ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING WEHAND-BIO PHARMACEUTICAL CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Beijing Wehand-Bio Pharmaceutical Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-4] to [I-78], which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year ended 31 December 2024 (the "Relevant Period"), and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-4] to [I-78] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "document") in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the nine months ended 30 September 2024 and 2025, and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2025 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. 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 Hong Kong 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 Interim 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 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Period and the nine months ended 30 September 2025.

Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December	Nine months ended 30 September	
		2024	2024	2025
		RMB'000	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
REVENUE	*5*	207,953	162,075	207,333
Cost of sales		(57,969)	(45,659)	(53,667)
Gross profit		149,984	116,416	153,666
Other income and gains	*5*	16,172	9,143	10,068
Selling and distribution expenses		(148,046)	(99,932)	(125,742)
Administrative expenses		(54,397)	(43,437)	(34,297)
Research and development costs		(58,010)	(38,260)	(41,486)
(Impairment losses)/reversal of impairment losses on financial assets, net		(1,275)	(312)	926
Other expenses		(2,834)	(2,409)	(2,306)
Finance costs	*7*	(10,540)	(8,074)	(6,220)
LOSS BEFORE TAX	*6*	(108,946)	(66,865)	(45,391)
Income tax expense	*10*	(572)	(561)	(326)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(109,518)	(67,426)	(45,717)
Attributable to:				
Owners of the parent		(109,518)	(67,426)	(45,717)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)				
— For loss for the year/period	*12*	(0.91)	(0.56)	(0.37)

For the details of Pre-[REDACTED] Investments, please refer to note 26 to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**31 December 2024** *RMB'000*	**30 September 2025** *RMB'000* *(unaudited)*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	254,612	250,142
Right-of-use assets	*14(a)*	30,759	30,088
Intangible assets	*15*	53,323	44,423
Deferred tax assets	*25*	3,234	3,074
Prepayments, other receivables and other assets	*18*	1,809	2,089
Time deposits	*20*	55,000	60,000
Total non-current assets		398,737	389,816
CURRENT ASSETS			
Inventories	*16*	102,416	112,824
Trade receivables	*17*	45,962	54,840
Prepayments, other receivables and other assets	*18*	4,763	7,776
Financial assets at fair value through profit or loss	*19*	15,052	—
Cash and cash equivalents	*20*	111,447	162,255
Time deposits	*20*	—	5,000
Total current assets		279,640	342,695
CURRENT LIABILITIES			
Trade payables	*21*	8,636	3,728
Other payables and accruals	*22*	108,243	90,355
Interest-bearing bank and other borrowings	*23*	120,782	138,959
Lease liabilities	*14(b)*	—	1,078
Contract liabilities	*24*	6,175	1,208
Tax payable		—	166
Total current liabilities		243,836	235,494
NET CURRENT ASSETS		35,804	107,201
TOTAL ASSETS LESS CURRENT LIABILITIES		434,541	497,017

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	**31 December 2024**	**30 September 2025**
		RMB'000	*RMB'000* *(unaudited)*
NON-CURRENT LIABILITIES			
Other payables and accruals	*22*	45,668	46,348
Interest-bearing bank and other borrowings	*23*	102,204	73,609
Lease liabilities	*14(b)*	1,990	990
Total non-current liabilities		149,862	120,947
Net assets		284,679	376,070
EQUITY			
Equity attributable to owners of the parent			
Share capital	*26*	124,177	125,130
Reserves	*27*	160,502	250,940
Total equity		284,679	376,070

For the details of Pre-[REDACTED] Investments, please refer to note 26 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent				
	Share capital	**Capital reserve**	**Share-based payment reserve**	**Accumulated losses**	**Total equity**
	RMB'000 *(note 26)*	*RMB'000* *(note 27)*	*RMB'000* *(note 28)*	*RMB'000*	*RMB'000*
At 1 January 2024	119,411	414,015	211,727	(522,507)	222,646
Loss and total comprehensive loss for the year	—	—	—	(109,518)	(109,518)
Issue of shares	4,766	145,234	—	—	150,000
Recognition of equity-settled share-based payments	—	—	21,551	—	21,551
At 31 December 2024	124,177	559,249*	233,278*	(632,025)*	284,679

Nine months ended 30 September 2024

	Attributable to owners of the parent				
	Share capital	**Capital reserve**	**Share-based payment reserve**	**Accumulated losses**	**Total equity**
	RMB'000 *(note 26)*	*RMB'000* *(note 27)*	*RMB'000* *(note 28)*	*RMB'000*	*RMB'000*
At 1 January 2024	119,411	414,015	211,727	(522,507)	222,646
Loss and total comprehensive loss for the period (unaudited)	—	—	—	(67,426)	(67,426)
Recognition of equity-settled share-based payments (unaudited)	—	—	17,626	—	17,626
At 30 September 2024 (unaudited)	119,411	414,015	229,353	(589,933)	172,846

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Nine months ended 30 September 2025

	Attributable to owners of the parent				
	Share capital	**Capital reserve**	**Share-based payment reserve**	**Accumulated losses**	**Total equity**
	RMB'000 *(note 26)*	*RMB'000* *(note 27)*	*RMB'000* *(note 28)*	*RMB'000*	*RMB'000*
At 1 January 2025	124,177	559,249*	233,278*	(632,025)*	284,679
Loss and total comprehensive loss for the period (unaudited)	—	—	—	(45,717)	(45,717)
Issue of shares (unaudited)	953	129,047	—	—	130,000
Recognition of equity-settled share-based payments (unaudited)	—	—	7,108	—	7,108
At 30 September 2025 (unaudited)	125,130	688,296*	240,386*	(677,742)*	376,070

* *These reserve accounts comprised the consolidated reserves of RMB160,502,000 and RMB250,940,000 in the consolidated statements of financial position as at 31 December 2024 and 30 September 2025, respectively.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December	Nine months ended 30 September	
		2024	2024	2025
		RMB'000	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(108,946)	(66,865)	(45,391)
Adjustments for:				
Finance costs	*7*	10,540	8,074	6,220
Interest income	*5*	(1,602)	(1,296)	(1,276)
Loss on disposal of items of property, plant and equipment, net	*6*	330	13	44
Depreciation of property, plant and equipment	*6*	22,096	16,721	15,762
Depreciation of right-of-use assets	*6*	893	671	671
Amortisation of intangible assets	*6*	11,943	8,952	8,900
Impairment losses/(reversal of impairment losses) on financial assets, net	*6*	1,275	312	(926)
Impairment of inventories	*6*	144	131	40
Fair value gains on financial assets at fair value through profit or loss	*6*	(52)	—	—
Gain on disposal of financial assets at fair value through profit or loss	*6*	—	—	(128)
Equity-settled share-based payment expenses	*6*	20,708	16,985	6,508
		(42,671)	(16,302)	(9,576)
Increase in inventories		(40,468)	(23,650)	(9,848)
Increase in trade receivables		(16,456)	(19,676)	(7,938)
Decrease/(increase) in prepayments, other receivables and other assets		4,964	(769)	(2,449)
Increase/(decrease) in trade payables		2,284	(36)	(4,908)
(Decrease)/increase in other payables and accruals		(1,032)	(5,604)	16,664
Increase/(decrease) in contract liabilities		4,731	(183)	(4,967)
Cash used in operations		(88,648)	(66,220)	(23,022)
Interest received		1,591	1,296	491
Net cash flows used in operating activities		(87,057)	(64,924)	(22,531)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December	Nine months ended 30 September	
		2024	**2024**	**2025**
		RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(31,377)	(24,902)	(15,692)
Purchases of intangible assets		(88)	(88)	—
Purchases of financial assets at fair value through profit or loss		(15,000)	—	—
Purchases of time deposit		(55,000)	(5,000)	(10,000)
Proceeds from disposal of items of property, plant and equipment		—	—	2
Proceeds from disposal of financial assets at fair value through profit or loss		—	—	15,180
Interest received from time deposits		11	—	785
Net cash flows used in investing activities		(101,454)	(29,990)	(9,725)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		180,000	—	100,000
New bank and other borrowings		186,135	105,636	44,954
Repayment of bank and other borrowings		(194,208)	(101,950)	(56,500)
Payment of deferred consideration for acquisition of intangible assets		(7,500)	—	—
Interest paid		(8,517)	(6,420)	(5,014)
Payment of [REDACTED]		—	—	[REDACTED]
Net cash flows from/(used in) financing activities		155,910	(2,734)	83,064
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(32,601)	(97,648)	50,808
Cash and cash equivalents at beginning of year/period		144,048	144,048	111,447
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		111,447	46,400	162,255

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	**31 December 2024** *RMB'000*	**30 September 2025** *RMB'000 (unaudited)*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	105,437	110,379
Right-of-use assets	*14(a)*	10,818	10,598
Intangible assets	*15*	29,766	24,273
Investments in subsidiaries	*1*	87,000	88,000
Prepayments, other receivables and other assets	*18*	1,809	2,089
Time deposits	*20*	55,000	60,000
Total non-current assets		289,830	295,339
CURRENT ASSETS			
Inventories	*16*	73,856	50,101
Trade receivables	*17*	45,957	54,839
Prepayments, other receivables and other assets	*18*	18,195	5,026
Financial assets at fair value through profit or loss	*19*	15,052	—
Cash and cash equivalents	*20*	73,963	147,309
Time deposits	*20*	—	5,000
Total current assets		227,023	262,275
CURRENT LIABILITIES			
Trade payables	*21*	463	334
Other payables and accruals	*22*	87,910	66,321
Interest-bearing bank and other borrowings	*23*	94,499	102,517
Contract liabilities	*24*	6,175	1,208
Total current liabilities		189,047	170,380
NET CURRENT ASSETS		37,976	91,895
TOTAL ASSETS LESS CURRENT LIABILITIES		327,806	387,234
NON-CURRENT LIABILITIES			
Other payables and accruals	*22*	16,911	16,104
Interest-bearing bank and other borrowings	*23*	45,046	25,175
Total non-current liabilities		61,957	41,279
Net assets		265,849	345,955
EQUITY			
Equity attributable to owners of the parent			
Share capital	*26*	124,177	125,130
Reserves	*27*	141,672	220,825
Total equity		265,849	345,955

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Beijing Wehand-Bio Pharmaceutical Co., Ltd. (the "Company") was registered in the People's Republic of China (the "PRC") on 7 May 2010 as a limited liability company under the Company Law of the PRC. The registered office of the Company is located at No.30 Tianfu Street, Daxing Biomedicine Industrial Base, Zhongguancun Science Park, Beijing, China. The Company was converted from a limited liability company to a joint-stock company on 30 March 2021.

During the Relevant Period and the nine months ended 30 September 2025, the Group were principally engaged in the research, industrialization and commercialisation of innovative drugs.

As at 30 September 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Notes	Place and date of registration and place of operations	Nominal value of registered share capital	Percentage of equity directly attributable to the Company		Principal activities
				Direct	Indirect	
Guangxi Wehand-Bio Pharmaceutical Co., Ltd. ("廣西五和博澳藥業有限公司")* ("Guangxi Wehand-Bio")	*(a)*	PRC/Chinese Mainland 20 August, 2014	RMB70,000,000	100%	—	Pharmaceutical technology development, plant extraction, and production operations
Beijing Wehand Dacheng Pharmaceutical Technology Co., Ltd. ("北京五和大誠醫藥科技有限公司")*	*(a)*	PRC/Chinese Mainland 20 December, 2023	RMB10,000,000	100%	—	Medical research and experimental development
Zhejiang Wehand-Bio Pharmaceutical Technology Co., Ltd. ("浙江五和博澳醫藥科技有限公司")*	*(b)*	PRC/Chinese Mainland 12 November, 2024	RMB10,000,000	100%	—	Technology development and marketing
Macau Wehand-Bio Pharmaceutical Co., Ltd. ("澳門五和博澳製藥有限公司")	*(b)*	Macau 16 April, 2025	MOP1,000,000	80%	20%	Research, development, production, and sales of pharmaceuticals and health products

* *The English name of the subsidiary registered in the PRC represents the best efforts made by management of the Company to directly translate its Chinese name as it did not register any official English name.*

Notes:

(a) The statutory financial statements of these entities for the year ended 31 December 2024 were audited by Zhongde Liqin (Beijing) Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC.

(b) No audited financial statements have been prepared for these entities for the year ended 31 December 2024.

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

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Investments, at cost	87,000	88,000

2.1 BASIS OF PREPARATION

For ordinary shares issued to Pre-[REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the Pre-[REDACTED] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights, liquidation preference rights and anti-dilution rights, which were void ab initio as described in note 26 to this report, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Period and the nine months ended 30 September 2025. For the details of financial impacts, see note 26 of this report.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board.

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information and the unaudited Interim Financial Information throughout the Relevant Period and the nine months ended 30 September 2025.

The Historical Financial Information has been prepared under the historical cost convention except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information and the unaudited Interim Financial Information include the financial statements of the Company and its subsidiaries for the Relevant Period and the nine months ended 30 September 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. Except for IFRS 18, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position. IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flow disclosure in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Categories	**Principal annual rates**
Buildings	3.80%
Machinery	9.50% to 19.00%
Electronic and office equipment	19.00% to 19.60%
Motor vehicles	19.00% to 19.60%

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years. The estimated useful life of 3 to 10 years for software is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

Patents and trademarks

Purchased patents and trademarks are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 20 years.

Non-patent technology

Non-patent technology is stated at cost less any impairment losses and are generally amortised on the straight-line basis over their estimated useful lives of 10 years.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development.

Product development expenditure which does not meet the above criteria is expensed when incurred.

Development expenditure related to the Group's innovative drug named WH001 Sangzhi Alkaloid Tablets (the "*Sangbo'en*") indicated for type 2 diabetes, had met the above criteria at the point when the Group got the approval of Phase III clinical trials from the National Medical Products Administration of China and was capitalised as non-patent technology in intangible assets (note 15).

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	20 to 50 years

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

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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

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

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

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

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 financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, interest-bearing bank and other borrowings, and financial liabilities included in other payables and accruals.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, 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. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The Group is mainly engaged in the sale of innovative drugs. Revenue from the sale of innovative drugs is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the innovative drugs.

Some contracts for the sale of innovative drugs provide customers with rights of return and early settlement rebates, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Early settlement rebates

Retrospective early settlement rebates are provided to certain customers once the customers could early settle their receivable balances to the Group at a specific date. As the credit period granted to customers is generally within 90 days, the Group has assessed that the arrangement does not contain a significant financing component. Accordingly, such rebates are accounted for as variable consideration and are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used. The above method that best predicts the amount of variable consideration is primarily driven by the historical settlement pattern of the customers. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Company operates share award schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions") through employee incentive platforms established by the Group. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined with reference to the valuation of recent Pre-[REDACTED] Investments, further details of which are given in note 28 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension scheme

The employees in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules and practice of the central pension scheme.

Housing fund

The Company and the Group's subsidiaries which operate in Chinese Mainland contribute on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Company and these subsidiaries are expensed as incurred.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

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

Dividends

Dividends are recognised as a liability when they are approved by the shareholders of the Company in a general meeting.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the method to estimate variable consideration and assessing the constraint for the sale of innovative drugs

Certain contracts for the sale of innovative drugs include a right of return and early settlement rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of innovative drugs with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of innovative drugs with early settlement rebates, the Group determined that using a the most likely amount method is appropriate. When it is highly probable that the income corresponding to the relevant consideration will not be significantly reversed, the uncertainty of the variable consideration is eliminated and the variable consideration will be included in the transaction price. At the end of each reporting period, the Group will re-evaluate the probability of the payment of the variable consideration, and if necessary, adjust the estimation of the overall transaction price.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Research and development expenses

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 25 to the Historical Financial Information.

Estimation uncertainty

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

Variable consideration for returns and early settlement rebates

The Group estimates variable consideration to be included in the transaction price for the sale of innovative drugs with rights of return and early settlement rebates.

The Group has developed a statistical model for forecasting sales return. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected early settlement rebates are analysed on a per customer basis. Determining whether a customer will likely be entitled to a rebate depends on the customer's historical rebate entitlement.

The Group updates its assessment of expected returns and early settlement rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and early settlement rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 17 to the Historical Financial Information.

Fair value measurement of share-based payments

The Group has set up a share award scheme and granted restricted ordinary shares to the Group's employees. The fair values of the restricted shares are determined by the most recent transaction model at the grant dates. Further details are included in note 28 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and has only one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

As the Group generated all of its revenues in the Chinese Mainland and its non-current assets were located in the Chinese Mainland during the Relevant Period and the nine months ended 30 September 2025, no geographical information is presented.

Information about major customers

Revenue from the major customers (aggregated if under common control) which amounted to 10% or more of the Group's revenue during the Relevant Period and the nine months ended 30 September 2024 and 2025 is set out below:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Customer A	91,391	71,995	87,784
Customer B	40,316	32,472	35,375
Customer C	24,371	17,768	23,492
Total	156,078	122,235	146,651

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* (*unaudited*)	*RMB'000* (*unaudited*)
Revenue from contracts with customers	207,953	162,075	207,333

During the Relevant Period and the nine months ended 30 September 2024 and 2025, the Group's revenue was generated exclusively from the sale of its commercialised product, *Sangbo'en*.

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* (*unaudited*)	*RMB'000* (*unaudited*)
Types of goods			
Sale of commercialised product	207,953	162,075	207,333
Timing of revenue recognition			
At a point in time	207,953	162,075	207,333

The following table shows the amounts of revenue recognised during the Relevant Period and the nine months ended 30 September 2024 and 2025 that were included in the contract liabilities at the beginning of each of the Relevant Period and the nine months ended 30 September 2024 and 2025 and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* (*unaudited*)	*RMB'000* (*unaudited*)
Revenue recognised that was included in contract liabilities at the beginning of the year/period:			
Sale of commercialised product	1,444	1,444	6,175

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of commercialised product

The performance obligation is satisfied upon delivery of the commercialised product, payment is generally due within 30 to 90 days from the date of billing.

During the Relevant Period and the nine months ended 30 September 2024 and 2025, no transaction price was allocated to the remaining performance obligations.

An analysis of other income and gains is as follows:

	Year ended 31 December	Nine months ended 30 September	
	2024	**2024**	**2025**
	RMB'000	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
Other income			
Government grants*	12,251	6,087	7,608
Bank interest income	1,602	1,296	1,276
Additional deduction for input VAT	1,168	850	676
Income from sales of scrap materials	591	591	148
Others	508	319	232
Total other income	16,120	9,143	9,940
Gains			
Fair value gains on financial assets at fair value through profit or loss	52	—	—
Gain on disposal of financial assets at fair value through profit or loss	—	—	128
Total gains	52	—	128
Total other income and gains	16,172	9,143	10,068

* *Government grants have been received from the PRC local government authorities to support the Group's research and development activities, and compensate for the Group's pharmaceutical production related expenditure. There are no unfulfilled conditions related to these government grants.*

6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December 2024	Nine months ended 30 September 2024	Nine months ended 30 September 2025
		RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Cost of inventories sold		57,825	45,528	53,627
Depreciation of property, plant and equipment*	*13*	22,096	16,721	15,762
Depreciation of right-of-use assets*	*14(a)*	893	671	671
Amortisation of intangible assets*	*15*	11,943	8,952	8,900
Research and development costs		58,010	38,260	41,486
Lease payments not included in the measurement of lease liabilities	*14(c)*	361	169	225
[REDACTED]	*30*	—	—	[REDACTED]
Employee benefit expense (including directors', chief executive's and supervisors' remuneration as set out in note 8):				
Wages, salaries and allowances		113,423	85,006	71,822
Pension scheme contributions		8,949	6,366	6,365
Share-based payment expenses**	*28*	20,708	16,985	6,508
Total		294,208	218,658	207,721
Bank interest income	*5*	(1,602)	(1,296)	(1,276)
Government grants	*5*	(12,251)	(6,087)	(7,608)
Fair value gains on financial assets at fair value through profit or loss	*5*	(52)	—	—
Gain on disposal of financial assets at fair value through profit or loss	*5*	—	—	(128)
Loss on disposal of items of property, plant and equipment		330	13	44
Impairment losses/(reversal of impairment losses) on financial assets, net		1,275	312	(926)
Write-down of inventories to net realisable value		144	131	40

* *The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets for the Relevant Period and the nine months ended 30 September 2024 and 2025 are included in "cost of sales", "selling and distribution expenses", "administrative expenses" and "research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.*

** *Share-based payment expenses for the Relevant Period and the nine months ended 30 September 2024 and 2025 are included in "cost of sales", "selling and distribution expenses", "administrative expenses" and "research and development expenses" in the consolidated statements of profit or loss and other comprehensive income.*

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Interest on bank and other borrowings	10,176	7,749	6,142
Interest on other payables and accruals	266	252	—
Interest on lease liabilities *(note 14(c))*	98	73	78
Total	10,540	8,074	6,220

For the details of Pre-[REDACTED] Investments, please refer to note 26 to this report.

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of the directors, supervisors and chief executive as recorded is set out below:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Fees	278	203	225
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	3,623	2,379	2,071
Equity-settled share-based payment expense	7,718	7,474	2,483
Pension scheme contributions	277	207	136
Subtotal	11,618	10,060	4,690
Total	11,896	10,263	4,915

(a) Independent directors

The fees paid to independent directors during the Relevant Period and the nine months ended 30 September 2024 and 2025 are as follows:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Mr. Zhang Qiang (i)	50	50	—
Mr. Lyu Wan Liang (ii)	28	3	75
Ms. Li Li (iii)	100	75	75
Ms. Lyu Chun Yan (iv)	100	75	75
Total	278	203	225

(i) Mr. Zhang Qiang was appointed as an independent director of the Company in March 2021, and resigned from the position in September 2024.

(ii) Mr. Lyu Wan Liang was appointed as an independent director of the Company in September 2024.

(iii) Ms. Li Li was appointed as an independent director of the Company in March 2021.

(iv) Ms. Lyu Chun Yan was appointed as an independent director of the Company in March 2021.

There were no other emoluments payable to the independent directors during the Relevant Period and the nine months ended 30 September 2024 and 2025.

(b) Directors, supervisors and chief executive

Year ended 31 December 2024

	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Directors:				
Mr. Huang Yue Sheng (i)	573	6,224	63	6,860
Mr. Hu Ding Fei (ii)	72	—	—	72
Ms. Jin Yi Qun (iii)	855	863	66	1,784
Ms. Liu Yu Ling (iv)	—	—	—	—
Mr. Yu Xie Cai (v)	82	—	—	82
Ms. Li Jia (vi)	—	—	—	—
Mr. Xu Ping (vii)	—	—	—	—
Ms. Wang Xiao Bin (viii)	—	—	—	—
Subtotal	1,582	7,087	129	8,798
Supervisors:				
Mr. Jiang Ling Min (ix)	471	563	54	1,088
Mr. Jia Zhi Yun (x)	282	68	28	378
Mr. Fang Yue Liang (xi)	—	—	—	—
Subtotal	753	631	82	1,466
Chief executive:				
Mr. Wang Zhao Shen (xii)	1,288	—	66	1,354
Total	3,623	7,718	277	11,618

Nine months ended 30 September 2024 (unaudited)

	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Directors:				
Mr. Huang Yue Sheng (i)	351	6,224	48	6,623
Mr. Hu Ding Fei (ii)	72	—	—	72
Ms. Jin Yi Qun (iii)	541	752	49	1,342
Ms. Liu Yu Ling (iv)	—	—	—	—
Mr. Yu Xie Cai (v)	8	—	—	8
Ms. Li Jia (vi)	—	—	—	—
Mr. Xu Ping (vii)	—	—	—	—
Ms. Wang Xiao Bin (viii)	—	—	—	—
Subtotal	972	6,976	97	8,045
Supervisors:				
Mr. Jiang Ling Min (ix)	328	445	40	813
Mr. Jia Zhi Yun (x)	187	53	21	261
Mr. Fang Yue Liang (xi)	—	—	—	—
Subtotal	515	498	61	1,074
Chief executive:				
Mr. Wang Zhao Shen (xii)	892	—	49	941
Total	2,379	7,474	207	10,060

Nine months ended 30 September 2025 (unaudited)

	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Directors:				
Mr. Huang Yue Sheng (i)	363	2,224	—	2,587
Ms. Jin Yi Qun (Chief executive) (iii)	599	1	51	651
Ms. Liu Yu Ling (iv)	—	—	—	—
Mr. Yu Xie Cai (v)	102	—	—	102
Ms. Li Jia (vi)	—	—	—	—
Ms. Wang Xiao Bin (viii)	—	—	—	—
Subtotal	1,064	2,225	51	3,340
Supervisors:				
Mr. Jiang Ling Min (ix)	330	213	40	583
Mr. Jia Zhi Yun (x)	197	45	22	264
Mr. Fang Yue Liang (xi)	—	—	—	—
Subtotal	527	258	62	847
Chief executive:				
Mr. Wang Zhao Shen (xii)	480	—	23	503
Total	2,071	2,483	136	4,690

(i) Mr. Huang Yue Sheng was appointed as the chairman of the Company in October 2014.

(ii) Mr. Hu Ding Fei was appointed as a director of the Company in March 2021, and resigned from the position in September 2024.

(iii) Ms. Jin Yi Qun was appointed as a director and the chief executive of the Company in October 2014, resigned from the position of chief executive in May 2020, and was reappointed as the chief executive of the Company in May 2025.

(iv) Ms. Liu Yu Ling was appointed as a director of the Company in May 2020.

(v) Mr. Yu Xie Cai was appointed as a director of the Company in October 2014, resigned from the position in March 2021, and was reappointed as a director of the Company in September 2024.

(vi) Ms. Li Jia was appointed as a director of the Company in May 2020, resigned from the position in March 2021, and was reappointed as a director of the Company in January 2022.

(vii) Mr. Xu Ping was appointed as a director of the Company in March 2021, and resigned from the position in September 2024.

(viii) Ms. Wang Xiao Bin was appointed as a director of the Company in September 2024.

(ix) Mr. Jiang Ling Min was appointed as an employee supervisor of the Company in March 2021.

(x) Mr. Jia Zhi Yun was appointed as an employee supervisor of the Company in December 2021.

(xi) Mr. Fang Yue Liang was appointed as a shareholder representative supervisor of the Company in March 2021.

(xii) Mr. Wang Zhao Shen was appointed as the chief executive of the Company in May 2023, and resigned from the position in April 2025.

On 16 January 2026, the Company's General Meeting of Shareholders approved a resolution to abolish the board of supervisors. Consequently, Mr. Jiang Ling Min, Mr. Jia Zhi Yun and Mr. Fang Yue Liang ceased to be supervisors of the Company from the same date.

There were no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Period and the nine months ended 30 September 2024 and 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Period and the nine months ended 30 September 2024 and 2025 included the chief executive and 2 directors, 2 directors, and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 2, 3 and 3 highest paid employees who are not directors or the chief executive of the Company during the Relevant Period and the nine months ended 30 September 2024 and 2025 are as follows:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Salaries, bonuses, allowances and benefits in kind	2,105	2,940	2,292
Equity-settled share-based payment expense	2,124	1,014	750
Pension scheme contributions	133	96	147
Total	4,362	4,050	3,189

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

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
		(unaudited)	*(unaudited)*
Nil to HK$1,000,000	—	—	2
HK$1,000,001 to HK$1,500,000	—	2	—
HK$1,500,001 to HK$2,000,000	—	1	1
HK$2,000,001 to HK$3,000,000	2	—	—
Total	2	3	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiaries was 25% during the Relevant Period and the nine months ended 30 September 2024 and 2025.

The Company was initially accredited as a "High and New Technology Enterprise" ("HNTE") in 2013 and the certificate currently in effect was renewed in November 2022. In December 2025, the Company successfully completed the renewal of its HNTE certificate, extending its HNTE status through December 2028. Guangxi Wehand-Bio was initially accredited as a HNTE in 2021 and the certificate currently in effect was renewed in November 2024. Therefore, the Company and Guangxi Wehand-Bio were entitled to a reduced preferential EIT rate of 15% during the Relevant Period and the nine months ended 30 September 2024 and 2025. The qualification as a HNTE is subject to review by the relevant tax authority in the PRC every three years.

The income tax expense of the Group during the Relevant Period and the nine months ended 30 September 2024 and 2025 is analysed as follows:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Current income tax	—	—	166
Deferred income tax	572	561	160
Total tax charge	572	561	326

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Loss before tax	(108,946)	(66,865)	(45,391)
Tax at the statutory tax rate of 25%	(27,236)	(16,716)	(11,348)
Lower tax rate for specific provinces or enacted by local authority	10,553	6,366	4,914
Expenses not deductible for tax	3,700	2,204	2,161
Additional deductible allowance for research and development costs	(9,500)	(5,523)	(6,808)
Tax losses and temporary differences for which no deferred income tax assets were recognised	23,055	14,230	11,407
Tax charge at the Group's effective tax rate	572	561	326

11. DIVIDEND

No dividend has been paid or declared by the Company during the Relevant Period and the nine months ended 30 September 2024 and 2025.

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

The calculation of the basic loss per share amounts is based on the loss for the year/period attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the Relevant Period and the nine months ended 30 September 2024 and 2025.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Period and the nine months ended 30 September 2024 and 2025, so the diluted loss per share amounts equalled the basic loss per share amounts.

The calculation of basic loss per share amounts is based on:

	Year ended 31 December	Nine months ended 30 September	
	2024	**2024**	**2025**
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Loss			
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(109,518)	(67,426)	(45,717)
Shares			
Weighted average number of ordinary shares in issue during the year/period used in the basic per share calculation	120,377	119,411	125,142
Loss per share			
Attributable to ordinary equity holders of the parent (Expressed in RMB) — Basic and diluted	(0.91)	(0.56)	(0.37)

The weighted average number of ordinary shares in issue used in calculating loss per share attributable to ordinary equity holders of the parent company during the nine months ended 30 September 2025 included 3,177,510 shares of which capital contributions of RMB100,000,000 have been received by the Company prior to 30 September 2025, but the relevant registration has not been completed as at 30 September 2025. On 26 December 2025, the relevant registration was completed (further details are included in note 27).

13. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2024	Buildings	Machinery	Electronic and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:						
Cost	215,996	133,768	6,766	1,746	4,475	362,751
Accumulated depreciation and impairment	(53,922)	(63,763)	(4,094)	(652)	—	(122,431)
Net carrying amount	162,074	70,005	2,672	1,094	4,475	240,320
At 1 January 2024, net of accumulated depreciation and impairment	162,074	70,005	2,672	1,094	4,475	240,320
Additions	620	3,261	421	39	32,433	36,774
Disposals	(56)	(288)	(11)	(31)	—	(386)
Depreciation provided during the year *(note 6)*	(8,429)	(12,527)	(839)	(301)	—	(22,096)
Transfer within property, plant and equipment	3,654	1,084	—	—	(4,738)	—
At 31 December 2024, net of accumulated depreciation and impairment	157,863	61,535	2,243	801	32,170	254,612
At 31 December 2024:						
Cost	220,214	136,983	7,095	1,729	32,170	398,191
Accumulated depreciation and impairment	(62,351)	(75,448)	(4,852)	(928)	—	(143,579)
Net carrying amount	157,863	61,535	2,243	801	32,170	254,612

30 September 2025 (unaudited)	**Buildings**	**Machinery**	**Electronic and office equipment**	**Motor vehicles**	**Construction in progress**	**Total**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
At 1 January 2025:						
Cost	220,214	136,983	7,095	1,729	32,170	398,191
Accumulated depreciation and impairment	(62,351)	(75,448)	(4,852)	(928)	—	(143,579)
Net carrying amount	157,863	61,535	2,243	801	32,170	254,612
At 1 January 2025, net of accumulated depreciation and impairment	157,863	61,535	2,243	801	32,170	254,612
Additions	102	475	215	—	10,546	11,338
Disposals	—	(42)	(4)	—	—	(46)
Depreciation provided during the period *(note 6)*	(6,374)	(8,559)	(624)	(205)	—	(15,762)
Transfer within property, plant and equipment	1,863	2,828	—	—	(4,691)	—
At 30 September 2025, net of accumulated depreciation and impairment	153,454	56,237	1,830	596	38,025	250,142
At 30 September 2025:						
Cost	222,179	139,705	7,271	1,729	38,025	408,909
Accumulated depreciation and impairment	(68,725)	(83,468)	(5,441)	(1,133)	—	(158,767)
Net carrying amount	153,454	56,237	1,830	596	38,025	250,142

Certain of the Group's buildings with net carrying amounts of approximately RMB133,431,000 and RMB128,083,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively, were pledged to banks or third-party guarantee companies for the bank borrowings (note 23).

Certain of the Group's machinery with net carrying amounts of approximately RMB39,448,000 and RMB33,853,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively, were pledged to secure or guarantee bank and other borrowings (note 23).

The Company

31 December 2024	**Buildings**	**Machinery**	**Electronic and office equipment**	**Motor vehicles**	**Construction in progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:						
Cost	90,987	57,042	3,573	1,088	2,299	154,989
Accumulated depreciation and impairment	(33,089)	(36,771)	(2,427)	(386)	—	(72,673)
Net carrying amount	57,898	20,271	1,146	702	2,299	82,316
At 1 January 2024, net of accumulated depreciation and impairment	57,898	20,271	1,146	702	2,299	82,316
Additions	—	1,845	95	—	30,610	32,550
Disposals	—	(17)	(2)	—	—	(19)
Depreciation provided during the year	(3,667)	(5,162)	(392)	(189)	—	(9,410)
Transfer within property, plant and equipment	3,053	368	—	—	(3,421)	—
At 31 December 2024, net of accumulated depreciation and impairment	57,284	17,305	847	513	29,488	105,437
At 31 December 2024:						
Cost	94,040	58,947	3,631	1,088	29,488	187,194
Accumulated depreciation and impairment	(36,756)	(41,642)	(2,784)	(575)	—	(81,757)
Net carrying amount	57,284	17,305	847	513	29,488	105,437

30 September 2025 (unaudited)	Buildings	Machinery	Electronic and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
At 1 January 2025:						
Cost	94,040	58,947	3,631	1,088	29,488	187,194
Accumulated depreciation and impairment	(36,756)	(41,642)	(2,784)	(575)	—	(81,757)
Net carrying amount	57,284	17,305	847	513	29,488	105,437
At 1 January 2025, net of accumulated depreciation and impairment	57,284	17,305	847	513	29,488	105,437
Additions	78	441	111	—	10,534	11,164
Disposals	—	(67)	(4)	—	—	(71)
Depreciation provided during the period	(2,797)	(2,934)	(278)	(142)	—	(6,151)
Transfer within property, plant and equipment	1,863	848	—	—	(2,711)	—
At 30 September 2025, net of accumulated depreciation and impairment	56,428	15,593	676	371	37,311	110,379
At 30 September 2025:						
Cost	95,981	59,315	3,703	1,088	37,311	197,398
Accumulated depreciation and impairment	(39,553)	(43,722)	(3,027)	(717)	—	(87,019)
Net carrying amount	56,428	15,593	676	371	37,311	110,379

Certain of the Company's buildings with net carrying amounts of approximately RMB42,195,000 and RMB40,085,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively, were pledged to third-party guarantee companies for the bank borrowings (note 23).

Certain of the Group's machinery with net carrying amounts of approximately RMB6,735,000 and RMB5,578,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively, were pledged for the other borrowings (note 23).

14. LEASES

The Group and the Company as the lessees

The Group and the Company have lease contracts for leasehold land used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the government with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. The leasehold land from third parties has a lease term of 20 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Period and the nine months ended 30 September 2025 are as follows:

The Group

	Leasehold land
	RMB'000
As at 1 January 2024	31,652
Depreciation charge *(note 6)*	(893)
As at 31 December 2024 and 1 January 2025	30,759
Depreciation charge *(note 6)* (unaudited)	(671)
As at 30 September 2025 (unaudited)	30,088

The Group's leasehold land with net carrying amounts of RMB28,733,000 and RMB28,198,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively, were pledged to secure interest-bearing bank borrowings (note 23).

The Company

	Leasehold land
	RMB'000
As at 1 January 2024	11,111
Depreciation charge	(293)
As at 31 December 2024 and 1 January 2025	10,818
Depreciation charge (unaudited)	(220)
As at 30 September 2025 (unaudited)	10,598

The Company's leasehold land with net carrying amounts of RMB10,818,000 and RMB10,598,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively, were pledged to secure interest-bearing bank borrowings (note 23).

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Period and the nine months ended 30 September 2025 are as follows:

The Group

	Year ended 31 December 2024	Nine months ended 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Carrying amount at beginning of the year/period	1,892	1,990
Accretion of interest recognised during the year/period	98	78
Carrying amount at end of the year/period	1,990	2,068
Analysed into:		
Current portion	—	1,078
Non-current portion	1,990	990

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

No lease liability is recognised by the Company for the leasehold land as all the lease payments for the leasehold land were paid before the commencement of lease.

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

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Interest on lease liabilities *(note 7)*	98	73	78
Depreciation charge of right-of-use assets *(note 6)*	893	671	671
Expenses relating to short-term leases and leases of low-value assets *(note 6)*	361	169	225
Total amount recognised in profit or loss	1,352	913	974

(d) The total cash outflow for leases is disclosed in note 30(b) to the Historical Financial Information.

15. INTANGIBLE ASSETS

The Group

31 December 2024	Software	Patents and trademarks	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:				
Cost	745	27,195	82,726	110,666
Accumulated amortisation	(426)	(13,850)	(31,712)	(45,988)
Net carrying amount	319	13,345	51,014	64,678
At 1 January 2024, net of accumulated amortisation	319	13,345	51,014	64,678
Additions	88	500	—	588
Amortisation provided during the year *(note 6)*	(118)	(3,552)	(8,273)	(11,943)
At 31 December 2024, net of accumulated amortisation	289	10,293	42,741	53,323
At 31 December 2024:				
Cost	833	27,695	82,726	111,254
Accumulated amortisation	(544)	(17,402)	(39,985)	(57,931)
Net carrying amount	289	10,293	42,741	53,323

30 September 2025 (unaudited)	Software	Patents and trademarks	Non-patent technology	Total
	RMB'000 (unaudited)	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*	*RMB'000 (unaudited)*
At 1 January 2025:				
Cost	833	27,695	82,726	111,254
Accumulated amortisation	(544)	(17,402)	(39,985)	(57,931)
Net carrying amount	289	10,293	42,741	53,323
At 1 January 2025, net of accumulated amortisation	289	10,293	42,741	53,323
Amortisation provided during the period *(note 6)*	(96)	(2,600)	(6,204)	(8,900)
At 30 September 2025, net of accumulated amortisation	193	7,693	36,537	44,423
At 30 September 2025:				
Cost	833	27,695	82,726	111,254
Accumulated amortisation	(640)	(20,002)	(46,189)	(66,831)
Net carrying amount	193	7,693	36,537	44,423

The Company

31 December 2024	**Software**	**Patents and trademarks**	**Non-patent technology**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:				
Cost	687	26,895	37,655	65,237
Accumulated amortisation	(423)	(13,804)	(14,434)	(28,661)
Net carrying amount	264	13,091	23,221	36,576
At 1 January 2024, net of accumulated amortisation	264	13,091	23,221	36,576
Additions	88	500	—	588
Amortisation provided during the year	(99)	(3,534)	(3,765)	(7,398)
At 31 December 2024, net of accumulated amortisation	253	10,057	19,456	29,766
At 31 December 2024:				
Cost	775	27,395	37,655	65,825
Accumulated amortisation	(522)	(17,338)	(18,199)	(36,059)
Net carrying amount	253	10,057	19,456	29,766

30 September 2025 (unaudited)	**Software**	**Patents and trademarks**	**Non-patent technology**	**Total**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
At 1 January 2025:				
Cost	775	27,395	37,655	65,825
Accumulated amortisation	(522)	(17,338)	(18,199)	(36,059)
Net carrying amount	253	10,057	19,456	29,766
At 1 January 2025, net of accumulated amortisation	253	10,057	19,456	29,766
Amortisation provided during the period	(82)	(2,587)	(2,824)	(5,493)
At 30 September 2025, net of accumulated amortisation	171	7,470	16,632	24,273
At 30 September 2025:				
Cost	775	27,395	37,655	65,825
Accumulated amortisation	(604)	(19,925)	(21,023)	(41,552)
Net carrying amount	171	7,470	16,632	24,273

16. INVENTORIES

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Raw materials	11,196	8,787
Work in progress	80,647	100,115
Finished goods	10,578	3,932
	102,421	112,834
Less: Provision for inventories	(5)	(10)
Total	102,416	112,824

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Raw materials	4,510	3,744
Work in progress	55,437	41,972
Finished goods	13,914	4,395
	73,861	50,111
Less: Provision for inventories	(5)	(10)
Total	73,856	50,101

17. TRADE RECEIVABLES

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Trade receivables	47,027	54,965
Impairment	(1,065)	(125)
Net carrying amount	45,962	54,840

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Trade receivables	47,021	54,963
Impairment	(1,064)	(124)
Net carrying amount	45,957	54,839

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group as at the end of the Relevant Period and 30 September 2025, based on the transaction dates and net of loss allowance, is as follows:

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Within 3 months	38,173	54,278
3 to 6 months	5,186	562
6 to 9 months	2,603	—
Total	45,962	54,840

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Within 3 months	38,168	54,277
3 to 6 months	5,186	562
6 to 9 months	2,603	—
Total	45,957	54,839

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
At beginning of year/period	115	1,065
Impairment losses, net	950	(940)
At end of year/period	1,065	125

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
At beginning of year/period	115	1,064
Impairment losses, net	949	(940)
At end of year/period	1,064	124

An impairment analysis is performed at the end of the Relevant Period and 30 September 2025 using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects, as appropriate the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of the Relevant Period and 30 September 2025 about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables as at the end of the Relevant Period and 30 September 2025 using a provision matrix:

The Group

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000	*%*	*RMB'000*
Within 3 months	38,267	0.24	94
3 to 6 months	5,321	2.54	135
6 to 9 months	3,439	24.30	836
Total	47,027	2.26	1,065

As at 30 September 2025 (unaudited)

	Gross carrying amount	**Expected credit loss rate**	**Expected credit loss**
	RMB'000	*%*	*RMB'000*
Within 3 months	54,389	0.20	111
3 to 6 months	576	2.37	14
Total	54,965	0.23	125

The Company

As at 31 December 2024

	Gross carrying amount	**Expected credit loss rate**	**Expected credit loss**
	RMB'000	*%*	*RMB'000*
Within 3 months	38,261	0.24	93
3 to 6 months	5,321	2.54	135
6 to 9 months	3,439	24.30	836
Total	47,021	2.26	1,064

As at 30 September 2025 (unaudited)

	Gross carrying amount	**Expected credit loss rate**	**Expected credit loss**
	RMB'000	*%*	*RMB'000*
Within 3 months	54,387	0.20	110
3 to 6 months	576	2.37	14
Total	54,963	0.23	124

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000 (unaudited)*
Non-current:		
Prepayments	1,809	2,089
Subtotal	1,809	2,089
Current:		
Prepayments	2,218	3,312
Deposits and other receivables *(note (a))*	2,283	3,434
Others	799	1,581
	5,300	8,327
Impairment allowance *(note (b))*	(537)	(551)
Subtotal	4,763	7,776
Total	6,572	9,865

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000 (unaudited)*
Non-current:		
Prepayments	1,809	2,089
Subtotal	1,809	2,089
Current:		
Prepayments	17,010	2,427
Deposits and other receivables *(note (a))*	555	1,963
Others	705	724
	18,270	5,114
Impairment allowance *(note (b))*	(75)	(88)
Subtotal	18,195	5,026
Total	20,004	7,115

(a) Other receivables are unsecured, non-interest-bearing and repayable on demand.

(b) Our impairment allowance primarily represent allowance provided for other receivables.

(c) Except for certain loss allowance provided for other receivables, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking factors and information. During the Relevant Period and the nine months ended 30 September 2025, the Group estimated that the expected credit loss rate for other receivables was minimal.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Financial assets at fair value through profit or loss	15,052	—

The financial assets at fair value through profit or loss above were structured deposits issued by commercial banks in Chinese Mainland. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Cash and bank balances	166,447	227,255
Less: Time deposits with maturity of more than three months	55,000	65,000
Cash and cash equivalents	111,447	162,255
Denominated in:		
RMB	111,447	162,255

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Cash and bank balances	128,963	212,309
Less: Time deposits with maturity of more than three months	55,000	65,000
Cash and cash equivalents	73,963	147,309
Denominated in:		
RMB	73,963	147,309

All the cash and bank balances of the Group are denominated in RMB. The RMB is not freely convertible into other currencies, however, under Chinese Mainland Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group and Company are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

21. TRADE PAYABLES

The Group

An ageing analysis of the trade payables as at the end of the Relevant Period and 30 September 2025, based on the invoice date, is as follows:

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Within 1 year	8,636	3,728
Total	8,636	3,728

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Within 1 year	463	334
Total	463	334

The trade payables are non-interest-bearing and are normally settled within one year.

22. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Non-current:		
Deferred income	45,668	46,348
Subtotal	45,668	46,348
Current:		
Other payables *(note (a))*	92,125	73,172
Payroll payable	14,502	11,241
Other tax payables	725	4,279
Others	891	1,663
Subtotal	108,243	90,355
Total	153,911	136,703

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Non-current:		
Deferred income	16,911	16,104
Subtotal	16,911	16,104
Current:		
Other payables *(note (a))*	74,157	51,080
Payroll payable	12,536	9,624
Other tax payables	326	3,954
Others	891	1,663
Subtotal	87,910	66,321
Total	104,821	82,425

(a) Other payables are trade in nature, non-interest-bearing and repayable on demand.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2024		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank borrowings			
— guaranteed	2.80%–4.46%	2025	101,027
— secured and guaranteed	3.40%–5.39%	2025	7,501
— unsecured and unguaranteed	3.10%	2025	10,000
Other borrowings			
— secured	3.94%	2025	1,472
— unsecured and unguaranteed	2.00%	2025	782
			120,782
Non-current			
Bank borrowings			
— guaranteed	3.20%–4.10%	2026–2027	27,669
— secured and guaranteed	3.40%–5.39%	2026–2028	40,550
Other borrowings			
— secured	3.94%	2026–2027	17,377
— unsecured and unguaranteed	2.00%	2026–2031	16,608
			102,204
Analysed into:			
Within one year or on demand	2.00%–5.39%	2025	120,782
In the second year	2.00%–5.39%	2026	43,221
In the third to fifth year, inclusive	2.00%–5.39%	2027–2029	43,742
Beyond five years	2.00%	2030–2031	15,241
Total			222,986

	As at 30 September 2025 (unaudited)		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank borrowings			
— guaranteed	1.90%–3.40%	2025–2026	113,451
— secured and guaranteed	4.00%	2025–2026	12,743
— unsecured and unguaranteed	3.10%	2025	10,000
Other borrowings			
— secured	3.94%	2025–2026	2,066
— unsecured and unguaranteed	2.00%	2025–2026	699
			138,959
Non-current			
Bank borrowings			
— guaranteed	3.20%	2026–2027	9,198
— secured and guaranteed	4.00%	2026–2028	31,550
Other borrowings			
— secured	3.94%	2026–2027	15,977
— unsecured and unguaranteed	2.00%	2026–2031	16,884
			73,609
Analysed into:			
Within one year or on demand	1.90%–4.00%	2025–2026	138,959
In the second year	2.00%–4.00%	2026–2027	20,271
In the third to fifth year, inclusive	2.00%–4.00%	2027–2029	37,821
Beyond five years	2.00%	2030–2031	15,517
Total			212,568

All the bank and other borrowings of the Group are denominated in RMB.

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000 (unaudited)*
Fixed interest rate	203,644	183,210
Variable interest rate	19,342	29,358
Total	222,986	212,568

Notes:

As at 31 December 2024 and 30 September 2025, the Group's bank and other borrowings amounted to RMB222,986,000 and RMB212,568,000 (unaudited), respectively, and certain of them were guaranteed or secured by the following arrangements:

(a) Bank borrowings guaranteed by third-party guarantee companies

Certain bank borrowings were guaranteed by third-party guarantee companies. Beijing Daxing Development Rongda Financing Guarantee Co., Ltd. Guaranteed bank borrowings of the Group amounting to RMB89,088,000 and RMB59,069,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively; and Hechi Small and Micro Enterprise Financing Guarantee Co., Ltd. Guaranteed bank borrowings amounting to RMB8,000,000 and RMB8,000,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

As counter-security for these guarantees, the Group pledged the following assets to the guarantee companies:

(i) mortgages over the Group's buildings with net carrying amounts of RMB42,788,000 and RMB40,660,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively;

(ii) mortgages over the Group's leasehold land with net carrying amounts of RMB10,818,000 and RMB10,598,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively; and

(iii) mortgages over the Group's machinery with net carrying amounts of RMB18,300,000 and RMB16,700,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

(b) Bank borrowings secured by mortgages

Certain bank borrowings were secured by mortgages over the Group's assets. The net carrying amounts of the assets pledged directly to banks were as follows:

(i) mortgages over the Group's buildings with net carrying amounts of RMB90,643,000 and RMB87,423,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively;

(ii) mortgages over the Group's leasehold land with net carrying amounts of RMB17,915,000 and RMB17,600,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively; and

(iii) mortgages over the Group's machinery with net carrying amounts of RMB14,413,000 and RMB11,575,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

(c) Other borrowings related to the sale and leaseback arrangements secured by mortgages

The Group's other borrowings amounting to RMB18,849,000 and RMB18,043,000 (unaudited) were secured by machinery with the carrying amount of RMB6,735,000 and RMB5,578,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

(d) Bank borrowings guaranteed by the Company's chairman and directors

Certain bank borrowings were guaranteed by the Company's chairman and directors:

(i) The Company's chairman Mr. Huang Yue Sheng and his spouse provided guarantee to banks for certain bank borrowings amounting to RMB81,500,000 and RMB50,500,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively;

(ii) The Company's chairman Mr. Huang Yue Sheng provided guarantee to banks for certain bank borrowings amounting to RMB85,292,000 and RMB106,608,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively; and

(iii) The Company's directors Mr. Hu Ding Fei and Mr. Yu Xie Cai provided guarantee to banks for certain bank borrowings amounting to RMB55,950,000 and RMB52,250,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

(e) Bank borrowings guaranteed by a subsidiary

Certain bank borrowings amounting to RMB1,000,000 and nil (unaudited) as at 31 December 2024 and 30 September 2025, respectively, were guaranteed by the Group's subsidiary, Guangxi Wehand-Bio.

The Company

	As at 31 December 2024		
	Effective interest rate	**Maturity**	
	(%)		*RMB'000*
Current			
Bank borrowings			
— guaranteed	2.80%–4.10%	2025	83,027
— unsecured and unguaranteed	3.10%	2025	10,000
Other borrowings			
— secured	3.94%	2025	1,472
			94,499
Non-current			
Bank borrowings			
— guaranteed	3.20%–4.10%	2026–2027	27,669
Other borrowings			
— secured	3.94%	2026–2027	17,377
			45,046
Analysed into:			
Within one year or on demand	2.80%–4.10%	2025	94,499
In the second year	3.20%–4.10%	2026	21,155
In the third to fifth year, inclusive	3.20%–3.94%	2027	23,891
Total			139,545

	As at 30 September 2025 (unaudited)		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank borrowings			
— guaranteed	2.15%–3.30%	2025–2026	90,451
— unsecured and unguaranteed	3.10%	2025	10,000
Other borrowings			
— secured	3.94%	2025–2026	2,066
			102,517
Non-current			
Bank borrowings			
— guaranteed	3.20%	2026–2027	9,198
Other borrowings			
— secured	3.94%	2026–2027	15,977
			25,175
Analysed into:			
Within one year or on demand	2.15%–3.30%	2025–2026	102,517
In the second year	3.20%–3.94%	2026–2027	884
In the third to fifth year, inclusive	3.20%–3.94%	2027	24,291
Total			127,692

All the bank and other borrowings of the Company are denominated in RMB.

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Fixed interest rate	120,203	98,334
Variable interest rate	19,342	29,358
Total	139,545	127,692

Notes:

As at 31 December 2024 and 30 September 2025, the Company's bank and other borrowings amounted to RMB139,545,000 and RMB127,692,000, respectively, and certain of them were guaranteed or secured by the following arrangements:

(a) Bank borrowings guaranteed by third-party guarantee companies

Certain bank borrowings were guaranteed by third-party guarantee companies. Beijing Daxing Development Rongda Financing Guarantee Co., Ltd. guaranteed bank borrowings amounting to RMB89,088,000 and RMB59,069,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

As counter-security for these guarantees, the Company pledged the following assets to the guarantee companies:

(i) mortgages over the Company's buildings with net carrying amounts of RMB42,195,000 and RMB40,085,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively; and

(ii) mortgages over the Company's leasehold land with net carrying amounts of RMB10,818,000 and RMB10,598,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

(b) Other borrowings related to the sale and leaseback arrangements secured by mortgages

The Company's other borrowings amounting to RMB18,849,000 and RMB18,043,000 (unaudited) were secured by machinery with the carrying amount of RMB6,735,000 and RMB5,578,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

(c) Bank borrowings guaranteed by the Company's chairman

The Company's chairman Mr. Huang Yue Sheng and his spouse provided guarantee to banks for certain bank borrowings amounting to RMB81,500,000 and RMB50,500,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively. The Company's chairman Mr. Huang Yue Sheng provided guarantee to banks for certain bank borrowings amounting to RMB19,342,000 and RMB39,358,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

(d) Bank borrowings guaranteed by a subsidiary

Certain bank borrowings amounting to RMB1,000,000 and nil (unaudited) as at 31 December 2024 and 30 September 2025, respectively, were guaranteed by the Company's subsidiary, Guangxi Wehand-Bio.

24. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000 (unaudited)*
Sales rebates*	6,175	1,208
	6,175	1,208

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Sales rebates*	6,175	1,208
	6,175	1,208

* *Sales rebates represent the sale proceeds that have been received from customers but the products have not yet been delivered.*

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Period and the nine months ended 30 September 2025 are as follows:

Deferred tax assets

	Impairment losses on financial assets	Provision for impairment of assets	Tax losses	Lease liabilities	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 1 January 2024	27	204	1,320	284	4,457	6,292
Deferred tax credited/(charged) to profit or loss during the year *(note 10)* (unaudited)	42	—	(741)	15	(143)	(827)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	69	204	579	299	4,314	5,465
Deferred tax credited/(charged) to profit or loss during the period *(note 10)* (unaudited)	—	—	(579)	12	222	(345)
Gross deferred tax assets at 30 September 2025 (unaudited)	69	204	—	311	4,536	5,120

Deferred tax liabilities

	Depreciation of property, plant and equipment	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	2,155	331	2,486
Deferred tax credited to profit or loss during the year *(note 10)*	(228)	(27)	(255)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	1,927	304	2,231
Deferred tax credited to profit or loss during the period *(note 10)*	(171)	(14)	(185)
Gross deferred tax liabilities at 30 September 2025 (unaudited)	1,756	290	2,046

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

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Net deferred tax assets recognised in the consolidated statement of financial position	3,234	3,074
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Tax losses	804,874	876,099
Deductible temporary differences	59,485	39,997
Total	864,359	916,096

The Group had tax losses of approximately RMB804,874,000 and RMB876,099,000 as at 31 December 2024 and 30 September 2025 arising in Chinese Mainland, respectively, that would expire in one to ten years for offsetting against future taxable profits.

26. SHARE CAPITAL

Group and Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Issued and fully paid:		
ordinary shares	124,177	125,130

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

	Number of shares in issue	Share capital
	'000	*RMB'000*
At 1 January 2024	119,411	119,411
Addition *(Note (a))*	4,766	4,766
As at 31 December 2024 and 1 January 2025	124,177	124,177
Addition *(Note (b))*	953	953
As at 30 September 2025 (unaudited)	125,130	125,130

(a) During the year ended 31 December 2024, the Company received capital contributions of RMB150,000,000 from an investor. The capital contributions increased the share capital and capital reserve by RMB4,766,000 and RMB145,234,000, respectively.

(b) During the nine months ended 30 September 2025, the Company received capital contributions of RMB130,000,000 from two investors. The capital contributions increased the share capital and capital reserve by RMB953,000 and RMB129,047,000, respectively.

Prior to the 30 September 2025, the Company entered into respective shareholders' agreements and share subscription agreements (collectively, the "Pre-[REDACTED] Investors Agreements") with various Pre-[REDACTED] Investors (collectively, the "Pre-[REDACTED] Investors") and issued ordinary shares thereto with a total consideration of approximately RMB488 million (collectively, the "Pre-[REDACTED] Investments") with the respective par values being recorded as share capital and the remainder as capital reserve. Pursuant to the Pre-[REDACTED] Investors Agreements, the Pre-[REDACTED] Investors were granted by the Company with special rights ("Special Rights") which included redemption rights, liquidation preference rights and anti-dilution rights.

There was no exercise of Special Rights granted by the Company prior to or throughout the Relevant Period and the nine months ended 30 September 2025.

On 12 February 2026, the Company and the Pre-[REDACTED] Investors subsequently entered into supplemental agreements (the "Supplemental Agreements"), agreeing that certain of the Special Rights granted by the Company to Pre-[REDACTED] investors, including redemption rights, liquidation preference rights and anti-dilution rights have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Period and the nine months ended 30 September 2025.

Had the Special Rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements in 12 February 2026, the redemption financial liabilities, total non-current liabilities and net assets would have been:

	31 December 2024	30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Redemption financial liabilities	365,489	468,122
Total non-current liabilities	515,351	589,069
Net assets	(80,810)	(92,052)

The finance costs associated with the redemption financial liabilities, the net loss for the year/period, basic and diluted loss per share would have been:

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Finance costs associated with the redemption financial liabilities	2,226	—*	9,603
Total net loss	111,744	67,426	55,320
Basic and diluted loss per share (expressed in RMB)	0.95	0.56	0.49

* *With the Special Rights were only triggered and became effective in October 2024, no financial costs were recognised during the nine months ended 30 September 2024.*

27. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Period and the nine months ended 30 September 2025 are presented in the consolidated statements of changes in equity.

Capital reserve

The capital reserve of the Group represents the difference between the par value of the shares issued and the consideration received.

Share-based payment reserve

The Share-based payment reserve of the Group represents the fair value of equity-settled share-based payments with details presented in note 28.

The Company

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	414,015	208,905	(529,170)	93,750
Loss and total comprehensive loss for the year	—	—	(116,443)	(116,443)
Issue of shares	145,234	—	—	145,234
Recognition of equity-settled share-based payments	—	19,131	—	19,131
As at 31 December 2024 and 1 January 2025	559,249	228,036	(645,613)	141,672
Loss and total comprehensive loss for the period (unaudited)	—	—	(55,871)	(55,871)
Issue of shares (unaudited)*	129,047	—	—	129,047
Recognition of equity-settled share-based payments (unaudited)	—	5,977	—	5,977
At 30 September 2025 (unaudited)	688,296	234,013	(701,484)	220,825

* *In September 2025, the Company entered into investment agreements with certain Pre-[REDACTED] investors and the Company received total capital contributions of RMB100,000,000 on 30 September 2025, of which RMB3,178,000 is to subscribe the Company's newly issued shares with par value of RMB1 per share and RMB96,822,000 is to be recorded as capital reserve. As at 30 September 2025, although all the conditions stipulated in the investment agreements were satisfied, the change of the Company's industrial and commercial registration has not been completed. Therefore, RMB3,178,000 was temporarily credited to capital reserve instead of share capital as at 30 September 2025, and were included in the weighted average number of ordinary shares while calculating loss per share attributable to ordinary equity holders of the parent for the nine months ended 30 September 2025 (note 12). On 26 December 2025, the change of industrial and commercial registration was completed, and accordingly, the amount of RMB3,178,000 was reclassified from capital reserve to share capital.*

28. SHARE-BASED PAYMENTS

The Company established four employee incentive platforms of Beijing Wuhe Tongyuan No.1 Enterprise Management Center (Limited Partnership), Beijing Wuhe Tongyuan No.2 Enterprise Management Center (Limited Partnership), Beijing Wuhe Tongyuan No.4 Enterprise Management Center (Limited Partnership) and Beijing Wuhe Tongyuan No.5 Enterprise Management Center (Limited Partnership) (collectively referred to as the "Wuhe Tongyuan platforms") in the PRC in January 2020, January 2021, June 2021 and December 2021, respectively.

Incentive Plans Prior to the Relevant Period

Prior to the Relevant Period, the Group implemented two employee incentive plans on 28 December 2020 and 30 December 2021, respectively (collectively, the "Incentive Plans Prior to the Relevant Period"). 1,897,107 and 1,708,100 restricted share units ("RSUs") were granted to 150 employees under the Incentive Plans Prior to the Relevant Period through Wuhe Tongyuan platforms, and the fair value of the RSUs granted was determined to be both at RMB27.85 per RMB1 registered capital unit of the platform as at the respective grant date, with reference to the valuations of recent Pre-[REDACTED] Investments. Out of the 3,605,207 RSUs granted, 373,991 RSUs granted were vested immediately, the vesting conditions for all the remaining 3,231,216 RSUs granted were subject to a service period condition ranging from 3 to 5 years. As at 1 January 2024, the outstanding RSUs granted under the Incentive Plans Prior to the Relevant Period were 2,654,140, and the balance of the Group's share-based payment reserve was RMB211,727,000.

During the Relevant Period and the nine months ended 30 September 2025, the Group implemented additional employee incentive plans as follows:

2025 Incentive Plan

On 29 September 2025, an employee incentive plan (the "2025 Incentive Plan") was approved by the shareholders of the Company, and the grant amount and vesting period for each grantee were determined based on the employees' position and contribution to the Group. The vesting conditions of the granted share awards are subject to a service period vesting condition ranging from 3 to 5 years. 575,000 (unaudited) RSUs were granted under 2025 Incentive Plan to employees through Wuhe Tongyuan platforms during the nine months ended September 2025, and the fair value of the RSUs was determined to be RMB31.47 per RMB1 registered capital unit of the platform as at the grant date, with reference to the valuation of recent Pre-[REDACTED] Investments.

Employee Share Transfer

During the Relevant Period and the nine months ended 30 September 2025, Mr. Huang Yue Sheng, the chairman and general partner of Wuhe Tongyuan platforms, repurchased 211,000 and 75,000 (unaudited) RSUs held by the resigned employees, respectively. The RSUs repurchased by Mr. Huang Yue Sheng were accounted for as immediately vested share-based payments and the Group recognised the share-based payment expenses with reference to the valuation of recent Pre-[REDACTED] Investments after deducting the repayment settled with the resigned employees.

The movement of the outstanding RSUs granted to employees is as follows:

	Number of RSUs
	'000
At 1 January 2024	2,654
Granted	211
Vested	601
Forfeited	211
Exercisable as of 31 December 2024	2,053
At 1 January 2025	2,053
Granted	650
Vested	1,135
Forfeited	75
Exercisable as of 30 September 2025 (unaudited)	1,493

During the Relevant Period and the nine months ended 30 September 2024 and 2025, the Group recognised share-based payment reserve of RMB21,551,000, RMB17,626,000 (unaudited) and RMB7,108,000 (unaudited), respectively. The share-based payment expenses charged into profit or loss amounted to RMB20,708,000, RMB16,985,000 (unaudited) and RMB6,508,000 (unaudited), respectively, and capitalised in inventory costs amounted to RMB843,000, RMB641,000 (unaudited) and RMB600,000 (unaudited), respectively.

29. COMMITMENTS

The Group and the Company had the following contracted commitments at the end of the Relevant Period and the nine months ended 30 September 2025:

The Group

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Property, plant and equipment	16,328	13,613

The Company

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Property, plant and equipment	9,876	11,388

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Interest- bearing bank and other borrowings	Lease liabilities	Long-term payables on purchases of intangible assets	Accrued [REDACTED] included in other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	229,400	1,892	7,234	—	238,526
Changes from financing cash flows	(16,590)	—	(7,500)	—	(24,090)
Interest expense *(note 7)*	10,176	98	266	—	10,540
As at 31 December 2024 and 1 January 2025	222,986	1,990	—	—	224,976
Changes from financing cash flows (unaudited)	(16,560)	—	—	(376)	(16,936)
Changes from operating cash flows (unaudited)	—	—	—	(1,532)	(1,532)
Interest expense (unaudited) *(note 7)*	6,142	78	—	—	6,220
Increase in deferred [REDACTED] (unaudited)	—	—	—	[REDACTED]	[REDACTED]
[REDACTED] (unaudited)	—	—	—	[REDACTED]	[REDACTED]
As at 30 September 2025 (unaudited)	212,568	2,068	—	1,024	215,660

(b) Total cash outflow for leases

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

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Within operating activities	442	230	301

31. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other borrowings are included in notes 13, 14 and 23, respectively, to the Historical Financial Information.

32. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name	Relationship
Mr. Huang Yue Sheng	Chairman of the Company
Mr. Hu Ding Fei	Director of the Company
Mr. Yu Xie Cai	Director of the Company

(b) Outstanding balances with related parties:

The Company

	As at 31 December	As at 30 September
	2024	2025
	RMB'000	*RMB'000* *(unaudited)*
Due from subsidiaries		
— current (trading nature)	16,117	—
— current (non-trading nature)	—	160
Due to subsidiaries		
— current (trading nature)	6,783	23,090

Amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

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

	Year ended 31 December	Nine months ended 30 September	
	2024	2024	2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Fees	278	203	225
Salaries, bonuses, allowances and benefits in kind	7,878	5,284	4,603
Pension scheme contributions	579	442	366
Equity-settled share-based payment expense	10,521	9,513	3,397
Total compensation paid to key management personnel	19,256	15,442	8,591

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

(d) Bank borrowings guaranteed by related parties

The Group

The Company's chairman Mr. Huang Yue Sheng and his spouse have guaranteed certain of the Group's bank borrowings amounting to RMB81,500,000 and RMB50,500,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively. The Company's chairman Mr. Huang Yue Sheng has guaranteed certain of the Group's bank borrowings amounting to RMB85,292,000 and RMB106,608,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively. The Company's directors Mr. Hu Ding Fei and Mr. Yu Xie Cai have guaranteed certain of the Group's bank borrowings of RMB55,950,000 and RMB52,250,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively (note 23).

The Company

The Company's chairman Mr. Huang Yue Sheng and his spouse have guaranteed certain of the Company's bank borrowings amounting to RMB81,500,000 and RMB50,500,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively. The Company's chairman Mr. Huang Yue Sheng has guaranteed certain of the Company's bank borrowings amounting to RMB19,342,000 and RMB39,358,000 (unaudited) as at 31 December 2024 and 30 September 2025, respectively (note 23).

The Company's subsidiary Guangxi Wehand-Bio has guaranteed certain bank borrowings amounting to RMB1,000,000 and nil (unaudited) as at 31 December 2024 and 30 September 2025, respectively.

(e) Redemption rights of the Pre-[REDACTED] Investors granted by the Single Largest Group of Shareholders as defined in the Application Proof

The Group and the Company

Prior to the nine months ended 30 September 2025, Mr. Huang Yue Sheng, Mr. Hu Ding Fei and Mr. Yu Xie Cai (collectively, the "Single Largest Group of Shareholders") granted the Pre-[REDACTED] Investors with the redemption right (the "SLS Redemption Right"). The Company is not a party to the SLS Redemption Right. Pursuant to another supplemental agreement entered into by the Company and the Shareholders in February 2026, the SLS Redemption Right was terminated prior to the first submission of the Application Proof to the Stock Exchange.

The Company has not provided any form of guarantee in connection with any potential default or failure by the Single Largest Group of Shareholders to fulfill their obligations relating to SLS Redemption Right. Accordingly, no financial liability regarding SLS Redemption Right was recorded during the Relevant Period and the nine months ended 30 September 2025.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the categories of financial instruments as at the end of the Relevant Period and the nine months ended 30 September 2025 are as follows:

Financial assets

The Group

As at 31 December 2024

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	45,962	45,962
Financial assets included in prepayments, other receivables and other assets	—	1,746	1,746
Financial assets at fair value through profit or loss	15,052	—	15,052
Cash and cash equivalents	—	111,447	111,447
Time deposits	—	55,000	55,000
Total	15,052	214,155	229,207

As at 30 September 2025 (unaudited)

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	54,840	54,840
Financial assets included in prepayments, other receivables and other assets	—	2,883	2,883
Cash and cash equivalents	—	162,255	162,255
Time deposits	—	65,000	65,000
Total	—	284,978	284,978

The Company

As at 31 December 2024

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	45,957	45,957
Financial assets included in prepayments, other receivables and other assets	—	480	480
Financial assets at fair value through profit or loss	15,052	—	15,052
Cash and cash equivalents	—	73,963	73,963
Time deposits	—	55,000	55,000
Total	15,052	175,400	190,452

As at 30 September 2025 (unaudited)

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	54,839	54,839
Financial assets included in prepayments, other receivables and other assets	—	1,875	1,875
Cash and cash equivalents	—	147,309	147,309
Time deposits	—	65,000	65,000
Total	—	269,023	269,023

Financial liabilities

The Group

As at 31 December 2024

	Financial liabilities at amortised cost
	RMB'000
Trade payables	8,636
Financial liabilities included in other payables and accruals	92,125
Interest-bearing bank and other borrowings	222,986
Total	323,747

As at 30 September 2025 (unaudited)

	Financial liabilities at amortised cost
	RMB'000
Trade payables	3,728
Financial liabilities included in other payables and accruals	73,172
Interest-bearing bank and other borrowings	212,568
Total	289,468

The Company

As at 31 December 2024

	Financial liabilities at amortised cost
	RMB'000
Trade payables	463
Financial liabilities included in other payables and accruals	74,157
Interest-bearing bank and other borrowings	139,545
Total	214,165

As at 30 September 2025 (unaudited)

	Financial liabilities at amortised cost
	RMB'000
Trade payables	334
Financial liabilities included in other payables and accruals	51,080
Interest-bearing bank and other borrowings	127,692
Total	179,106

For the details of Pre-[REDACTED] investments, please refer to note 26 to this report.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	As at 31 December 2024	As at 30 September 2025	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*	*RMB'000*	*RMB'000* *(unaudited)*
Financial assets				
Financial assets at fair value through profit or loss	15,052	—	15,052	—

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments, other receivables and other assets, trade receivables, trade payables, interest-bearing bank and other borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts.

The Group's finance department headed by the financial manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The fair values of time deposits, the non-current portion of financial asset included in prepayments, other receivables and other assets, the non-current portion of other payables and accruals and the non-current portion of financial liabilities included in interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of the Relevant Period and 30 September 2025 were assessed to be insignificant.

The Group invests in structured deposit products issued by banks in Chinese Mainland. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	—	15,052	—	15,052

During the Relevant Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, interest-bearing bank and other borrowings, financial assets at fair value through profit or loss. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relate primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax	(Decrease)/ Increase in equity
		RMB'000	*RMB'000*
Year ended 31 December 2024	100/(100)	193/(193)	(193)/193
Nine months ended 30 September 2025	100/(100)	194/(194)	(194)/194

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade receivables and financial assets included in prepayments, other receivables and other assets. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group trades mainly with recognised and creditworthy third parties. In addition, receivable balances are monitored on an on-going basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year/period-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year/period-end staging classification. The amounts presented are gross carrying amounts for financial assets.

31 December 2024	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	47,027	47,027
Prepayments, other receivables and other assets — Normal**	2,283	—	—	—	2,283
Cash and cash equivalents — Not yet past due	111,447	—	—	—	111,447
Time deposits of more than three months — Not yet past due	55,000	—	—	—	55,000
Total	168,730	—	—	47,027	215,757

30 September 2025 (unaudited)	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	54,965	54,965
Prepayments, other receivables and other assets — Normal**	3,434	—	—	—	3,434
Cash and cash equivalents — Not yet past due	162,255	—	—	—	162,255
Time deposits of more than three months — Not yet past due	65,000	—	—	—	65,000
Total	230,689	—	—	54,965	285,654

* *For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the Historical Financial Information.*

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the Historical Financial Information.

Liquidity risk

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

The maturity profile of the Group's financial liabilities as at the end of the Relevant Period and 30 September 2025, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2024			
	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	8,636	—	—	8,636
Financial liabilities included in other payables and accruals	92,125	—	—	92,125
Lease liabilities	—	1,161	1,250	2,411
Interest-bearing bank and other borrowings	126,882	91,670	20,700	239,252
Total	227,643	92,831	21,950	342,424

	As at 30 September 2025 (unaudited)			
	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	3,728	—	—	3,728
Financial liabilities included in other payables and accruals	73,172	—	—	73,172
Lease liabilities	1,161	1,250	—	2,411
Interest-bearing bank and other borrowings	142,843	60,978	20,400	224,221
Total	220,904	62,228	20,400	303,532

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratios as at the end of each of the Relevant Period and 30 September 2025 were as follows:

	As at 31 December 2024	As at 30 September 2025
	RMB'000	*RMB'000* *(unaudited)*
Total liabilities	393,698	356,441
Total assets	678,377	732,511
Gearing ratio	58%	49%

36. EVENT AFTER 30 SEPTEMBER 2025

The Group has evaluated the events subsequent to 30 September 2025 and noted no significant subsequent events.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2025.