,676</u>	<u>63,421</u>

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(ii) *Revenue from related parties*

	<u>Year ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Hangzhou Haishijia Technology Co., Ltd.	18	14	14	3
Jiangxi Jingweitong New Materials Co., Ltd.	41	165	136	131
Zhejiang Yuanjin Chemical Co., Ltd.	—	93	93	—
Xinchang Xinjin Pharmaceutical Co., Ltd.	—	37,295	35,615	39,091
	<u>59</u>	<u>37,567</u>	<u>35,858</u>	<u>39,225</u>

(iii) *Rental income from related parties*

	<u>Year ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Jiangxi Jingweitong New Materials Co., Ltd.	—	1,862	854	1,114
Zhejiang Yuanjin Chemical Co., Ltd.	—	397	317	—
	<u>—</u>	<u>2,259</u>	<u>1,171</u>	<u>1,114</u>

(iv) *Rental payment to related parties*

	<u>Year ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Xinchang Country Jingxin Real Estate Co., Ltd.	1,273	1,270	1,270	—
Zhejiang Donggao Agricultural Development Co., Ltd.	226	226	226	237
Hangzhou Fangyou Biotechnology Co., Ltd.	—	473	—	946
	<u>1,499</u>	<u>1,969</u>	<u>1,496</u>	<u>1,183</u>

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(b) Related party balances:

As at the end of each reporting period, the Group had balances with related parties as follows:

	As at 31 December		As at
	2023	2024	31 October
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>
Trade receivables			
Xinchang Xinjin Pharmaceutical Co., Ltd.	—	1,897	6,718
Other receivables			
Jingxin Holding Group Co., Ltd.	1,148	—	—
Zhejiang Yuanjin Investment Management Co., Ltd.	890	—	—
Xinchang Country Jingxin Real Estate Co., Ltd.	200	200	200
Zhejiang Donggao Agricultural Development Co., Ltd.	50	50	50
	<u>2,288</u>	<u>250</u>	<u>250</u>
Trade payables			
Zhejiang Yuanjin Packaging Co., Ltd.	8,984	9,870	6,388
Jiangxi Jingweitong New Materials Co., Ltd.	1,094	2,603	2,040
Hangzhou Haishijia Technology Co., Ltd.	120	—	—
	<u>10,198</u>	<u>12,473</u>	<u>8,428</u>
Other payable			
Hangzhou Fangyou Biotechnology Co., Ltd.	107,780	90,168	90,168
Xinchang Jingxin Property Management Co., Ltd.	—	—	66
Zhejiang Yuanjin Packaging Co., Ltd.	50	50	50
Hangzhou Haishijia Technology Co., Ltd.	1	—	74
Jiangxi Jingweitong New Materials Co., Ltd.	—	150	3
	<u>107,831</u>	<u>90,368</u>	<u>90,361</u>

The above balances with related parties are trade in nature.

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(c) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during each of the reporting period were as follows:

	<u>Years ended 31 December</u>		<u>Ten months ended 31 October</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Directors’ fee	240	240	201	202
Salaries and other benefits	7,602	7,068	5,752	5,952
Performance-based bonus	3,519	4,978	4,430	4,089
Retirement benefit scheme contributions	547	614	528	436
	<u>11,908</u>	<u>12,900</u>	<u>10,911</u>	<u>10,679</u>

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

46. EVENT AFTER THE REPORTING PERIOD

Save as disclosed above, there was no significant event after the period ended 31 October 2025 and up to the date of this report.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 October 2025.