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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BRIGHTGENE BIO-MEDICAL TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of BrightGene Bio-Medical Technology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[•] to I-[•] 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 notes 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.

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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 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

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APPENDIX I**ACCOUNTANTS’ REPORT**

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

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing 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.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2023 RMB'000	2024 RMB'000	2025 RMB'000
REVENUE	5	1,163,623	1,254,868	1,198,205
Cost of sales		<u>(510,407)</u>	<u>(519,145)</u>	<u>(580,810)</u>
Gross profit		653,216	735,723	617,395
Other income and gains	5	67,386	70,571	83,024
Selling and distribution expenses		(64,069)	(71,743)	(78,022)
Administrative expenses		(121,871)	(147,399)	(166,279)
Research and development expenses		(248,592)	(297,453)	(304,947)
Impairment losses on financial assets, net		(2,467)	(12,353)	(20,274)
Other expenses	6	(36,804)	(58,549)	(41,414)
Finance costs	8	(44,424)	(52,435)	(62,957)
Share of losses of associates		<u>(13,605)</u>	<u>(9,162)</u>	<u>(12,617)</u>
PROFIT BEFORE TAX	7	188,770	157,200	13,909
Income tax (expense)/credit	11	<u>(15,346)</u>	<u>(15,937)</u>	<u>23,045</u>
PROFIT FOR THE YEAR		<u>173,424</u>	<u>141,263</u>	<u>36,954</u>
Attributable to:				
Owners of the parent		202,466	189,167	54,514
Non-controlling interests		<u>(29,042)</u>	<u>(47,904)</u>	<u>(17,560)</u>
		<u>173,424</u>	<u>141,263</u>	<u>36,954</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic (RMB)	13	<u>0.48</u>	<u>0.45</u>	<u>0.13</u>
Diluted (RMB)	13	<u>0.46</u>	<u>0.43</u>	<u>0.13</u>
PROFIT FOR THE YEAR		<u>173,424</u>	<u>141,263</u>	<u>36,954</u>
OTHER COMPREHENSIVE INCOME				
Other comprehensive income/(losses) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations		<u>180</u>	<u>200</u>	<u>(298)</u>
Other comprehensive income/(losses) that will not be reclassified to profit or loss in subsequent periods:				
Equity investments designated at fair value through other comprehensive income (“FVTOCI”):				
Changes in fair value		<u>(26,579)</u>	<u>(38,032)</u>	<u>42,935</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		<u>(26,399)</u>	<u>(37,832)</u>	<u>42,637</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>147,025</u>	<u>103,431</u>	<u>79,591</u>
Attributable to:				
Owners of the parent		176,067	151,335	97,151
Non-controlling interests		<u>(29,042)</u>	<u>(47,904)</u>	<u>(17,560)</u>
		<u>147,025</u>	<u>103,431</u>	<u>79,591</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	2,484,541	2,726,846	2,771,728
Investment properties	15	62,454	59,566	56,684
Right-of-use assets	16(a)	101,806	87,195	83,585
Goodwill		7,500	3,120	—
Other intangible assets	17	26,017	38,172	315,744
Investments in associates	18	43,490	39,043	122,791
Equity investments designated at FVTOCI	19	110,700	86,196	113,171
Financial assets at fair value through profit or loss (“FVTPL”)	20	271,666	311,821	435,122
Deferred tax assets	31	34,453	62,201	94,679
Prepayments, other receivables and other assets	23	41,638	98,562	42,835
Total non-current assets		<u>3,184,265</u>	<u>3,512,722</u>	<u>4,036,339</u>
CURRENT ASSETS				
Inventories	21	344,628	364,615	364,253
Trade and bills receivables	22	308,875	339,504	330,001
Prepayments, other receivables and other assets	23	116,326	170,459	128,170
Amounts due from related parties	39	21,246	347	5,014
Financial assets at FVTPL	20	50,617	—	—
Pledged deposits	24	27,005	11,251	6,001
Cash and cash equivalents	24	971,041	754,102	955,063
Total current assets		<u>1,839,738</u>	<u>1,640,278</u>	<u>1,788,502</u>
CURRENT LIABILITIES				
Trade and bills payables	25	142,161	189,625	125,696
Other payables and accruals	26	166,370	168,413	233,045
Derivative financial instruments		2,234	3,735	7,070
Interest-bearing bank borrowings	27	554,803	632,220	869,369
Lease liabilities	16(b)	16,101	13,692	8,831
Contract liabilities	28	24,003	28,019	25,560
Amounts due to related parties	39	2,532	—	128
Income tax payable		14,043	16,683	10,606
Total current liabilities		<u>922,247</u>	<u>1,052,387</u>	<u>1,280,305</u>
NET CURRENT ASSETS		<u>917,491</u>	<u>587,891</u>	<u>508,197</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,101,756</u>	<u>4,100,613</u>	<u>4,544,536</u>
NON-CURRENT LIABILITIES				
Convertible bonds	29	430,261	455,344	462,801
Bonds payable	30	—	—	195,177
Interest-bearing bank borrowings	27	1,184,658	1,109,933	718,033
Contract liabilities	28	—	—	90,330
Lease liabilities	16(b)	21,011	10,207	10,208
Deferred tax liabilities	31	3,518	—	—
Deferred income	32	56,070	84,710	107,547
Other long-term payables	26	—	14,389	114,264
Total non-current liabilities		<u>1,695,518</u>	<u>1,674,583</u>	<u>1,698,360</u>
Net assets		<u>2,406,238</u>	<u>2,426,030</u>	<u>2,846,176</u>
EQUITY				
Equity attributable to owners of the Parent				
Share capital	33	422,467	422,467	423,104
Treasury shares	34	—	(10,010)	(20,051)
Reserves	36	1,934,803	1,970,845	2,118,114
		<u>2,357,270</u>	<u>2,383,302</u>	<u>2,521,167</u>
Non-controlling interests		<u>48,968</u>	<u>42,728</u>	<u>325,009</u>
Total equity		<u>2,406,238</u>	<u>2,426,030</u>	<u>2,846,176</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital	Share premium	Other equity instruments	Other reserve	Fair value reserve of financial assets at FVTOCI	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	422,465	908,366	64,302	100,855	(59,046)	58,502	684,852	2,180,296	50,041	2,230,337
At 1 January 2023	422,465	908,366	64,302	100,855	(59,046)	58,502	684,852	2,180,296	50,041	2,230,337
Profit for the year	—	—	—	—	—	—	202,466	202,466	(29,042)	173,424
Changes in fair value of equity investments designated at FVTOCI	—	—	—	—	(26,579)	—	—	(26,579)	—	(26,579)
Exchange differences on translation of foreign operations	—	—	—	180	—	—	—	180	—	180
Total comprehensive income for the year	—	—	—	180	(26,579)	—	202,466	176,067	(29,042)	147,025
Capital injection by non-controlling interests	—	—	—	49,903	—	—	—	49,903	27,969	77,872
Convertible bonds converted into shares.	2	53	(9)	—	—	—	—	46	—	46
Deferred tax on convertible bonds.	—	—	1	—	—	—	—	1	—	1
Equity-settled share award expense.	—	—	—	(4,603)	—	—	—	(4,603)	—	(4,603)
Appropriation to statutory surplus reserve	—	—	—	—	—	8,718	(8,718)	—	—	—
2022 dividend declared	—	—	—	—	—	—	(48,161)	(48,161)	—	(48,161)
Impact of disposal of interests in an associate	—	—	—	3,721	—	—	—	3,721	—	3,721
At 31 December 2023	422,467	908,419*	64,294*	150,056*	(85,625)*	67,220*	830,439*	2,357,270	48,968	2,406,238

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium	Other equity instruments	Other reserve	Fair value reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
						of financial assets at FVTOCI					
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	422,467	—	908,419	64,294	150,056	(85,625)	67,220	830,439	2,357,270	48,968	2,406,238
Profit for the year	—	—	—	—	—	—	—	189,167	189,167	(47,904)	141,263
Changes in fair value of equity investments designated at FVTOCI	—	—	—	—	—	(38,032)	—	—	(38,032)	—	(38,032)
Exchange differences on translation of foreign operations	—	—	—	—	200	—	—	—	200	—	200
Total comprehensive income for the year	—	—	—	—	200	(38,032)	—	189,167	151,335	(47,904)	103,431
Capital injection by non-controlling interests	—	—	—	—	33,254	—	—	—	33,254	69,746	103,000
Capital injection by the Group	—	—	—	—	(3,300)	—	—	—	(3,300)	3,300	—
Acquisition of non-controlling interests	—	—	—	—	(104,728)	—	—	—	(104,728)	(31,382)	(136,110)
Convertible bonds converted into shares	—**	—	4	(1)	—	—	—	—	3	—	3
Deferred tax on convertible bonds	—	—	—	—**	—	—	—	—	—**	—	—**
Repurchase of shares	—	(10,010)	—	—	—	—	—	—	(10,010)	—	(10,010)
Appropriation to statutory surplus reserve	—	—	—	—	—	—	18,245	(18,245)	—	—	—
2023 dividend declared	—	—	—	—	—	—	—	(40,522)	(40,522)	—	(40,522)
At 31 December 2024	422,467	(10,010)	908,423*	64,293*	75,482*	(123,657)*	85,465*	960,839*	2,383,302	42,728	2,426,030

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Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium	Other equity instruments	Other reserve	Fair value reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
						of financial assets at FVTOCI					
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	422,467	(10,010)	908,423	64,293	75,482	(123,657)	85,465	960,839	2,383,302	42,728	2,426,030
Profit for the year	—	—	—	—	—	—	—	54,514	54,514	(17,560)	36,954
Changes in fair value of equity investments designated at FVTOCI	—	—	—	—	—	42,935	—	—	42,935	—	42,935
Exchange differences on translation of foreign operations	—	—	—	—	(298)	—	—	—	(298)	—	(298)
Total comprehensive income for the year	—	—	—	—	(298)	42,935	—	54,514	97,151	(17,560)	79,591
Partial disposal of a subsidiary that does not result in a loss of control	—	—	—	—	47,784	—	—	—	47,784	27,216	75,000
Tax effect of partial disposal of a subsidiary that does not result in a loss of control	—	—	—	—	(9,000)	—	—	—	(9,000)	—	(9,000)
Capital injection by non-controlling interests	—	—	—	—	126,539	—	—	—	126,539	273,261	399,800
Capital injection by the Group	—	—	—	—	(21,610)	—	—	—	(21,610)	21,610	—
Acquisition of non-controlling interests	—	—	—	—	(72,502)	—	—	—	(72,502)	(25,241)	(97,743)
Convertible bonds converted into shares	637	—	25,432	(3,606)	—	—	—	—	22,463	—	22,463
Deferred tax on convertible bonds	—	—	—	541	—	—	—	—	541	—	541
Repurchase of shares	—	(10,041)	—	—	—	—	—	—	(10,041)	—	(10,041)
Appropriation to statutory surplus reserve	—	—	—	—	—	—	12,506	(12,506)	—	—	—
2024 dividend declared	—	—	—	—	—	—	—	(40,551)	(40,551)	—	(40,551)
Equity-settled share award expense	—	—	—	—	3,277	—	—	—	3,277	2,995	6,272
Transfer of fair value reserve upon the transfer of equity investments at FVTOCI	—	—	—	—	—	(5,960)	596	5,364	—	—	—
Impact of dilution of interests in an associate	—	—	—	—	(6,186)	—	—	—	(6,186)	—	(6,186)
At 31 December 2025	423,104	(20,051)	933,855*	61,228*	143,486*	(86,682)*	98,567*	967,660*	2,521,167	325,009	2,846,176

* These reserve accounts comprise the consolidated reserves of RMB1,934,803,000, RMB1,970,845,000, and RMB2,118,114,000 in the consolidated statements of financial position as at the end of each of the Relevant Periods.

** The amounts are less than RMB1,000.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		188,770	157,200	13,909
Adjustments for:				
Finance costs	8	44,424	52,435	62,957
Loss on disposal of items of property, plant and equipment	6	249	149	496
Fair value losses/(gains) on financial assets at FVTPL	5,6	2,098	8,172	(7,080)
Depreciation of property, plant and equipment	7	71,287	97,705	147,408
Depreciation of investment properties	7	1,702	2,888	2,882
Depreciation of right-of-use assets	7	13,169	16,123	16,522
Amortisation of other intangible assets	7	2,436	3,876	3,936
Provision for impairment of trade receivables, net	7	901	11,569	19,686
Provision for impairment of other receivables, net	7	1,566	784	588
Write-down of inventories to net realisable value	6	22,037	17,064	15,965
Impairment of goodwill	6	—	4,380	3,120
Impairment of prepayments	6	—	—	578
Equity-settled share award expense		(4,603)	—	6,272
Government grants related to assets		(750)	(1,379)	(7,820)
Foreign exchange differences, net		(2,603)	(1,919)	(662)
Share of losses of associates		13,605	9,162	12,617
		354,288	378,209	291,374
Increase in inventories		(86,314)	(37,051)	(8,124)
Decrease/(increase) in trade receivables		18,937	(56,367)	(8,333)
Increase in bills receivables		(21,245)	(31,436)	(1,850)
(Increase)/decrease in prepayments, other receivables and other assets		(7,569)	(73,584)	76,217
Decrease in pledged deposits		1,639	15,754	5,250
Increase/(decrease) in trade and bills payables		(46,187)	45,738	(63,929)
Increase/(decrease) in other payables and accruals		27,203	35,590	(24,976)
(Decrease)/increase in contract liabilities		(5,483)	4,016	87,871
(Increase)/decrease in amounts due from related parties		(5,939)	7,719	(4,667)
Increase/(decrease) in amounts due to related parties		2,532	(2,532)	128
Cash generated from operations		231,862	286,056	348,961
Income tax paid		(37,097)	(40,497)	(23,770)
Net cash flows from operating activities		194,765	245,559	325,191

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	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of wealth management products	102,159	101,171	53,941
Purchases of wealth management products	(100,000)	(50,000)	(53,955)
Payment for derivative financial instruments	(1,578)	(2,472)	(3,912)
Purchases of equity investments at FVTPL	—	—	(20,000)
Purchases of unlisted fund investments	(35,000)	(55,656)	(94,554)
Withdraw of unlisted fund investments	—	9,000	5,541
Dividends received from unlisted fund investments	623	1,748	54
Purchases of equity investments designated at FVTOCI	(12,000)	(10,000)	—
Investments in associates	(18,000)	(4,715)	(86,591)
Repayment of loan from an associate	—	13,769	—
Loan to an associate	(3,596)	—	—
Proceeds from disposal of items of property, plant and equipment	482	304	40
Receipt of government grants for property, plant and equipment	30,820	30,019	30,300
Purchases of items of property, plant and equipment	(387,363)	(255,505)	(133,680)
Purchase of leasehold land	—	—	(2,876)
Additions to other intangible assets	(16,400)	(1,694)	(316,852)
Net cash flows used in investing activities	<u>(439,853)</u>	<u>(224,031)</u>	<u>(622,544)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection into a subsidiary by non-controlling interests	68,000	103,000	399,800
Proceeds from partial disposal of a subsidiary that does not result in a loss of control	—	—	75,000
Purchase of non-controlling interest of subsidiaries [REDACTED] paid	—	(216,110)	(17,743)
Repurchase of ordinary shares	—	(10,010)	(10,041)
Proceeds from interest-bearing loans	678,232	802,077	662,048
Repayments of bank loans	(560,092)	(786,710)	(816,182)
Proceeds from factoring	—	—	33,000
Repayments of factoring	—	—	(4,704)
Payments for deposits related to factoring	—	—	(3,000)
Interests paid for interest-bearing loans	(64,988)	(92,422)	(72,403)
Proceeds from issue of bonds	—	—	200,000
Payments for bonds issue costs	—	—	(5,557)
Interests paid for convertible bonds	(1,860)	(2,790)	(4,649)
Proceeds from sale and leaseback arrangements	—	21,000	170,000
Payments for deposits related to sales and leaseback agreement	—	(2,100)	(2,000)
Repayment of sales and leaseback agreements	—	—	(28,659)
Dividend payment	(48,161)	(40,522)	(40,551)
Payments of lease liabilities	<u>(9,520)</u>	<u>(15,998)</u>	<u>(15,712)</u>
Net cash flows from/(used in) financing activities	<u>61,611</u>	<u>(240,585)</u>	<u>497,652</u>

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(183,477)	(219,057)	200,299
Effect of foreign exchange rate changes, net	2,783	2,118	662
Cash and cash equivalents at beginning of year	<u>1,151,735</u>	<u>971,041</u>	<u>754,102</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>971,041</u>	<u>754,102</u>	<u>955,063</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances, unrestricted	<u>971,041</u>	<u>754,102</u>	<u>955,063</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023 RMB'000	2024 RMB'000	2025 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	1,155,025	1,337,246	1,453,644
Right-of-use assets	16(a)	31,953	26,589	31,216
Other intangible assets	17	8,707	8,967	12,519
Investments in subsidiaries	1	348,681	552,158	722,109
Investments in associates	18	31,799	29,640	104,317
Equity investments designated at FVTOCI	19	110,700	86,196	113,171
Financial assets at FVTPL	20	213,518	244,617	364,828
Deferred tax assets	31	—	336	13,862
Prepayments, other receivables and other assets . . .	23	33,593	88,060	8,669
Total non-current assets		<u>1,933,976</u>	<u>2,373,809</u>	<u>2,824,335</u>
CURRENT ASSETS				
Inventories	21	62,239	49,468	18,281
Trade and bills receivables	22	167,928	221,219	149,203
Prepayments, other receivables and other assets . . .	23	52,752	22,400	47,758
Amounts due from related parties	39	13,188	347	5,014
Financial assets at FVTPL	20	50,617	—	—
Amounts due from subsidiaries	39	828,302	1,019,058	1,055,684
Pledged deposits	24	16,501	11,251	1
Cash and cash equivalents	24	688,818	399,784	525,138
Total current assets		<u>1,880,345</u>	<u>1,723,527</u>	<u>1,801,079</u>
CURRENT LIABILITIES				
Trade and bills payables	25	26,305	61,839	9,346
Other payables and accruals	26	55,894	43,820	84,684
Derivative financial instruments		2,234	3,735	7,070
Interest-bearing bank borrowings	27	435,538	458,630	433,790
Lease liabilities	16(b)	6,391	5,434	5,391
Amounts due to related parties	39	—	—	128
Amounts due to subsidiaries	39	98,427	329,154	508,917
Contract liabilities	28	7,602	8,320	9,385
Income tax payable		5,394	12,455	5,557
Total current liabilities		<u>637,785</u>	<u>923,387</u>	<u>1,064,268</u>
NET CURRENT ASSETS		<u>1,242,560</u>	<u>800,140</u>	<u>736,811</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,176,536</u>	<u>3,173,949</u>	<u>3,561,146</u>
NON-CURRENT LIABILITIES				
Convertible bonds	29	430,261	455,344	462,801
Bonds payable	30	—	—	195,177
Interest-bearing bank borrowings	27	856,664	731,371	619,355
Contract liabilities	28	—	—	80,189
Lease liabilities	16(b)	3,735	166	3,761
Deferred tax liabilities	31	3,518	—	—
Deferred income	32	23,100	30,389	58,650
Other long-term payables	26	—	—	64,788
Total non-current liabilities		<u>1,317,278</u>	<u>1,217,270</u>	<u>1,484,721</u>
Net assets		<u>1,859,258</u>	<u>1,956,679</u>	<u>2,076,425</u>
EQUITY				
Share capital	33	422,467	422,467	423,104
Treasury shares	34	—	(10,010)	(20,051)
Reserves	36	1,436,791	1,544,222	1,673,372
Total equity		<u>1,859,258</u>	<u>1,956,679</u>	<u>2,076,425</u>

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

BrightGene Bio-Medical Technology Co., Ltd. (the “Company”) is a joint stock company with limited liability established in Suzhou, Jiangsu, the People’s Republic of China (the “PRC”) on 20 August 2015, and was subsequently listed on the Shanghai Stock Exchange (stock code: 688166) on 8 November 2019. The registered office address of the Company is Building C25, No. 218 Xinghu Road, Suzhou, Jiangsu, PRC.

During the Relevant Periods, the Company and its subsidiaries (together, the “Group”) were principally engaged in the research and development, manufacturing and sales of pharmaceutical products.

As at the date of this report, the Company had direct and indirect interests in its principal subsidiaries as below:

Name	Place and date of incorporation/ registration and place of operations	Issued and paid-up/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			(Direct)	(Indirect)	
BrightGene Pharmaceutical (Suzhou) Co., Ltd.* (博瑞制藥(蘇州)有限公司) (Note (a))	PRC/Chinese mainland 31 March 2010	RMB20,000,000	80.00%	20.00%	Research and development and manufacturing of pharmaceutical products
BrightGene Bio-Medical Taixing Co., Ltd.* (博瑞生物醫藥泰興市有限公司) (Note (a))	PRC/Chinese mainland 26 January 2007	RMB83,407,900	65.94%	—	Manufacturing of pharmaceutical products
BrightGene InnoBio (Wuxi) Co., Ltd.* (博瑞新創生物醫藥科技(無錫)有限公司) (Note (a))	PRC/Chinese mainland 19 November 2021	RMB42,857,143	30.00%	70.00%	Research and development of innovative drugs
Atmen (Suzhou) Pharmaceutical Technology Co., Ltd.* (艾特美(蘇州)醫藥科技有限公司) (Note (a))	PRC/Chinese mainland 9 July 2020	RMB23,849,372	53.34%	—	Research and development of pharmaceutical products
Atsenbo (Suzhou) Pharmaceutical Technology Co., Ltd.* (艾特申博(蘇州)醫藥科技有限公司) (Notes (a),(b))	PRC/Chinese mainland 25 November 2021	RMB20,000,000	—	37.34%	Research and development of pharmaceutical products

Notes:

- (a) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with the Generally Accepted Accounting Principles in the PRC (“PRC GAAP”) were audited by Gongzheng Tianye Certified Public Accountants, SGP (公正天業會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
- (b) The Company holds 70% equity interests in Atsenbo (Suzhou) Pharmaceutical Technology Co., Ltd. through Atmen (Suzhou) Pharmaceutical Technology Co., Ltd..
- * The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to directly translate the Chinese names as these companies did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group.

The Company

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

	As at 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Investments, at cost	348,681	552,158	722,109

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2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). 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 throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. 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, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	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 periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 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

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introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. 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*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on the assessment made by the directors, the adoption of IFRS 18 will have no material impact on the financial position and performance of the Group, but has impact on the presentation and disclosure of the Group’s financial statements.

Except for IFRS 18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group’s financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognised its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

Fair value measurement

The Group measures its 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 financial statements 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 financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each 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, financial assets and investment properties), 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

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costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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:

Buildings	4.50%–9.50%
Machinery	9.00%–19.00%
Experimental equipment	9.00%–31.67%
Motor vehicles	18.00%–23.75%
Electronic and other equipment	9.00%–31.67%

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Leasehold improvements Shorter of the remaining lease terms and estimated useful lives

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

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life of 20 years.

Subsequent expenditure is charged to the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

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 as 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.

Patents and proprietary technology

Purchased patents and proprietary technology are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Software

Acquired software licences are capitalised on the basis of costs incurred to acquire and bring the specific software into use. These software licences are stated at cost less any impairment losses and are amortised over their estimated useful lives of 3 to 5 years.

Research and development expenditures

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

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

Capitalised 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.

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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:

Plant and office premises	2 to 10 years
Leasehold land	30 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*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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).

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as liabilities within the scope of IFRS 9.

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 term 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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI, and FVTPL.

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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 FVTPL, 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 FVTOCI, 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 FVTPL, 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 FVTOCI 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 FVTPL.

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 FVTOCI (debt instruments)

For debt investments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVTOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on equity investments are also recognised as other income in profit or loss when the right of payment has been established.

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’ 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.

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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 FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

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

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

The Group considers a financial asset in default when contractual payments are 360 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.

Debt investments at FVTOCI and 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 and contract assets 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 its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

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

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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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 and bills payables, interest-bearing bank borrowings, derivative financial instruments, convertible bonds, other long-term payables 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.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders’ equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

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.

Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. 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.

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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 country in which the Group operates.

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each 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.

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.

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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.

(a) Product sales

Revenue from product sales is recognised at the point in time when the Group transfers the control of goods and has rights to payment from the customers upon acceptance by the customers or upon delivery of the products.

(b) Research and Development services

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when control of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

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 or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of share award refers to the fair value of the underlying ordinary shares of the Company on the respective dates of grant. Further details are included in note 34 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.

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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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other 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.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the functional currency of majority of the group entities. Transactions in foreign currencies are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenditure

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses 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.

The Group had tax losses and deductible temporary differences of RMB235,544,000, RMB390,285,000 and RMB449,043,000 at the end of each of the Relevant Periods. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 30 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions 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 the end of each of the Relevant Periods, 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 a customer’s actual default in the future.

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Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down required involves management’s judgement and estimates on market conditions. Where the actual outcome or further expectation in future is different from the original estimate, the differences will have an impact on the carrying amounts of inventories and the write-down charge/write-back of inventories in the period in which the estimate has been changed.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of items of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is recognised if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each reporting period end based on changes in circumstances.

Fair value measurement for unlisted investments

The Group has made unlisted investments in a wide variety of companies and those investments are accounted for as financial assets at FVTPL and financial assets designated at FVTOCI. The fair values of those investments are determined using valuation techniques and the Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Should any of the estimates and assumptions change, it may lead to a material change in the respective fair values of these financial assets.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the research and development, manufacturing and sales of pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chinese mainland	766,925	678,057	678,494
Overseas	396,698	576,811	519,711
Total revenue	<u>1,163,623</u>	<u>1,254,868</u>	<u>1,198,205</u>

(b) During the Relevant Periods, all of the Group’s non-current assets (excluding financial instruments and deferred tax assets) were all located in Chinese mainland.

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Information about a major customer

Revenue from a major customer, including revenue from a group of entities which are known to be under common control with that customer, which accounted for 10% or more of the Group’s revenue during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	—*	130,875	—*

* The percentage of the corresponding revenue contributed to the total revenue of the Group is less than 10%.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers	1,163,623	1,254,868	1,198,205

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Types of goods or services			
Product sales	1,085,372	1,209,064	1,145,046
Research and development services	75,805	39,218	16,157
Others*	2,446	6,586	37,002
Total	1,163,623	1,254,868	1,198,205
Geographical markets			
Chinese mainland	766,925	678,057	678,494
Overseas	396,698	576,811	519,711
Total	1,163,623	1,254,868	1,198,205
Timing of revenue recognition			
Goods transferred at a point in time	1,087,818	1,215,650	1,182,048
Services transferred over time	75,805	39,218	16,157
Total	1,163,623	1,254,868	1,198,205

* The amounts primarily include licensing revenue and manufacturing services.

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue recognised that was included in contract liabilities at the beginning of each of the year:			
Product sales	6,899	1,872	3,467
Research and development services	6,917	2,532	3,845
Total	13,816	4,404	7,312

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(b) Performance obligations

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

Product sales

The performance obligation is satisfied upon delivery of the products or acceptance by the customers and payment is generally due within 30 to 90 days from the invoice date except for certain customers, where payment in advance is normally required.

Research and development services

The performance obligation is satisfied over time as services are rendered, where payment is generally based on milestones achieved.

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods is as follows:

	31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Research and development services	44,761	43,510	27,618
Others	—	—	80,189
Total	<u>44,761</u>	<u>43,510</u>	<u>107,807</u>

Amounts expected to be recognised as revenue within one year is RMB7,207,000. Amounts expected to be recognised as revenue after one year that are based on development milestones and subsequent sales, of which the performance obligations are to be satisfied from two to ten years. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other income			
Government grants*	30,088	29,804	38,466
Bank interest income	17,991	10,964	5,547
Rental income	15,894	27,684	25,435
Others	810	200	403
Total other income	<u>64,783</u>	<u>68,652</u>	<u>69,851</u>
Gains			
Foreign exchange differences, net	2,603	1,919	6,093
Fair value gains of financial instruments at FVTPL	—	—	7,080
Total gains	<u>2,603</u>	<u>1,919</u>	<u>13,173</u>
Total other income and gains	<u>67,386</u>	<u>70,571</u>	<u>83,024</u>

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant assets, when all attaching conditions and requirements are complied with.

6. OTHER EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Write-down of inventories to net realisable value	22,037	17,064	15,965
Impairment losses on goodwill	—	4,380	3,120
Fair value losses on financial instruments at FVTPL, net	2,098	8,172	—
Loss on disposal of items of property, plant and equipment, net	249	149	496
Rental cost	11,007	25,806	20,802
Impairment losses on prepayments	—	—	578
Others	1,413	2,978	453
Total	<u>36,804</u>	<u>58,549</u>	<u>41,414</u>

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7. PROFIT/(LOSS) BEFORE TAX

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

	Notes	Year ended 31 December		
		2023 RMB’000	2024 RMB’000	2025 RMB’000
Cost of inventories sold*		488,613	498,427	552,301
Cost of services provided		21,794	20,718	28,509
		<u>510,407</u>	<u>519,145</u>	<u>580,810</u>
Research and development expenses*		248,592	297,453	304,947
Depreciation of property, plant and equipment	14	70,638	97,705	147,408
Depreciation of investment properties	15	2,351	2,888	2,882
Depreciation of right-of-use assets	16(a)	13,169	16,123	16,522
Amortisation of intangible assets	17	2,436	3,876	3,936
Write-down of inventories to net realisable value	6	22,037	17,064	15,965
Impairment losses on goodwill	6	—	4,380	3,120
Impairment losses on prepayments	6	—	—	578
Impairment losses on financial assets, net		2,467	12,353	20,274
[REDACTED]		—	—	452
Loss on disposal of items of property, plant and equipment	6	249	149	496
Share of losses of associates	18	13,605	9,162	12,617
Fair value losses/(gains) on financial assets at FVTPL, net	5, 6	2,098	8,172	(7,080)
Foreign exchange differences, net	5	(2,603)	(1,919)	(6,093)
Government grants income	5	(30,088)	(29,804)	(38,466)
Bank interest income	5	(17,991)	(10,964)	(5,547)
Auditor’s remuneration		1,300	1,300	1,300
Employee benefit expenses (including directors’ and chief executive’s remuneration:				
Salaries, allowances and benefits in kind		193,580	209,331	227,170
Performance related bonuses		35,878	38,539	40,551
Equity-settled share award expenses		(4,603)	—	6,272
Pension scheme contributions		19,008	20,343	20,164
Total		<u>243,863</u>	<u>268,213</u>	<u>294,157</u>

* The “Cost of inventories sold” and “Research and development costs” amounts include the following expenses which are also included in the respective total amounts of the items disclosed above:

- Depreciation of property, plant and equipment
- Depreciation of right-of-use assets
- Amortisation of other intangible assets
- Employee benefit expenses (including directors’ and chief executive’s remuneration)

8. FINANCE COSTS

	Year ended 31 December		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Interest on bank borrowings and other borrowings	100,197	107,895	108,654
Interest on lease liabilities	1,358	1,273	816
Total interest expense	<u>101,555</u>	<u>109,168</u>	<u>109,470</u>
Less: Interest capitalised	(57,131)	(56,733)	(46,513)
Total	<u>44,424</u>	<u>52,435</u>	<u>62,957</u>

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9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	321	300	365
Other emoluments:			
Salaries, allowances and benefits in kind	2,666	2,902	3,473
Performance related bonuses	1,986	1,927	5,388
Equity-settled share award expense	(205)	—	—
Pension scheme contributions	173	185	231
Subtotal	4,620	5,014	9,092
Total	4,941	5,314	9,457

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Mr. Cheng Zengjiang (<i>note (i)</i>)	—	25	100
Mr. Xu Dongdong (<i>note (ii)</i>)	32	100	100
Ms. Wu Yinghua (<i>note (iii)</i>)	32	100	100
Ms. Chen Xin (<i>note (iv)</i>)	—	—	65
Mr. He Ruyi (<i>note (v)</i>)	32	75	—
Mr. Yan Zheng (<i>note (vi)</i>)	75	—	—
Mr. Du Xiaoqing (<i>note (vii)</i>)	75	—	—
Mr. Xu Rong (<i>note (viii)</i>)	75	—	—
Total	321	300	365

Notes:

- (i) Mr. Cheng Zengjiang was appointed as an independent non-executive director of the Company since September 2024.
- (ii) Mr. Xu Dongdong was appointed as an independent non-executive director of the Company since September 2023.
- (iii) Ms. Wu Yinghua was appointed as an independent non-executive director of the Company since September 2023.
- (iv) Ms. Chen Xin was appointed as an independent non-executive director of the Company since October 2025.
- (v) Mr. He Ruyi was appointed as an independent non-executive director of the Company since September 2023 and resigned as an independent non-executive director of the Company with effect from September 2024.
- (vi) Mr. Yan Zheng was appointed as an independent non-executive director of the Company since September 2017 and resigned as an independent non-executive director of the Company with effect from September 2023.
- (vii) Mr. Du Xiaoqing was appointed as an independent non-executive director of the Company since September 2017 and resigned as an independent non-executive director of the Company with effect from September 2023.
- (viii) Mr. Xu Rong was appointed as an independent non-executive director of the Company since September 2017 and resigned as an independent non-executive director of the Company with effect from September 2023.

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(b) Executive directors, non-executive directors and the chief executive

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2023					
Executive director and the chief executive:					
Mr. Yuan Jiandong <i>(note (i))</i>	992	960	—	43	1,995
Executive directors:					
Ms. Zhang Li <i>(note (ii))</i>	570	284	—	43	897
Mr. Hang Fan <i>(note (iii))</i>	552	372	—	44	968
Mr. Huang Yangqing <i>(note (iv))</i>	552	370	(205)	43	760
Non-executive directors:					
Mr. Lv Dazhong <i>(note (v))</i>	—	—	—	—	—
Ms. Su Lei <i>(note (vi))</i>	—	—	—	—	—
Total	<u>2,666</u>	<u>1,986</u>	<u>(205)</u>	<u>173</u>	<u>4,620</u>
	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2024					
Executive director and the chief executive:					
Mr. Yuan Jiandong <i>(note (i))</i>	993	960	—	43	1,996
Executive directors:					
Ms. Zhang Li <i>(note (ii))</i>	431	263	—	32	726
Mr. Zou Yuanlai <i>(note (vii))</i>	140	—	—	11	151
Ms. Ding Nan <i>(note (viii))</i>	95	—	—	11	106
Ms. Shen Xincheng <i>(note (ix))</i>	149	—	—	11	160
Ms. Tong Tong <i>(note (x))</i>	258	—	—	12	270
Mr. Huang Yangqing <i>(note (iv))</i>	419	380	—	32	831
Mr. Hang Fan <i>(note (iii))</i>	417	324	—	33	774
Non-executive directors:					
Mr. Lv Dazhong <i>(note (v))</i>	—	—	—	—	—
Ms. Su Lei <i>(note (vi))</i>	—	—	—	—	—
Total	<u>2,902</u>	<u>1,927</u>	<u>—</u>	<u>185</u>	<u>5,014</u>

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	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Equity-settled share award expense <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2025					
Executive director and the chief executive: Mr. Yuan Jiandong <i>(note (i))</i>	996	1,630	—	43	2,669
Executive directors:					
Mr. Zou Yuanlai <i>(note (vii))</i>	521	1,769	—	43	2,333
Ms. Ding Nan <i>(note (viii))</i>	429	300	—	43	772
Ms. Shen Xincheng <i>(note (ix))</i>	470	249	—	43	762
Ms. Tong Tong <i>(note (x))</i>	896	1,440	—	48	2,384
Mr. Li Kai <i>(note (xi))</i>	161	—	—	11	172
Non-executive directors:					
Ms. Su Lei <i>(note (vi))</i>	—	—	—	—	—
Total	<u>3,473</u>	<u>5,388</u>	<u>—</u>	<u>231</u>	<u>9,092</u>

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

In the prior years, share awards were granted to certain directors, further details of which are set out in the disclosures in note 35 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors’ and chief executive’s remuneration disclosures.

Notes:

- (i) Mr. Yuan Jiandong was appointed as the chairperson of the board, executive director and general manager of the Company since October 2001.
- (ii) Ms. Zhang Li was appointed as an executive director of the Company since September 2021 and resigned as an executive director of the Company with effect from September 2024.
- (iii) Mr. Hang Fan was appointed as an executive director of the Company since September 2021 and resigned as an executive director of the Company with effect from September 2024.
- (iv) Mr. Huang Yangqing was appointed as an executive director of the Company since September 2021 and resigned as an executive director of the Company with effect from September 2024.
- (v) Mr. Lv Dazhong was appointed as a non-executive director of the Company since September 2017 and resigned as a non-executive director of the Company with effect from September 2024.
- (vi) Ms. Su Lei was appointed as a non-executive director of the Company since September 2021.
- (vii) Mr. Zou Yuanlai was appointed as an executive director of the Company since September 2024 and resigned as an executive director of the Company with effect from 30 March 2026.
- (viii) Ms. Ding Nan was appointed as an executive director of the Company since September 2024.
- (ix) Ms. Shen Xincheng was appointed as an executive director of the Company since September 2024.
- (x) Ms. Tong Tong was appointed as an executive director of the Company since September 2024.
- (xi) Mr. Li Kai was appointed as an executive director of the Company since October 2025.

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included 4, 4 and 4 directors of the Company, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration for the years of the remaining 1, 1 and 1 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	665	651	1,050
Performance related bonuses	400	321	2,301
Equity-settled share award expense	(256)	—	—
Pension scheme contributions	43	43	43
Total	<u>852</u>	<u>1,015</u>	<u>3,394</u>

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

	Year ended 31 December		
	2023	2024	2025
Nil to HKD1,000,000	1	—	—
HKD1,000,001 to HKD1,500,000	—	1	—
HKD3,000,001 to HKD3,500,000	—	—	1
Total	<u>1</u>	<u>1</u>	<u>1</u>

11. INCOME TAX

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

Chinese mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Chinese mainland are subject to corporate income tax (“CIT”) at a rate of 25% on the taxable income.

During the Relevant Periods, the Company and certain subsidiaries of the Company were qualified as High and New Technology Enterprises and enjoyed a preferential income tax rate of 15%.

In addition, certain subsidiaries operating in Chinese mainland were entitled to preferential tax rates of 2.5% to 5% during the Relevant Periods, because they were regarded as “small-scaled minimal profit enterprises” during the corresponding periods.

The income tax expenses/(credit) of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	33,691	47,203	8,892
Deferred income tax	(18,345)	(31,266)	(31,937)
Total	<u>15,346</u>	<u>15,937</u>	<u>(23,045)</u>

A reconciliation of the income tax expense/(credit) applicable to profit/(loss) before tax at the preferential tax rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	188,770	157,200	13,909
Tax at the preferential tax rate of 15%	28,316	23,580	2,086
Different tax rates enacted by local authorities	(6,171)	(10,566)	(6,832)
Effect of prior income tax reconciliation	176	116	899
Expenses not deductible for tax	1,989	3,390	5,283
Super-deduction of research and development expenses	(23,692)	(27,495)	(36,428)
Tax losses not recognised	14,796	24,577	14,699
Temporary differences not recognised	(68)	2,335	2,156
Tax losses utilised from previous periods	—	—	(4,908)
Tax charge/(credit) at the Group’s effective tax rate	<u>15,346</u>	<u>15,937</u>	<u>(23,045)</u>

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12. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	48,161	40,522	40,551

The final dividends of RMB1.14, RMB0.96 and RMB0.96 (inclusive of tax) for every 10 ordinary shares to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the years ended 31 December 2022, 2023 and 2024 were approved by the annual general meeting of the Company.

The final dividend of RMB0.16 (inclusive of tax) for every 10 ordinary shares to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the years ended 31 December 2025, equivalent to an aggregate of approximately RMB6,761,000 (inclusive of tax), was approved by the annual general meeting of the Company on 10 April 2026.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent. The weighted average numbers of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares. As the inclusion of potential ordinary shares from the 2021 A Share Incentive Plan would be anti-dilutive, it is not included in the calculation of diluted earnings per share during the Relevant Periods.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation (RMB'000)	202,466	189,167	54,514
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	422,465,488	422,188,742	422,386,128
Effect of dilution — weighted average number of ordinary shares:			
Convertible bonds	13,306,783	13,306,669	13,084,111
Total	435,772,271	435,495,411	435,805,904

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	273,399	168,619	13,164	58,917	77,708	63,787	1,666,256	2,321,850
Accumulated depreciation	(33,486)	(71,630)	(5,548)	(36,295)	(42,615)	(36,915)	—	(226,489)
Net carrying amount	239,913	96,989	7,616	22,622	35,093	26,872	1,666,256	2,095,361
At 1 January 2023, net of accumulated depreciation	239,913	96,989	7,616	22,622	35,093	26,872	1,666,256	2,095,361
Additions	—	—	—	155	—	1,189	524,311	525,655
Disposals	—	(707)	—	(16)	(8)	—	—	(731)
Depreciation provided during the year	(11,291)	(27,615)	(1,998)	(12,652)	(6,547)	(10,535)	—	(70,638)
Transfer to investment properties	(64,805)	—	—	—	—	—	—	(64,805)
Transfer	52,662	248,267	1,958	122,138	16,348	12,659	(454,333)	(301)
At 31 December 2023, net of accumulated depreciation	216,479	316,934	7,576	132,247	44,886	30,185	1,736,234	2,484,541

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	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023:								
Cost	261,256	414,888	15,122	180,856	93,932	75,765	1,736,234	2,778,053
Accumulated depreciation	(44,777)	(97,954)	(7,546)	(48,609)	(49,046)	(45,580)	—	(293,512)
Net carrying amount	<u>216,479</u>	<u>316,934</u>	<u>7,576</u>	<u>132,247</u>	<u>44,886</u>	<u>30,185</u>	<u>1,736,234</u>	<u>2,484,541</u>
31 December 2024								
At 1 January 2024:								
Cost	261,256	414,888	15,122	180,856	93,932	75,765	1,736,234	2,778,053
Accumulated depreciation	(44,777)	(97,954)	(7,546)	(48,609)	(49,046)	(45,580)	—	(293,512)
Net carrying amount	<u>216,479</u>	<u>316,934</u>	<u>7,576</u>	<u>132,247</u>	<u>44,886</u>	<u>30,185</u>	<u>1,736,234</u>	<u>2,484,541</u>
At 1 January 2024, net of accumulated depreciation								
	216,479	316,934	7,576	132,247	44,886	30,185	1,736,234	2,484,541
Additions	—	—	265	19	—	4,324	337,689	342,297
Disposals	—	(89)	(19)	(4)	(180)	(487)	—	(779)
Depreciation provided during the year								
	(16,347)	(40,104)	(2,143)	(22,612)	(7,312)	(9,187)	—	(97,705)
Transfer	467,399	233,417	168	182,572	3,502	18,314	(906,880)	(1,508)
At 31 December 2024, net of accumulated depreciation								
	<u>667,531</u>	<u>510,158</u>	<u>5,847</u>	<u>292,222</u>	<u>40,896</u>	<u>43,149</u>	<u>1,167,043</u>	<u>2,726,846</u>
At 31 December 2024:								
Cost	728,655	647,502	15,354	363,398	95,595	97,728	1,167,043	3,115,275
Accumulated depreciation	(61,124)	(137,344)	(9,507)	(71,176)	(54,699)	(54,579)	—	(388,429)
Net carrying amount	<u>667,531</u>	<u>510,158</u>	<u>5,847</u>	<u>292,222</u>	<u>40,896</u>	<u>43,149</u>	<u>1,167,043</u>	<u>2,726,846</u>
31 December 2025								
At 1 January 2025:								
Cost	728,655	647,502	15,354	363,398	95,595	97,728	1,167,043	3,115,275
Accumulated depreciation	(61,124)	(137,344)	(9,507)	(71,176)	(54,699)	(54,579)	—	(388,429)
Net carrying amount	<u>667,531</u>	<u>510,158</u>	<u>5,847</u>	<u>292,222</u>	<u>40,896</u>	<u>43,149</u>	<u>1,167,043</u>	<u>2,726,846</u>
At 1 January 2025, net of accumulated depreciation								
	667,531	510,158	5,847	292,222	40,896	43,149	1,167,043	2,726,846
Additions	—	59	—	1,232	57	4,344	187,394	193,086
Disposals	—	(190)	(129)	(33)	(184)	—	—	(536)
Depreciation provided during the year								
	(35,331)	(58,019)	(1,983)	(34,875)	(6,379)	(11,081)	—	(147,668)
Transfer	16,630	97,338	1,624	46,437	5,205	—	(167,234)	—
At 31 December 2025, net of accumulated depreciation								
	<u>648,830</u>	<u>549,346</u>	<u>5,359</u>	<u>304,983</u>	<u>39,595</u>	<u>36,412</u>	<u>1,187,203</u>	<u>2,771,728</u>
At 31 December 2025:								
Cost	745,285	744,394	15,650	410,901	99,844	102,072	1,187,203	3,305,349
Accumulated depreciation	(96,455)	(195,048)	(10,291)	(105,918)	(60,249)	(65,660)	—	(533,621)
Net carrying amount	<u>648,830</u>	<u>549,346</u>	<u>5,359</u>	<u>304,983</u>	<u>39,595</u>	<u>36,412</u>	<u>1,187,203</u>	<u>2,771,728</u>

As at the end of each of the Relevant Periods, property, plant and equipment with carrying amounts of approximately RMB1,125,962,000, RMB1,698,012,000 and RMB1,748,439,000, respectively, were pledged to secure certain bank borrowings of the Group (note 27).

As at the end of each of the Relevant Periods, the Group had not obtained the certificates for certain of the buildings with aggregate net carrying amounts of approximately RMB106,763,000, RMB192,962,000 and RMB178,838,000, respectively. The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group’s financial position as at the end of each of the Relevant Periods.

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	Machinery RMB'000	Motor vehicles RMB'000	Electronic and other equipment RMB'000	Experimental equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023:							
Cost	23,161	9,161	32,719	71,827	40,560	804,668	982,096
Accumulated depreciation	(15,742)	(3,973)	(21,759)	(39,104)	(22,773)	—	(103,351)
Net carrying amount	<u>7,419</u>	<u>5,188</u>	<u>10,960</u>	<u>32,723</u>	<u>17,787</u>	<u>804,668</u>	<u>878,745</u>
At 1 January 2023, net of accumulated depreciation							
	7,419	5,188	10,960	32,723	17,787	804,668	878,745
Additions	—	—	—	—	254	293,261	293,515
Depreciation provided during the year	(1,347)	(1,357)	(2,601)	(5,489)	(6,140)	—	(16,934)
Transfer	850	1,587	1,035	2,097	—	(5,870)	(301)
At 31 December 2023, net of accumulated depreciation	<u>6,922</u>	<u>5,418</u>	<u>9,394</u>	<u>29,331</u>	<u>11,901</u>	<u>1,092,059</u>	<u>1,155,025</u>
At 31 December 2023:							
Cost	24,011	10,748	33,754	73,924	40,814	1,092,059	1,275,310
Accumulated depreciation	(17,089)	(5,330)	(24,360)	(44,593)	(28,913)	—	(120,285)
Net carrying amount	<u>6,922</u>	<u>5,418</u>	<u>9,394</u>	<u>29,331</u>	<u>11,901</u>	<u>1,092,059</u>	<u>1,155,025</u>

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Electronic and other equipment RMB'000	Experimental equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024								
At 1 January 2024:								
Cost	—	24,011	10,748	33,754	73,924	40,814	1,092,059	1,275,310
Accumulated depreciation	—	(17,089)	(5,330)	(24,360)	(44,593)	(28,913)	—	(120,285)
Net carrying amount	<u>—</u>	<u>6,922</u>	<u>5,418</u>	<u>9,394</u>	<u>29,331</u>	<u>11,901</u>	<u>1,092,059</u>	<u>1,155,025</u>
At 1 January 2024, net of accumulated depreciation								
	—	6,922	5,418	9,394	29,331	11,901	1,092,059	1,155,025
Additions	—	—	—	—	—	—	200,468	200,468
Disposals	—	—	(20)	—	(173)	—	—	(193)
Depreciation provided during the year	(652)	(2,053)	(1,461)	(2,628)	(5,206)	(4,549)	—	(16,549)
Transfer	234,405	67,233	—	1,995	1,182	—	(306,320)	(1,505)
At 31 December 2024, net of accumulated depreciation	<u>233,753</u>	<u>72,102</u>	<u>3,937</u>	<u>8,761</u>	<u>25,134</u>	<u>7,352</u>	<u>986,207</u>	<u>1,337,246</u>
At 31 December 2024:								
Cost	234,405	91,244	10,547	35,749	73,376	40,814	986,207	1,472,342
Accumulated depreciation	(652)	(19,142)	(6,610)	(26,988)	(48,242)	(33,462)	—	(135,096)
Net carrying amount	<u>233,753</u>	<u>72,102</u>	<u>3,937</u>	<u>8,761</u>	<u>25,134</u>	<u>7,352</u>	<u>986,207</u>	<u>1,337,246</u>

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Electronic and other equipment RMB'000	Experimental equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025								
At 1 January 2025:								
Cost	234,405	91,244	10,547	35,749	73,376	40,814	986,207	1,472,342
Accumulated depreciation	(652)	(19,142)	(6,610)	(26,988)	(48,242)	(33,462)	—	(135,096)
Net carrying amount	<u>233,753</u>	<u>72,102</u>	<u>3,937</u>	<u>8,761</u>	<u>25,134</u>	<u>7,352</u>	<u>986,207</u>	<u>1,337,246</u>
At 1 January 2025, net of accumulated depreciation								
	233,753	72,102	3,937	8,761	25,134	7,352	986,207	1,337,246
Additions	—	—	—	876	55	424	147,392	148,747
Disposals	—	(139)	(124)	(12)	(1,129)	—	—	(1,404)
Depreciation provided during the year	(12,675)	(7,163)	(1,356)	(2,196)	(3,914)	(3,641)	—	(30,945)
Transfer	16,513	56,770	1,543	46	3,903	—	(78,775)	—
At 31 December 2025, net of accumulated depreciation	<u>237,591</u>	<u>121,570</u>	<u>4,000</u>	<u>7,475</u>	<u>24,049</u>	<u>4,135</u>	<u>1,054,824</u>	<u>1,453,644</u>
At 31 December 2025::								
Cost	250,918	147,000	10,846	36,557	70,499	41,238	1,054,824	1,611,882
Accumulated depreciation	(13,327)	(25,430)	(6,846)	(29,082)	(46,450)	(37,103)	—	(158,238)
Net carrying amount	<u>237,591</u>	<u>121,570</u>	<u>4,000</u>	<u>7,475</u>	<u>24,049</u>	<u>4,135</u>	<u>1,054,824</u>	<u>1,453,644</u>

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15. INVESTMENT PROPERTIES

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January:			
Cost	—	64,805	64,805
Accumulated depreciation	—	(2,351)	(5,239)
Net carrying amount	—	62,454	59,566
At 1 January, net of accumulated depreciation	—	62,454	59,566
Transfer from property, plant and equipment	64,805	—	—
Depreciation provided during the year	(2,351)	(2,888)	(2,882)
At 31 December net of accumulated depreciation	62,454	59,566	56,684
At 31 December:			
Cost	64,805	64,805	64,805
Accumulated depreciation	(2,351)	(5,239)	(8,121)
Net carrying amount	62,454	59,566	56,684

The Group’s investment properties consist of one, one and one industrial property in Chinese mainland at the end of each of the Relevant Periods which are held to earn rental income and for capital appreciation. The properties are measured initially and subsequently at cost. Depreciation commences on the day the transaction of purchase is completed and is calculated on the straight-line basis over 20 years.

The Group’s investment properties located in Chinese mainland were valued as at those dates by independent professionally qualified external appraisal firms with fair value of approximately RMB63,010,000, RMB62,500,000, and RMB62,260,000 as at the end of each of the Relevant Periods, respectively.

The Group had not obtained the certificates for certain of the buildings with aggregate net carrying amounts of approximately RMB62,454,000, nil and nil as at the end of each of the Relevant Periods, respectively. The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group’s financial position as at the end of each of the Relevant Periods.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and office premises and leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and office premises generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Leasehold land	Plant and office premises	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2023			
As at 1 January 2023	69,588	7,460	77,048
Additions	—	37,927	37,927
Depreciation charge	(1,940)	(11,229)	(13,169)
As at 31 December 2023	67,648	34,158	101,806
As at 31 December 2024			
As at 1 January 2024	67,648	34,158	101,806
Additions	—	1,512	1,512
Depreciation charge	(2,002)	(14,121)	(16,123)
As at 31 December 2024	65,646	21,549	87,195
As at 31 December 2025			
As at 1 January 2025	65,646	21,549	87,195
Additions	2,876	10,036	12,912
Depreciation charge	(1,964)	(14,558)	(16,522)
As at 31 December 2025	66,558	17,027	83,585

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The Company

	Leasehold land	Plant and office premises	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2023			
As at 1 January 2023	23,578	150	23,728
Additions	—	13,007	13,007
Depreciation charge	(911)	(3,871)	(4,782)
As at 31 December 2023	<u>22,667</u>	<u>9,286</u>	<u>31,953</u>
As at 31 December 2024			
As at 1 January 2024	22,667	9,286	31,953
Additions	—	1,512	1,512
Depreciation charge	(911)	(5,965)	(6,876)
As at 31 December 2024	<u>21,756</u>	<u>4,833</u>	<u>26,589</u>
As at 31 December 2025			
As at 1 January 2025	21,756	4,833	26,589
Additions	1,918	10,036	11,954
Depreciation charge	(925)	(6,402)	(7,327)
As at 31 December 2025	<u>22,749</u>	<u>8,467</u>	<u>31,216</u>

As at the end of each of the Relevant Periods, right-of-use assets with carrying amounts of approximately RMB65,623,000, RMB63,745,000 and RMB56,062,000, respectively, were pledged to secure certain bank borrowings of the Group (note 27).

(b) Lease liabilities

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

The Group

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	7,347	37,112	23,899
New leases	37,927	1,512	10,036
Accretion of interest recognised during the year	1,358	1,273	816
Payments	(9,520)	(15,998)	(15,712)
Carrying amount at 31 December	<u>37,112</u>	<u>23,899</u>	<u>19,039</u>
Analysed into:			
Current portion	16,101	13,692	8,831
Non-current portion	21,011	10,207	10,208
Total	<u>37,112</u>	<u>23,899</u>	<u>19,039</u>

The maturity analysis of lease liabilities is disclosed in note 42 to the Historical Financial Information.

The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	157	10,126	5,600
New leases	13,007	1,512	10,036
Accretion of interest recognised during the year	394	285	205
Payments	(3,432)	(6,323)	(6,689)
Carrying amount at 31 December	<u>10,126</u>	<u>5,600</u>	<u>9,152</u>
Analysed into:			
Current portion	6,391	5,434	5,391
Non-current portion	3,735	166	3,761
Total	<u>10,126</u>	<u>5,600</u>	<u>9,152</u>

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

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	13,169	16,123	16,522
Interest charge on lease liabilities	1,358	1,273	816
Expenses relating to short-term leases	1,314	1,309	1,635
Total amount recognised in profit or loss	<u>15,841</u>	<u>18,705</u>	<u>18,973</u>

(d) The total cash outflow for leases is disclosed in note 37(c) to the Historical Financial Information.

The Group as a lessor

The Group leases its buildings and property, plant and equipment under operating lease arrangements. Rental income recognised by the Group during the Relevant Periods was RMB15,894,000, RMB27,684,000 and RMB25,435,000, respectively, details of which are included in note 5 to the Historical Financial Information.

17. OTHER INTANGIBLE ASSETS

The Group

	Patents	Proprietary technology	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
At 1 January 2023				
Cost	8,120	5,251	5,640	19,011
Accumulated amortization	(1,491)	(1,620)	(3,847)	(6,958)
Net carrying amount	<u>6,629</u>	<u>3,631</u>	<u>1,793</u>	<u>12,053</u>
Cost at 1 January 2023, net of accumulated amortization				
	6,629	3,631	1,793	12,053
Additions	9,872	2,500	4,028	16,400
Amortization provided during the year	(1,011)	(725)	(700)	(2,436)
At 31 December 2023, net of accumulated amortization	<u>15,490</u>	<u>5,406</u>	<u>5,121</u>	<u>26,017</u>
At 31 December 2023				
Cost	17,992	7,751	9,668	35,411
Accumulated amortization	(2,502)	(2,345)	(4,547)	(9,394)
Net carrying amount	<u>15,490</u>	<u>5,406</u>	<u>5,121</u>	<u>26,017</u>

	Patent	Proprietary technology	Software	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024					
Cost	17,992	7,751	9,668	—	35,411
Accumulated amortization	(2,502)	(2,345)	(4,547)	—	(9,394)
Net carrying amount	<u>15,490</u>	<u>5,406</u>	<u>5,121</u>	<u>—</u>	<u>26,017</u>
Cost at 1 January 2024, net of accumulated amortization					
	15,490	5,406	5,121	—	26,017
Additions	189	—	1,505	14,337	16,031
Amortization provided during the year	(1,633)	(775)	(1,468)	—	(3,876)
At 31 December 2024, net of accumulated amortization	<u>14,046</u>	<u>4,631</u>	<u>5,158</u>	<u>14,337</u>	<u>38,172</u>
At 31 December 2024					
Cost	18,181	7,751	11,173	14,337	51,442
Accumulated amortization	(4,135)	(3,120)	(6,015)	—	(13,270)
Net carrying amount	<u>14,046</u>	<u>4,631</u>	<u>5,158</u>	<u>14,337</u>	<u>38,172</u>

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	Patent <i>RMB'000</i>	Proprietary technology <i>RMB'000</i>	Software <i>RMB'000</i>	Capitalised development costs <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2025					
At 1 January 2025					
Cost	18,181	7,751	11,173	14,337	51,442
Accumulated amortization	(4,135)	(3,120)	(6,015)	—	(13,270)
Net carrying amount	<u>14,046</u>	<u>4,631</u>	<u>5,158</u>	<u>14,337</u>	<u>38,172</u>
Cost at 1 January 2025, net of accumulated amortization					
	14,046	4,631	5,158	14,337	38,172
Additions	—	—	580	288,437	289,017
Disposals	(7,479)	—	—	—	(7,479)
Amortization provided during the year					
	(1,603)	(775)	(1,588)	—	(3,966)
At 31 December 2025, net of accumulated amortization	<u>4,964</u>	<u>3,856</u>	<u>4,150</u>	<u>302,774</u>	<u>315,744</u>
At 31 December 2025					
Cost	8,319	7,751	11,753	302,774	330,597
Accumulated amortization	(3,355)	(3,895)	(7,603)	—	(14,853)
Net carrying amount	<u>4,964</u>	<u>3,856</u>	<u>4,150</u>	<u>302,774</u>	<u>315,744</u>

The Company

	Patent <i>RMB'000</i>	Proprietary technology <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2023				
At 1 January 2023				
Cost	5,130	5,251	5,202	15,583
Accumulated amortization	(1,185)	(1,620)	(3,565)	(6,370)
Net carrying amount	<u>3,945</u>	<u>3,631</u>	<u>1,637</u>	<u>9,213</u>
Cost at 1 January 2023, net of accumulated amortization				
	3,945	3,631	1,637	9,213
Additions	—	500	301	801
Amortization provided during the year				
	(290)	(542)	(475)	(1,307)
At 31 December 2023, net of accumulated amortization	<u>3,655</u>	<u>3,589</u>	<u>1,463</u>	<u>8,707</u>
At 31 December 2023				
Cost	5,130	5,751	5,503	16,384
Accumulated amortization	(1,475)	(2,162)	(4,040)	(7,677)
Net carrying amount	<u>3,655</u>	<u>3,589</u>	<u>1,463</u>	<u>8,707</u>

	Patent <i>RMB'000</i>	Proprietary technology <i>RMB'000</i>	Software <i>RMB'000</i>	Capitalised development costs <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024					
At 1 January 2024					
Cost	5,130	5,751	5,503	—	16,384
Accumulated amortization	(1,475)	(2,162)	(4,040)	—	(7,677)
Net carrying amount	<u>3,655</u>	<u>3,589</u>	<u>1,463</u>	—	<u>8,707</u>
Cost at 1 January 2024, net of accumulated amortization					
	3,655	3,589	1,463	—	8,707
Additions	—	—	1,505	295	1,800
Amortization provided during the year					
	(290)	(575)	(675)	—	(1,540)
At 31 December 2024, net of accumulated amortization and impairment	<u>3,365</u>	<u>3,014</u>	<u>2,293</u>	<u>295</u>	<u>8,967</u>
At 31 December 2024					
Cost	5,130	5,751	7,008	295	18,184
Accumulated amortization	(1,765)	(2,737)	(4,715)	—	(9,217)
Net carrying amount	<u>3,365</u>	<u>3,014</u>	<u>2,293</u>	<u>295</u>	<u>8,967</u>

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	Patent <i>RMB'000</i>	Proprietary technology <i>RMB'000</i>	Software <i>RMB'000</i>	Capitalised development costs <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2025					
At 1 January 2025					
Cost	5,130	5,751	7,008	295	18,184
Accumulated amortization	(1,765)	(2,737)	(4,715)	—	(9,217)
Net carrying amount	<u>3,365</u>	<u>3,014</u>	<u>2,293</u>	<u>295</u>	<u>8,967</u>
Cost at 1 January 2025, net of accumulated amortization					
	3,365	3,014	2,293	295	8,967
Additions	—	—	279	4,888	5,167
Amortization provided during the year	(291)	(575)	(749)	—	(1,615)
At 31 December 2025, net of accumulated amortization and impairment	<u>3,074</u>	<u>2,439</u>	<u>1,823</u>	<u>5,183</u>	<u>12,519</u>
At 31 December 2024					
Cost	5,130	5,751	7,287	5,183	23,351
Accumulated amortization	(2,056)	(3,312)	(5,464)	—	(10,832)
Net carrying amount	<u>3,074</u>	<u>2,439</u>	<u>1,823</u>	<u>5,183</u>	<u>12,519</u>

Included in intangible assets, capitalised development costs not yet available for use and not subject to amortization were nil, RMB14,337,000 and RMB302,774,000 as at the end of each of the Relevant Periods.

The annual impairment test was performed for intangible assets not available for use to determine recoverable amounts based on a value in use calculation using the discounted cash flow model. The Group estimated the forecast period for each pharmaceutical products until estimated useful life. The estimated revenue of each product is based on management’s estimate of timing of commercialisation. The costs and operating expenses are estimated as a percentage over the revenue in the forecast period. The discount rates used are pre-tax and reflect specific risks relating to the relevant products that would be considered by market participants.

The table below sets forth the key assumptions used in the intangible assets’ impairment test, including the discount rate and expected average revenue growth rate of drug candidates in Phase III clinical trials, as of 31 December 2024 and 2025:

	31 December 2024 <i>RMB'000</i>	31 December 2025 <i>RMB'000</i>
Average revenue growth rate	53%–76%	53%–76%
Pre-tax discount rate	17.6%–17.7%	17.8%

The Group performs the sensitivity test by increasing 1% of pre-tax discount rate or decreasing 1% of average revenue growth rate, which are the key assumptions that determine the recoverable amount of the intangible assets, with all other variables held constant. The impacts on the amount by which the intangible assets’ recoverable amount above the carrying amount (headroom) are as below:

	31 December 2024 <i>RMB'000</i>	31 December 2025 <i>RMB'000</i>
Headroom	4,407,016	4,943,953
Impact by increasing pre-tax discount rate	(365,310)	(671,770)
Impact by decreasing average revenue growth rate	(444,479)	(537,078)

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of capitalized development costs to exceed the recoverable amount as at 31 December 2024 and 2025.

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ACCOUNTANTS’ REPORT

18. INVESTMENTS IN ASSOCIATES

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	40,294	35,847	44,797
Goodwill on acquisition	3,196	3,196	77,994
Total	<u>43,490</u>	<u>39,043</u>	<u>122,791</u>

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	28,603	26,444	26,323
Goodwill on acquisition	3,196	3,196	77,994
Total	<u>31,799</u>	<u>29,640</u>	<u>104,317</u>

The Group’s and the Company’s trade receivable balances due from the associates are disclosed in note 39 to the Historical Financial Information.

Particulars of the Group’s and the Company’s material associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shenzhen Oralead Pharma Ltd. (“Oralead Pharma”).	Ordinary shares	PRC/Chinese mainland	24.42%	Pharmaceutical research and development

Oralead Pharma, which is considered a material associate of the Group, is a strategic partner of the Group engaged in research and development of oral delivery technologies and drug pipelines.

In May 2024, the Group acquired 4.6948% equity interest in Oralead Pharma at a cash consideration of RMB10,000,000. The equity investment was irrevocably designated at FVTOCI as the Group considers this investment to be strategic in nature. In June 2025, the Group acquired additional 25.4716% equity interest in Oralead Pharma at a cash consideration of RMB86,590,000. As such, the Group has the power to appoint two out of five directors under the Articles of Association of Oralead Pharma and is able to exercise significant influence over Oralead Pharma since June 2025. In October 2025, Oralead Pharma introduced new investors. Upon completion of the transaction, the Group’s ownership in Oralead Pharma decreased to 24.42%. The Group is still able to exercise significant influence over Oralead Pharma.

The following table illustrates the summarised financial information in respect of Oralead Pharma adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	2025
	RMB'000
Current assets	56,643
Non-current assets	71,460
Current liabilities	13,844
Non-current liabilities	109,660
Net assets	<u>4,599</u>
Reconciliation to the Group’s interest in the associate:	
Proportion of the Group’s ownership	24.42%
Group’s share of net assets of the associate	1,123
Goodwill on acquisition	74,798
Carrying amount of the investment	<u>75,921</u>
Revenue	6,358
Losses for the period	(20,494)
Total comprehensive loss for the period	<u>(20,494)</u>

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The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

The Group

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Share of the associates’ losses and total comprehensive loss for the year	(13,605)	(9,162)	(6,649)
Aggregate carrying amounts of the Group’s investment in the associates	<u>43,490</u>	<u>39,043</u>	<u>46,870</u>

The Company

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Share of the associates’ losses and total comprehensive loss for the year	(3,839)	(2,159)	(1,244)
Aggregate carrying amounts of the Group’s investment in the associates	<u>31,799</u>	<u>29,640</u>	<u>28,396</u>

19. EQUITY INVESTMENTS DESIGNATED AT FVTOCI

The Group

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Equity investments designated at FVTOCI			
Unlisted equity investments, at fair value	<u>110,700</u>	<u>86,196</u>	<u>113,171</u>

The Company

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Equity investments designated at FVTOCI			
Unlisted equity investments, at fair value	110,700	86,196	113,171

The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

20. FINANCIAL ASSETS AT FVTPL

The Group

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current:			
Wealth management product	<u>50,617</u>	<u>—</u>	<u>—</u>
Non-current:			
Unlisted fund investments, at fair value	271,666	311,821	415,122
Unlisted equity investment, at fair value	—	—	20,000
Total	<u>271,666</u>	<u>311,821</u>	<u>435,122</u>

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The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current:			
Wealth management product	50,617	—	—
Non-current:			
Unlisted fund investments, at fair value	213,518	244,617	344,828
Unlisted equity investment, at fair value	—	—	20,000
Total	213,518	244,617	364,828

The above wealth management product is issued by a financial institution in Chinese mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

The fair values of the unlisted fund investments are based on the net asset values of the funds reported to the limited partners by the general partners at the end of each of the Relevant Periods.

The fair values of the unlisted equity investment is determined using the market approach (recent transaction method, in particular).

21. INVENTORIES

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	45,059	43,134	55,563
Work in progress	128,749	160,637	162,109
Finished goods	170,820	160,844	146,581
Total	344,628	364,615	364,253

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	6,761	673	513
Work in progress	14,045	11,475	5,142
Finished goods	41,433	37,320	12,626
Total	62,239	49,468	18,281

22. TRADE AND BILLS RECEIVABLES

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	308,064	364,431	368,437
Bills receivables at amortised cost	2,365	1,402	200
Bills receivables at FVTOCI	23,532	10,326	13,378
Impairment	(25,086)	(36,655)	(52,014)
Total	308,875	339,504	330,001

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	180,804	239,861	165,183
Bills receivables at amortised cost	250	85	—
Bills receivables at FVTOCI	3,738	7,144	2,070
Impairment	(16,864)	(25,871)	(18,050)
Total	167,928	221,219	149,203

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The Group’s trading terms with its customers are on credit, except for certain customers, where payment in advance is normally required. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at the end of each of the Relevant Periods, the Group’s trade receivables of nil, RMB26,019,000 and RMB43,000,000, respectively, were pledged as collateral for the Group’s bank and other borrowings. Trade and bills receivables are non-interest-bearing.

The Group’s bills receivables were bank acceptance bills aged within six months. Bills receivables are subject to impairment under the simplified approach, and the impact is considered to be minimal.

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

The Group

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	294,007	330,478	305,208
1 to 2 years	9,607	4,909	22,806
2 to 3 years	5,261	4,117	1,987
Total	<u>308,875</u>	<u>339,504</u>	<u>330,001</u>

The Company

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	156,073	217,292	148,112
1 to 2 years	8,583	379	940
2 to 3 years	3,272	3,548	151
Total	<u>167,928</u>	<u>221,219</u>	<u>149,203</u>

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

The Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year	24,185	25,086	36,655
Impairment losses, net.	901	11,569	19,687
Amount written off as uncollectible	—	—	(4,328)
At end of year	<u>25,086</u>	<u>36,655</u>	<u>52,014</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year	19,556	16,864	25,871
Impairment losses, net.	(2,692)	9,007	(3,493)
Amount written off as uncollectible	—	—	(4,328)
At end of year	<u>16,864</u>	<u>25,871</u>	<u>18,050</u>

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of receivables of the customers. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

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Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

The Group

At 31 December 2023:

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	8.14%
Gross carrying amount (RMB’000)	282,221	10,675	10,521	4,647	308,064
Expected credit losses (RMB’000)	14,111	1,068	5,260	4,647	25,086

At 31 December 2024:

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	10.06%
Gross carrying amount (RMB’000)	335,527	5,454	8,234	15,216	364,431
Expected credit losses (RMB’000)	16,777	545	4,117	15,216	36,655

At 31 December 2025:

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	3.16%	49.83%	63.28%	100.00%	14.12%
Gross carrying amount (RMB’000)	301,147	45,458	5,412	16,420	368,437
Expected credit losses (RMB’000)	9,517	22,652	3,425	16,420	52,014

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

The Company

At 31 December 2023:

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	9.33%
Gross carrying amount (RMB’000)	160,089	9,537	6,544	4,634	180,804
Expected credit losses (RMB’000)	8,004	954	3,272	4,634	16,864

At 31 December 2024:

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	10.79%
Gross carrying amount (RMB’000)	221,119	421	7,096	11,225	239,861
Expected credit losses (RMB’000)	11,056	42	3,548	11,225	25,871

At 31 December 2025:

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	3.16%	49.83%	63.28%	100.00%	10.93%
Gross carrying amount (RMB’000)	150,808	1,873	412	12,090	165,183
Expected credit losses (RMB’000)	4,766	933	261	12,090	18,050

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Transferred financial assets that are not derecognised in their entirety

The Group

As at the end of each of the Relevant Periods, the Group’s bills receivable amounted to RMB566,000, RMB745,000 and RMB200,000, respectively, were endorsed to certain suppliers for settlement of trade payables and other payables. If the bills are not paid on maturity, the suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivable to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivable and has recognised the payables from the endorsement of the bills with full recourse.

The Company

As at the end of each of the Relevant Periods, the Company’s bills receivable amounted to RMB250,000, nil and nil, respectively, were endorsed to certain suppliers for settlement of trade payables and other payables. If the bills are not paid on maturity, the suppliers have the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to the bills receivable to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivable and has recognised the payables from the endorsement of the bills with full recourse.

Transferred financial assets that are derecognised in their entirety

The Group

As at the end of each of the Relevant Periods, the Group had derecognised bills receivable endorsed to certain suppliers on a full recourse basis amounting to RMB137,412,000, RMB115,684,000 and RMB137,845,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings. Therefore, the directors of the Group considered that the substantial risk in relation to these bills was interest risk as the credit risk arising from these bills was minimal. The Group had transferred substantially all the risks of these bills to relevant banks or suppliers. As a result, the relevant assets and liabilities were derecognised on the consolidated statements of financial position.

The Company

As at the end of each of the Relevant Periods, the Company had derecognised bills receivable endorsed to certain suppliers on a full recourse basis amounting to RMB25,756,000, RMB17,595,000 and RMB33,176,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings. Therefore, the directors of the Company considered the substantial risk in relation to these bills was interest risk as the credit risk arising from these bills was minimal. The Company had transferred substantially all the risks of these bills to relevant banks or suppliers. As a result, the relevant assets and liabilities were derecognised on the statements of financial position of the Company.

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current:			
Prepayments	53,725	112,599	66,497
Deferred [REDACTED]	—	—	21,032
Tax recoverable	59,157	56,374	38,685
Deposits	4,773	4,628	5,796
Other receivables	822	1,003	893
Impairment allowance	(2,151)	(4,145)	(4,733)
Total	<u>116,326</u>	<u>170,459</u>	<u>128,170</u>
Non-current:			
Prepayments for property, plant and equipment	38,109	16,462	15,777
Prepayments for equity investments	3,529	—	—
Intention payments for the purchase of non-controlling interests in a subsidiary	—	80,000	—
Deposits	—	2,100	7,100
Tax recoverable	—	—	19,958
Total	<u>41,638</u>	<u>98,562</u>	<u>42,835</u>

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The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current:			
Prepayments	28,050	5,828	15,451
Deferred [REDACTED]	—	—	21,032
Tax recoverable	19,342	10,803	9,877
Deposits	6,632	8,328	4,112
Other receivables	583	823	730
Impairment allowance	(1,855)	(3,382)	(3,444)
Total	<u>52,752</u>	<u>22,400</u>	<u>47,758</u>
Non-current:			
Prepayments for property, plant and equipment	33,593	8,060	8,669
Intention payments for the purchase of non-controlling interests in a subsidiary	—	80,000	—
Total	<u>33,593</u>	<u>88,060</u>	<u>8,669</u>

The balances of other receivables as at the end of each of the Relevant Periods, were unsecured, interest-free and repayable on demand.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	971,041	754,102	955,063
Pledged deposits	27,005	11,251	6,001
Total	<u>998,046</u>	<u>765,353</u>	<u>961,064</u>
Less:			
Pledged deposits for bills payable	(12,005)	(11,251)	(6,001)
Pledged deposits for letters of credit	(15,000)	—	—
Cash and cash equivalents	<u>971,041</u>	<u>754,102</u>	<u>955,063</u>
Denominated in			
RMB	851,521	618,136	886,448
USD	128,518	117,586	48,562
Others	18,007	29,631	26,054
Total	<u>998,046</u>	<u>765,353</u>	<u>961,064</u>

The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	688,818	399,784	525,138
Pledged deposits	16,501	11,251	1
Total	<u>705,319</u>	<u>411,035</u>	<u>525,139</u>
Less:			
Pledged deposits for bills payable	(1,501)	(11,251)	(1)
Pledged deposits for letters of credit	(15,000)	—	—
Cash and cash equivalents	<u>688,818</u>	<u>399,784</u>	<u>525,138</u>
Denominated in			
RMB	560,479	265,239	452,028
USD	127,174	116,514	47,429
Others	17,666	29,282	25,682
Total	<u>705,319</u>	<u>411,035</u>	<u>525,139</u>

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

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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 short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE AND BILLS PAYABLES

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

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	138,973	187,998	125,122
1 to 2 years	2,719	477	91
2 to 3 years	232	688	45
Over 3 years	237	462	438
Total	<u>142,161</u>	<u>189,625</u>	<u>125,696</u>

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	24,534	61,457	8,937
1 to 2 years	1,502	28	50
2 to 3 years	66	97	5
Over 3 years	203	257	354
Total	<u>26,305</u>	<u>61,839</u>	<u>9,346</u>

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

26. OTHER PAYABLES AND ACCRUALS/OTHER LONG-TERM PAYABLES

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Payroll payable	49,127	51,809	56,171
Other payables	27,372	23,538	29,005
Other tax payables	3,855	9,969	11,618
Payables relating to purchases of items of property, plant and equipment	86,016	76,378	57,037
Payables related to sale and leaseback arrangements*	—	6,719	61,273
Payables related to factoring	—	—	15,840
Accrued [REDACTED]	—	—	2,101
Total-current	<u>166,370</u>	<u>168,413</u>	<u>233,045</u>
Non-current			
Payables related to sale and leaseback arrangements*	—	14,389	101,808
Payables related to factoring	—	—	12,456
Total-non-current	<u>—</u>	<u>14,389</u>	<u>114,264</u>

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	31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
Payroll payable	19,308	21,595	20,843
Other payables	7,546	5,721	4,897
Other tax payables	452	491	1,070
Payables relating to purchases of items of property, plant and equipment	28,588	16,013	18,117
Payables related to sale and leaseback arrangements*	—	—	37,656
Accrued [REDACTED]	—	—	2,101
Total-current	<u>55,894</u>	<u>43,820</u>	<u>84,684</u>
Non-current			
Payables related to sale and leaseback arrangements*	—	—	64,788
Total-non-current	<u>—</u>	<u>—</u>	<u>64,788</u>

Other payables, except for payables related to sale and leaseback arrangements and payables related to factoring, are non-interest-bearing and repayable on demand.

* To better manage the Group’s capital structure and financing needs, the Group entered into sale and leaseback arrangements in relation to machinery leases. These legal transfers do not satisfy the requirements of IFRS 15 to be accounted for as a sale of the machinery. During the Relevant Periods, the Group raised nil, RMB21,000,000 and RMB170,000,000 financing in respect of such sale and leaseback arrangements, and paid nil, RMB2,100,000 and RMB2,000,000 deposits, respectively.

27. INTEREST-BEARING BANK BORROWINGS

The Group

	31 December 2023		
	Effective interest rate (%)	Maturity	RMB’000
Current			
Bank loans — unsecured	3.45	2024	10,000
Bank loans — unsecured	One-year LPR-75bps to one-year LPR-10bps	2024	65,000
Bank loans — guaranteed (notes (a)&(b))	One-year LPR + 20bps to one-year LPR + 30bps	2024	81,874
Current portion of long-term bank loans — unsecured	3.85	2024	65,000
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2024	59,996
Current portion of long-term bank loans — guaranteed (notes (a)&(b))	One-year LPR + 5bps to one-year LPR + 80bps	2024	39,364
Current portion of long-term bank loans — secured and guaranteed (notes (a)&(c))	One-year LPR-45bps to one-year LPR + 105bps	2024	233,569
Total — current			<u>554,803</u>
Non-current			
Bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2025–2026	146,495
Bank loans — guaranteed (notes (a)&(b))	One-year LPR + 15bps to one-year LPR + 80bps	2025–2026	286,978
Bank loans — secured and guaranteed (notes (a)&(c))	One-year LPR-45bps to 2.35 + six-month secured overnight financing rate ("SOFR")	2025–2029	751,185
Total — non-current			<u>1,184,658</u>
Total			<u>1,739,461</u>

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31 December 2024			
	Effective interest rate (%)	Maturity	RMB’000
Current			
Bank loans — unsecured	3.45	2025	10,000
Bank loans — unsecured	One-year LPR-25bps	2025	20,000
Bank loans — guaranteed (<i>note (b)</i>)	2.70–3.20	2025	4,170
Bank loans — guaranteed (<i>notes (a)&(b)</i>)	One-year LPR-45bps to one-year LPR-10bps	2025	55,075
Bank loans — secured (<i>note (c)</i>)	2.90	2025	26,019
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2025	105,556
Current portion of long-term bank loans — guaranteed (<i>notes (a)&(b)</i>)	One-year LPR-25bps to one-year LPR + 80bps	2025	212,264
Current portion of long-term bank loans — secured and guaranteed (<i>notes (a)&(c)</i>)	One-year LPR-20bps to one-year LPR + 105bps	2025	199,136
Total — current			<u>632,220</u>
Non-current			
Bank loans — unsecured	One-year LPR-35bps to one-year LPR + 45bps	2026–2029	234,288
Bank loans — guaranteed (<i>notes (a)&(b)</i>)	One-year LPR-50bps to one-year LPR + 65bps	2026–2027	412,846
Bank loans — secured and guaranteed (<i>notes (a)&(c)</i>)	One-year LPR-20bps to 2.35 + six-month SOFR	2026–2029	462,799
Total — non-current			<u>1,109,933</u>
Total			<u>1,742,153</u>
31 December 2025			
	Effective interest rate (%)	Maturity	RMB’000
Current			
Bank loans — unsecured	One-year LPR-50bps to one-year LPR-30bps	2026	30,000
Bank loans — guaranteed (<i>note (b)</i>)	3.20	2026	10,040
Bank loans — guaranteed (<i>notes (a)&(b)</i>)	One-year LPR-20bps to one-year LPR + 8bps	2026	60,068
Bank loans — secured (<i>note (c)</i>)	2.70	2026	10,000
Current portion of long-term bank loans — unsecured	3.10	2026	400
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2026	124,768
Current portion of long-term bank loans — unsecured	Five-year LPR-65bps to five-year LPR-20bps	2026	17,220
Current portion of long-term bank loans — guaranteed (<i>notes (a)&(b)</i>)	One-year LPR-50bps to one-year LPR + 90bps	2026	307,246
Current portion of long-term bank loans — secured and guaranteed (<i>notes (a)&(c)</i>)	One-year LPR-30bps to one-year LPR + 105bps	2026	309,627
Total — current			<u>869,369</u>
Non-current			
Bank loans — unsecured	3.10	2027	19,200
Bank loans — unsecured	One-year LPR-15bps to one-year LPR + 30bps	2027–2029	135,605
Bank loans — unsecured	Five-year LPR-65bps to five-year LPR-20bps	2027–2029	100,070
Bank loans — guaranteed (<i>notes (a)&(b)</i>)	One-year LPR-30bps to one-year LPR + 90bps	2027–2028	237,270
Bank loans — secured and guaranteed (<i>notes (a)&(c)</i>)	One-year LPR-20bps to 2.35 + six-month SOFR	2027–2030	225,888
Total — non-current			<u>718,033</u>
Total			<u>1,587,402</u>

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	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans:			
Within one year or on demand	554,803	632,220	869,369
In the second year	579,579	695,362	497,465
In the third to fifth years, inclusive.	561,550	414,571	220,568
Beyond five years	43,529	—	—
Total	<u>1,739,461</u>	<u>1,742,153</u>	<u>1,587,402</u>
Analysed into:			
Fixed interest rate.	75,000	40,189	39,640
Variable interest rate.	1,664,461	1,701,964	1,547,762
Total	<u>1,739,461</u>	<u>1,742,153</u>	<u>1,587,402</u>

The Company

	31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	3.45	2024	10,000
Bank loans — unsecured	One-year LPR-75bps to one-year LPR-10bps	2024	65,000
Bank loans — guaranteed (<i>note (b)</i>)	One-year LPR + 25bps	2024	57,346
Current portion of long-term bank loans — unsecured	3.85	2024	65,000
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2024	59,996
Current portion of long-term bank loans — guaranteed (<i>note (b)</i>)	One-year LPR + 5bps to one-year LPR + 80bps	2024	23,196
Current portion of long-term bank loans — secured and guaranteed (<i>note (c)</i>)	One-year LPR-45bps to one-year LPR + 10bps	2024	155,000
Total — current			<u>435,538</u>
Non-current			
Bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2025–2026	146,495
Bank loans — guaranteed (<i>note (b)</i>)	One-year LPR + 15bps to one-year LPR + 80bps	2025–2026	235,301
Bank loans — secured and guaranteed (<i>notes (a)&(c)</i>)	One-year LPR-45bps to 2.35 + six-month SOFR	2025–2029	474,868
Total — non-current			<u>856,664</u>
Total			<u>1,292,202</u>

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31 December 2024			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	3.45	2025	10,000
Bank loans — unsecured	One-year LPR-25bps	2025	20,000
Bank loans — guaranteed (<i>note (b)</i>)	2.70–3.20	2025	4,170
Bank loans — guaranteed (<i>note (b)</i>)	One-year LPR-45bps to One-year LPR-10bps	2025	30,054
Bank loans — secured (<i>note (c)</i>)	2.90	2025	16,019
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2025	105,556
Current portion of long-term bank loans — guaranteed (<i>note (b)</i>)	One-year LPR-25bps to one-year LPR + 80bps	2025	162,831
Current portion of long-term bank loans — secured and guaranteed (<i>note (c)</i>)	One-year LPR-20bps to one-year LPR + 10bps	2025	110,000
Total — current			<u>458,630</u>
Non-current			
Bank loans — unsecured	One-year LPR-35bps to one-year LPR + 45bps	2026–2029	234,288
Bank loans — guaranteed (<i>note (b)</i>)	One-year LPR-25bps to one-year LPR + 65bps	2026–2027	223,901
Bank loans — secured and guaranteed (<i>notes(a)&(c)</i>)	One-year LPR-20bps to 2.35 + six-month SOFR	2026–2029	273,182
Total — non-current			<u>731,371</u>
Total			<u>1,190,001</u>

31 December 2025			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	One-year LPR-50bps to one-year LPR-30bps	2026	30,000
Bank loans — guaranteed (<i>note (b)</i>)	3.20	2026	10,040
Bank loans — guaranteed (<i>note (b)</i>)	One-year LPR-20bps to one-year LPR + 8bps	2026	10,027
Current portion of long-term bank loans — unsecured	3.10	2026	400
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2026	124,768
Current portion of long-term bank loans — unsecured	Five-year LPR-65bps to five-year LPR-20bps	2026	17,220
Current portion of long-term bank loans — guaranteed (<i>note (b)</i>)	One-year LPR-25bps to one-year LPR + 90bps	2026	131,335
Current portion of long-term bank loans — secured and guaranteed (<i>note (c)</i>)	One-year LPR-20bps	2026	110,000
Total — current			<u>433,790</u>
Non-current			
Bank loans — unsecured	3.10	2027	19,200
Bank loans — unsecured	One-year LPR-15bps to one-year LPR + 30bps	2027–2029	135,605
Bank loans — unsecured	Five-year LPR-65bps to five-year LPR-20bps	2027–2029	100,070
Bank loans — guaranteed (<i>note (b)</i>)	One-year LPR-25bps to one-year LPR + 90bps	2027–2028	158,920
Bank loans — secured and guaranteed (<i>notes(a)&(c)</i>)	One-year LPR-20bps to 2.35 + six-month SOFR	2027–2030	205,560
Total — non-current			<u>619,355</u>
Total			<u>1,053,145</u>

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	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year or on demand.	435,538	458,630	433,790
In the second year	457,834	348,699	427,115
In the third to fifth years, inclusive.	355,301	382,672	192,240
Beyond five years	43,529	—	—
Total	<u>1,292,202</u>	<u>1,190,001</u>	<u>1,053,145</u>
Analysed into:			
Fixed interest rate.	75,000	30,189	29,640
Variable interest rate.	1,217,202	1,159,812	1,023,505
Total	<u>1,292,202</u>	<u>1,190,001</u>	<u>1,053,145</u>

Notes:

- (a) As at the end of each of the Relevant Periods, the Group’s bank borrowings amounting to RMB417,387,000, RMB481,253,000 and RMB500,655,000, respectively, were guaranteed by the Company.
- (b) Certain loans were guaranteed by the directors of the Company. Refer to note 39 for details.
- (c) Details of the assets of the Group as at the end of each of the Relevant Periods that have been pledged as collateral to secure the bank borrowings are set out in notes 14, 16 and 22.
- (d) Certain bank borrowings are subjected to loan covenants. The Group and the Company are in complying with these covenants as at the end of each of the Relevant Periods.

28. CONTRACT LIABILITIES

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Advances received from customers			
Product sales	16,762	13,136	20,642
Research and development services.	7,241	14,883	4,918
Total	<u>24,003</u>	<u>28,019</u>	<u>25,560</u>
Non-current			
Advances received from customers			
Research and development services.	—	—	10,141
Licensing revenue	—	—	80,189
Total	<u>—</u>	<u>—</u>	<u>90,330</u>

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Advances received from customers			
Product sales	7,402	6,233	6,696
Research and development services.	200	2,087	2,689
Total	<u>7,602</u>	<u>8,320</u>	<u>9,385</u>
Non-current			
Advances received from customers			
Licensing revenue	—	—	80,189

29. CONVERTIBLE BONDS

On 4 January 2022, the Company issued convertible bonds with a nominal value of RMB465,000,000 (the “Convertible Bonds”). The Convertible Bonds have an original term of six years from 4 January 2022 to 3 January 2028, and the bear interest at rates ranging from 0.04% to 3.00% per annum, which is payable yearly in arrears in January. The holders of the Convertible Bond may exercise their rights to convert the Convertible Bonds into the Company’s ordinary shares at the stipulated conversion price. Any Convertible Bonds not converted will be redeemed within five transaction days after the maturity of the Convertible Bonds at a price of RMB1.15 per RMB1 bond (including interest of the last period).

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The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders’ equity.

The convertible bonds issued have been split into the liability and equity components as follows:

The Group and the Company

	<u>Carrying amount</u> <i>RMB’000</i>
Liability component at 1 January 2023	405,830
Conversion.	(46)
Interests capitalised.	26,337
Interest paid.	(1,860)
Liability component at 31 December 2023 and 1 January 2024	<u>430,261</u>
Conversion.	(3)
Interests capitalised.	27,876
Interest paid.	(2,790)
Liability component at 31 December 2024 and 1 January 2025	<u>455,344</u>
Conversion.	(22,463)
Interests capitalised.	34,569
Interest paid.	(4,649)
Liability component at 31 December 2025	<u>462,801</u>

30. BONDS PAYABLE

On 17 October 2025, the Company issued a sci-tech innovation bond with a nominal value of RMB200,000,000 (the “Sci-tech Innovation Bond”) on the China Interbank Bond Market. The Sci-tech Innovation Bond has an original term of three years from 21 October 2025 to 21 October 2028, and the bear interest at rates ranging 3.19% per annum, which is payable yearly in arrears in October.

The Group and the Company

	<u>Carrying amount</u> <i>RMB’000</i>
Nominal value of bonds issued during the year	200,000
As at 1 January 2025	—
Addition	193,510
Interest expense	1,667
As at 31 December 2025	<u>195,177</u>

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31 DEFERRED TAX

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

Deferred tax assets

The Group

	Impairment provision for non-financial assets	Impairment allowance for receivables	Tax losses	Deferred income	Fair value losses on financial instruments at FVTPL	Lease liabilities	Contract liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 and 1 January 2023	2,744	3,628	13,550	3,900	132	1,102	—	25,056
Credited to profit or loss during the year (note 11)	1,294	172	12,390	4,361	203	4,022	—	22,442
At 31 December 2023 and 1 January 2024	4,038	3,800	25,940	8,261	335	5,124	—	47,498
Credited/(Charged) to profit or loss during the year (note 11)	2,335	1,443	22,875	4,296	224	(1,892)	—	29,281
At 31 December 2024 and 1 January 2025	6,373	5,243	48,815	12,557	559	3,232	—	76,779
Credited/(Charged) to profit or loss during the year (note 11)	2,455	706	15,709	3,407	(475)	(678)	12,028	33,152
At 31 December 2025	8,828	5,949	64,524	15,964	84	2,554	12,028	109,931

The Group has tax losses arising in Chinese mainland of RMB118,102,000 and RMB215,106,000 and RMB251,887,000 at end of the each of the Relevant Periods that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have mainly arisen in the certain subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

	Impairment provision for non-financial assets	Impairment allowance for receivables	Deferred income	Fair value losses on financial instruments at FVTPL	Lease liabilities	Contract liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 and 1 January 2023	2,319	2,933	2,400	132	24	—	7,808
Credited/(Charged) to profit or loss during the year	(728)	(403)	1,065	203	1,369	—	1,506
At 31 December 2023 and 1 January 2024	1,591	2,530	3,465	335	1,393	—	9,314
Credited/(Charged) to profit or loss during the year	1,091	1,351	1,093	225	(667)	—	3,093
At 31 December 2024 and 1 January 2025	2,682	3,881	4,558	560	726	—	12,407
Credited/(Charged) to profit or loss during the year	261	(1,174)	4,240	(476)	544	12,028	15,423
At 31 December 2025	2,943	2,707	8,798	84	1,270	12,028	27,830

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Deferred tax liabilities

The Group

	Fair value adjustments arising from financial assets at FVTPL <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Convertible bonds <i>RMB'000</i>	Bonds payable <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	18	1,102	11,347	—	12,467
Charged to profit or loss during the year (<i>note 11</i>) . . .	75	4,022	—	—	4,097
Credited to equity	—	—	(1)	—	(1)
At 31 December 2023 and 1 January 2024	93	5,124	11,346	—	16,563
Credited to profit or loss during the year (<i>note 11</i>)	(93)	(1,892)	—	—	(1,985)
At 31 December 2024 and 1 January 2025	—	3,232	11,346	—	14,578
Charged/(credited) to profit or loss during the year (<i>note 11</i>)	981	(678)	—	912	1,215
Credited to equity	—	—	(541)	—	(541)
At 31 December 2025	981	2,554	10,805	912	15,252

The Company

	Fair value adjustments arising from financial assets at FVTPL <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Convertible bonds <i>RMB'000</i>	Bonds payable <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	18	23	11,347	—	11,388
Charged to profit or loss during the year	75	1,370	—	—	1,445
Credited to equity	—	—	(1)	—	(1)
At 31 December 2023 and 1 January 2024	93	1,393	11,346	—	12,832
Credited to profit or loss during the year	(93)	(668)	—	—	(761)
At 31 December 2024 and 1 January 2025	—	725	11,346	—	12,071
Charged to profit or loss during the year	981	545	—	912	2,438
Credited to equity	—	—	(541)	—	(541)
At 31 December 2025	981	1,270	10,805	912	13,968

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

The Group

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	47,498	76,779	109,931
Offsetting amounts	(13,045)	(14,578)	(15,252)
Net deferred tax assets recognised in the consolidated statements of financial position	<u>34,453</u>	<u>62,201</u>	<u>94,679</u>
Deferred tax liabilities	16,563	14,578	15,252
Offsetting amounts	(13,045)	(14,578)	(15,252)
Net deferred tax liabilities recognised in the consolidated statements of financial position	<u>3,518</u>	<u>—</u>	<u>—</u>

The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	9,314	12,407	27,830
Offsetting amounts	(9,314)	(12,071)	(13,968)
Net deferred tax assets recognised in the consolidated statements of financial position	<u>—</u>	<u>336</u>	<u>13,862</u>
Deferred tax liabilities	12,832	12,071	13,968
Offsetting amounts	(9,314)	(12,071)	(13,968)
Net deferred tax liabilities recognised in the consolidated statements of financial position	<u>3,518</u>	<u>—</u>	<u>—</u>

32. DEFERRED INCOME

The Group

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	<u>56,070</u>	<u>84,710</u>	<u>107,547</u>

The Company

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	<u>23,100</u>	<u>30,389</u>	<u>58,650</u>

The Group’s deferred income mainly represents government grants related to long-term assets in production and research and development facilities.

32. SHARE CAPITAL

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Issued and fully paid:			
2023: 422,466,533,			
2024: 422,466,646,			
2025: 423,103,851 ordinary shares of RMB1.00 each . .	<u>422,467</u>	<u>422,467</u>	<u>423,104</u>

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

	<u>Number of shares</u>	<u>Nominal value of shares</u> <i>RMB'000</i>
At 31 December 2022 and 1 January 2023	422,465,078	422,465
Conversion into ordinary shares (<i>note (a)</i>)	1,455	2
At 31 December 2023 and 1 January 2024	422,466,533	422,467
Conversion into ordinary shares (<i>note (a)</i>)	113	—*
At 31 December 2024 and 1 January 2025	422,466,646	422,467
Conversion into ordinary shares (<i>note (a)</i>)	637,205	637
At 31 December 2025	423,103,851	423,104

* The amounts are less than RMB1,000.

Note:

- (a) In 2023, 510 convertible bonds were converted into 1,455 ordinary shares.
In 2024, 40 convertible bonds were converted into 113 ordinary shares.
In 2025, 221,690 convertible bonds were converted into 637,205 ordinary shares.

34. TREASURY SHARES

A summary of movements in the Company’s treasury shares is as follows:

	<u>Number of shares</u>	<u>Treasury shares</u> <i>RMB'000</i>
At 31 December 2023 and 1 January 2024	—	—
A shares repurchased	363,461	10,010
At 31 December 2024 and 1 January 2025	363,461	10,010
A shares repurchased	196,871	10,041
At 31 December 2025	560,332	20,051

Pursuant to the resolution of the board dated 6 February 2024, the Company repurchased 363,461 shares through public centralised trading on Shanghai Stock Exchange at a total consideration of RMB10,010,000 in March and April 2024.

Pursuant to the resolution of the board dated 26 September 2025, the Company repurchased 196,871 shares through public centralised trading on Shanghai Stock Exchange at a total consideration of RMB10,041,000 in October, November and December 2025.

35. EQUITY-SETTLED SHARE AWARD EXPENSE

2021 A Share Incentive Plan

Pursuant to the 2021 A Share incentive plan approved at the extraordinary general meeting on 8 February 2021 (the “2021 A Share Incentive Plan”), 2,000,000 shares of the Company were granted to certain eligible participants with an exercise price of RMB33.0 per share. According to the Company’s performance appraisal and individual performance appraisal, 30%, 30% and 40% of shares will be vested in 12 months, 24 months and 36 months from the grant date, respectively. During the Relevant Periods, 746,400, nil and nil share awards were forfeited. During the Relevant Periods, no share was lapsed.

Chongqing Qiantai Restricted Share Awards

Pursuant to the capital increase agreement entered into in January 2025 by Chongqing Qiantai Medicine Research Institute Co., Ltd. (“Chongqing Qiantai”), a subsidiary of the Group, equity interests of RMB751,880 in Chongqing Qiantai were granted to certain employees of Chongqing Qiantai through the Chongqing Qianjin Enterprise Management Partnership (Limited Partnership) at a consideration of RMB7,500,000. The fair value of the share award granted is measured at the grant date at the market value of the share awards and is determined using the market approach (recent transaction method, in particular).

The Group reversed share-based compensation expenses of RMB4,603,000 during the year ended 31 December 2023, while recognised share-based compensation expenses of nil and RMB6,272,000 for the years ended 31 December 2024 and 2025, respectively.

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36. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Share premium

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

Surplus reserve

In accordance with the Company Law of the People’s Republic of China, the companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies’ registered capital. Subject to approval from the relevant PRC authorities, the statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory surplus reserve is not available for dividend distribution to the shareholders of the PRC subsidiaries.

Fair value reserve

The fair value reserve represents the fair value change of equity investment designated at FVTOCI and bills receivables at FVTOCI.

Other reserve

Reserve arising from exchange fluctuation reserve, capital injection into a subsidiary by the non-controlling shareholders, acquisition of additional interest in subsidiaries from non-controlling interests, changes in equity of associates and the equity-settled share awards, details of which are set out in note 35 to the Historical Financial Information.

The Company

	Share premium	Other equity instruments	Other reserve	Fair value reserve	Statutory surplus reserve	Retained profits	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023	908,366	64,302	20,843	(52,047)	58,502	407,131	1,407,097
Profit for the year	—	—	—	—	—	87,179	87,179
Changes in fair value of equity investments designated at FVTOCI	—	—	—	(8,487)	—	—	(8,487)
Convertible bonds converted into shares	53	(9)	—	—	—	—	44
Deferred tax on convertible bonds	—	1	—	—	—	—	1
Equity-settled share award expense	—	—	(4,603)	—	—	—	(4,603)
Appropriation to statutory surplus reserve	—	—	—	—	8,718	(8,718)	—
2022 dividend declared	—	—	—	—	—	(48,161)	(48,161)
Impact of disposal of interests in an associate	—	—	3,721	—	—	—	3,721
At 31 December 2023 and at 1 January 2024	908,419	64,294	19,961	(60,534)	67,220	437,431	1,436,791
Profit for the year	—	—	—	—	—	182,453	182,453
Changes in fair value of equity investments designated at FVTOCI	—	—	—	(34,503)	—	—	(34,503)
Convertible bonds converted into shares	4	(1)	—	—	—	—	3
Deferred tax on convertible bonds	—	*	—	—	—	—	*
Appropriation to statutory surplus reserve	—	—	—	—	18,245	(18,245)	—
2023 dividend declared	—	—	—	—	—	(40,522)	(40,522)
At 31 December 2024 and at 1 January 2025	908,423	64,293	19,961	(95,037)	85,465	561,117	1,544,222

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	Share premium	Other equity instruments	Other reserve	Fair value reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year	—	—	—	—	—	125,062	125,062
Changes in fair value of equity investments designated at FVTOCI	—	—	—	42,935	—	—	42,935
Convertible bonds converted into shares	25,432	(3,606)	—	—	—	—	21,826
Deferred tax on convertible bonds	—	541	—	—	—	—	541
Appropriation to statutory surplus reserve	—	—	—	—	12,506	(12,506)	—
2024 dividend declared	—	—	—	—	—	(40,551)	(40,551)
Transfer of fair value reserve upon the transfer of equity investments at FVTOCI	—	—	—	(5,960)	596	5,364	—
Impact of dilution of interests in an associate	—	—	(20,663)	—	—	—	(20,663)
At 31 December 2025	<u>933,855</u>	<u>61,228</u>	<u>(702)</u>	<u>(58,062)</u>	<u>98,567</u>	<u>638,486</u>	<u>1,673,372</u>

* The amounts are less than RMB1,000.

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB37,927,000, RMB1,512,000 and RMB10,036,000, respectively, in respect of lease arrangements for plant and office premises.

During the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the other payables relating to purchases of items of property, plant and equipment with carrying amounts in aggregate of approximately RMB57,832,000, RMB45,606,000 and RMB42,077,000.

(b) Changes in liabilities arising from financing activities

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

	Interest-bearing bank borrowings	Lease liabilities	Long term payable	Convertible bonds	Bonds and issue costs payable	Dividends payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,608,472	7,347	—	405,830	—	—	2,021,649
Changes from financing cash flows	53,152	(9,520)	—	(1,860)	—	(48,161)	(6,389)
Conversion of convertible bonds	—	—	—	(46)	—	—	(46)
New leases	—	37,927	—	—	—	—	37,927
Interest expense	43,066	1,358	—	—	—	—	44,424
Interest capitalised	30,794	—	—	26,337	—	—	57,131
Exchange differences	3,977	—	—	—	—	—	3,977
Dividends declared	—	—	—	—	—	48,161	48,161
At 31 December 2023 and 1 January 2024	<u>1,739,461</u>	<u>37,112</u>	<u>—</u>	<u>430,261</u>	<u>—</u>	<u>—</u>	<u>2,206,834</u>
Changes from financing cash flows	(77,055)	(15,998)	21,000	(2,790)	—	(40,522)	(115,365)
Conversion of convertible bonds	—	—	—	(3)	—	—	(3)
New leases	—	1,512	—	—	—	—	1,512
Interest expense	51,054	1,273	108	—	—	—	52,435
Interest capitalised	28,857	—	—	27,876	—	—	56,733
Exchange differences	(164)	—	—	—	—	—	(164)
Dividends declared	—	—	—	—	—	40,522	40,522
At 31 December 2024 and 1 January 2025	<u>1,742,153</u>	<u>23,899</u>	<u>21,108</u>	<u>455,344</u>	<u>—</u>	<u>—</u>	<u>2,242,504</u>

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	Interest-bearing bank borrowings	Lease liabilities	Long term payable	Convertible bonds	Bonds and issue costs payable	Dividends payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Changes from financing cash flows	(226,537)	(15,712)	169,637	(4,649)	194,443	(40,551)	76,631
Conversion of convertible bonds	—	—	—	(22,463)	—	—	(22,463)
New leases	—	10,036	—	—	—	—	10,036
Interest expense	59,842	816	632	—	1,667	—	62,957
Interest capitalised	11,944	—	—	34,569	—	—	46,513
Dividends declared	—	—	—	—	—	40,551	40,551
At 31 December 2025	<u>1,587,402</u>	<u>19,039</u>	<u>191,377</u>	<u>462,801</u>	<u>196,110</u>	<u>—</u>	<u>2,456,730</u>

(c) **Total cash outflow for leases**

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	1,314	1,309	1,635
Within financing activities	9,520	15,998	15,712
Total	<u>10,834</u>	<u>17,307</u>	<u>17,347</u>

38. COMMITMENTS

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

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Property, plant and equipment	<u>213,990</u>	<u>147,188</u>	<u>204,909</u>

39. RELATED PARTY TRANSACTIONS

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Sales of products:</i>			
Associates	<u>8</u>	<u>11</u>	<u>424</u>
<i>Rental income:</i>			
Key management personnel served as a director	<u>15,894</u>	<u>9,082</u>	<u>—</u>
<i>Rendering of services:</i>			
Key management personnel served as a director	<u>828</u>	<u>53</u>	<u>—</u>
<i>Purchases of products:</i>			
Key management personnel served as a director	<u>920</u>	<u>—</u>	<u>—</u>
Associates	<u>—</u>	<u>—</u>	<u>135</u>
	<u>920</u>	<u>—</u>	<u>135</u>
<i>Purchases of services:</i>			
Close member of a key management personnel serves as the legal representative	<u>—</u>	<u>91</u>	<u>702</u>
Close member of a key management personnel serves as executive director	<u>8</u>	<u>9</u>	<u>—</u>
Associates	<u>—</u>	<u>—</u>	<u>6,890</u>
	<u>8</u>	<u>100</u>	<u>7,592</u>
Providing loans to an associate (note)	<u>3,596</u>	<u>—</u>	<u>—</u>

As at the end of each of the Relevant Periods, the Group’s bank borrowings amounting to RMB330,692,000, RMB454,466,000 and RMB322,193,000, respectively, were guaranteed by Mr. Yuan Jiandong.

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Note: The loans were repaid in 2024.

(b) Outstanding balances with related parties:

The Group

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Amounts due from — trade in nature</i>			
Associates	8	6	5,014
Key management personnel served as a director . . .	8,058	—	—
Close member of a key management personnel serves as the legal representative	—	341	—
Total	8,066	347	5,014
<i>Amounts due from — non-trade in nature</i>			
Associates	13,180	—	—
<i>Amounts due to — trade in nature</i>			
Associates	—	—	128
<i>Amounts due to — non-trade in nature</i>			
Key management personnel served as a director . . .	2,532	—	—

The Company

	31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Amounts due from — trade in nature</i>			
Subsidiaries	57,411	43,706	83,769
Associates	8	6	5,014
Close member of a key management personnel serves as the legal representative	—	341	—
Total	57,419	44,053	88,783
<i>Amounts due from — non-trade in nature</i>			
Subsidiaries	770,891	975,352	971,915
Associates	13,180	—	—
Total	784,071	975,352	971,915
<i>Amounts due to — trade in nature</i>			
Subsidiaries	88,375	225,992	403,890
Associates	—	—	128
Total	88,375	225,992	404,018
<i>Amounts due to — non-trade in nature</i>			
Subsidiaries	10,052	103,162	105,027

(c) Compensation of key management personnel

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	4,805	4,531	4,297
Performance related bonuses	2,687	2,401	6,688
Equity-settled share award expense	(845)	—	—
Employee retirement benefits and other staff welfare	324	292	263
Total compensation paid to key management personnel	6,971	7,224	11,248

Further details of directors’ and the chief executive’s remuneration are included in note 9 to the Historical Financial Information.

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40. FINANCIAL INSTRUMENTS BY CATEGORY

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

At 31 December 2023

Financial assets

	<u>Financial assets at FVTPL</u> <i>RMB’000</i>	<u>Financial assets at FVTOCI</u> <i>RMB’000</i>	<u>Financial assets at amortised cost</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
Trade and bills receivables	—	23,532	285,343	308,875
Financial assets included in prepayments, other receivables and other assets	—	—	3,444	3,444
Equity investments designated at FVTOCI	—	110,700	—	110,700
Financial assets at FVTPL	322,283	—	—	322,283
Amounts due from related parties	—	—	21,246	21,246
Pledged deposits	—	—	27,005	27,005
Cash and cash equivalents	—	—	971,041	971,041
Total	<u>322,283</u>	<u>134,232</u>	<u>1,308,079</u>	<u>1,764,594</u>

Financial liabilities

	<u>Financial liabilities at amortised cost</u> <i>RMB’000</i>	<u>Financial liabilities at fair value</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
Trade and bills payables	142,161	—	142,161
Financial liabilities included in other payables and accruals	113,388	—	113,388
Interest-bearing bank borrowings	1,739,461	—	1,739,461
Derivative financial instruments	—	2,234	2,234
Amounts due to related parties	2,532	—	2,532
Convertible bonds	430,261	—	430,261
Total	<u>2,427,803</u>	<u>2,234</u>	<u>2,430,037</u>

At 31 December 2024

Financial assets

	<u>Financial assets at FVTPL</u> <i>RMB’000</i>	<u>Financial assets at FVTOCI</u> <i>RMB’000</i>	<u>Financial assets at amortised cost</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
Trade and bills receivables	—	10,326	329,178	339,504
Financial assets included in prepayments, other receivables and other assets	—	—	3,586	3,586
Equity investments designated at FVTOCI	—	86,196	—	86,196
Financial assets at FVTPL	311,821	—	—	311,821
Amounts due from related parties	—	—	347	347
Pledged deposits	—	—	11,251	11,251
Cash and cash equivalents	—	—	754,102	754,102
Total	<u>311,821</u>	<u>96,522</u>	<u>1,098,464</u>	<u>1,506,807</u>

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Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	189,625	—	189,625
Financial liabilities included in other payables and accruals	106,635	—	106,635
Interest-bearing bank borrowings	1,742,153	—	1,742,153
Derivative financial instruments	—	3,735	3,735
Convertible bonds	455,344	—	455,344
Other long-term payables	14,389	—	14,389
Total	<u>2,508,146</u>	<u>3,735</u>	<u>2,511,881</u>

At 31 December 2025

Financial assets

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills receivables	—	13,378	316,623	330,001
Financial assets included in prepayments, other receivables and other assets	—	—	9,056	9,056
Equity investments designated at FVTOCI	—	113,171	—	113,171
Financial assets at FVTPL	435,122	—	—	435,122
Amounts due from related parties	—	—	5,014	5,014
Pledged deposits	—	—	6,001	6,001
Cash and cash equivalents	—	—	955,063	955,063
Total	<u>435,122</u>	<u>126,549</u>	<u>1,291,757</u>	<u>1,853,428</u>

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	125,696	—	125,696
Financial liabilities included in other payables and accruals	165,256	—	165,256
Interest-bearing bank borrowings	1,587,402	—	1,587,402
Derivative financial instruments	—	7,070	7,070
Bonds Payable	195,177	—	195,177
Convertible bonds	462,801	—	462,801
Amounts due to related parties	128	—	128
Other long-term payables	114,264	—	114,264
Total	<u>2,650,724</u>	<u>7,070</u>	<u>2,657,794</u>

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, trade and bills payables, amounts due to related parties, current portion of interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts as at the end of each of the Relevant Periods due to the short-term maturities of these instruments.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The manager reports directly to the chief financial officer. At each reporting date, the 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 bills receivable measured at FVTOCI have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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The fair values of unlisted equity investments designed at FVTOCI have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The fair values of unlisted equity investments measured at FVTPL have been estimated using the market approach (recent transaction method, in particular), which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of each Relevant Periods.

The fair values of the unlisted fund investment are based on the net asset values of the underlying investments value at the end of each of the Relevant Periods.

The Group invests in wealth management products issued by a financial institution in Chinese mainland. The Group has estimated the fair value 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.

Below is a summary of significant unobservable inputs to the valuation of financial instruments which are measured at fair value as at the end of each of the Relevant Periods:

<u>Financial Assets</u>	<u>Fair value hierarchy</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Sensitivity of fair value of the input</u>
Investments in unlisted funds at fair value.	Level 3	Net asset value of underlying investment value	N/A	N/A
Unlisted equity investments at fair value	Level 3	Comparable company method/Back-solve from recent transaction price	The ratio of P/R&D	5% increase/decrease in the ratio of P/R&D would result in increase/decrease in fair value by RMB5,423,000, RMB3,682,000, and RMB5,305,000 at the end of each of the Relevant Periods

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 2023

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Bills receivables at FVTOCI . . .	—	23,532	—	23,532
Financial assets at FVTPL	—	50,617	271,666	322,283
Equity investments designated at FVTOCI	—	—	110,700	110,700
Total	—	<u>74,149</u>	<u>382,366</u>	<u>456,515</u>

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As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Bills receivables at FVTOCI . . .	—	10,326	—	10,326
Financial assets at FVTPL	—	—	311,821	311,821
Equity investments designated at FVTOCI	—	—	86,196	86,196
Total	—	10,326	398,017	408,343

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Bills receivables at FVTOCI	—	13,378	—	13,378
Financial assets at FVTPL	—	—	435,122	435,122
Equity investments designated at FVTOCI	—	—	113,171	113,171
Total	—	13,378	548,293	561,671

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial liabilities at FVTPL .	—	2,234	—	2,234

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial liabilities at FVTPL .	—	3,735	—	3,735

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial liabilities at FVTPL .	—	7,070	—	7,070

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

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42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents, pledged deposits, financial assets at FVTPL, financial assets at FVTOCI and interest-bearing bank borrowings. 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 and bills receivables and trade and bills payables, which arise directly from its operations.

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

Interest rate risk

The Group’s exposure to interest rate risk for changes in interest rates related primarily to the Group’s bank borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

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

	<u>Increase/ (decrease) in base points</u>	<u>(Decrease)/ increase in profit before tax</u> <i>RMB’000</i>	<u>(Decrease)/ increase in equity</u> <i>RMB’000</i>
31 December 2023			
USD-dominated borrowings	50	(1,549)	(1,549)
USD-dominated borrowings	(50)	1,549	1,549
RMB-dominated borrowings	50	(6,537)	(6,537)
RMB-dominated borrowings	(50)	6,537	6,537
EUR-dominated borrowings	50	(236)	(236)
EUR-dominated borrowings	(50)	236	236
31 December 2024			
USD-dominated borrowings	50	(1,033)	(1,033)
USD-dominated borrowings	(50)	1,033	1,033
RMB-dominated borrowings	50	(7,476)	(7,476)
RMB-dominated borrowings	(50)	7,476	7,476
31 December 2025			
USD-dominated borrowings	50	(743)	(743)
USD-dominated borrowings	(50)	743	743
RMB-dominated borrowings	50	(8,138)	(8,138)
RMB-dominated borrowings	(50)	8,138	8,138

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units’ functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group’s profit before tax (arising from USD denominated financial instruments) and the Group’s equity.

	<u>Increase/ (decrease) in rate of foreign exchange</u> %	<u>Increase/ (decrease) in profit before tax</u> <i>RMB’000</i>	<u>Increase/ (decrease) in equity</u> <i>RMB’000</i>
31 December 2023			
If RMB weakens against USD	(5)	(3,138)	(3,138)
If RMB strengthens against USD	5	3,138	3,138
31 December 2024			
If RMB weakens against USD	(5)	4,026	4,026
If RMB strengthens against USD	5	(4,026)	(4,026)
31 December 2025			
If RMB weakens against USD	(5)	4,244	4,244
If RMB strengthens against USD	5	(4,244)	(4,244)

APPENDIX I

ACCOUNTANTS’ REPORT

Credit risk

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

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	
Trade receivables*	—	—	—	308,064	308,064
Bills receivables*	—	—	—	25,897	25,897
Financial assets included in prepayments, other receivables and other assets	3,444	—	—	—	3,444
Amounts due from related parties	21,246	—	—	—	21,246
Pledged deposits	27,005	—	—	—	27,005
Cash and cash equivalents	971,041	—	—	—	971,041
Total	1,022,736	—	—	333,961	1,356,697

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	
Trade receivables*	—	—	—	364,431	364,431
Bills receivables*	—	—	—	11,728	11,728
Financial assets included in prepayments, other receivables and other assets	3,586	—	—	—	3,586
Amounts due from related parties	347	—	—	—	347
Pledged deposits	11,251	—	—	—	11,251
Cash and cash equivalents	754,102	—	—	—	754,102
Total	769,286	—	—	376,159	1,145,445

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	
Trade receivables*	—	—	—	368,437	368,437
Bills receivables*	—	—	—	13,578	13,578
Financial assets included in prepayments, other receivables and other assets	13,789	—	—	—	13,789
Amounts due from related parties	5,014	—	—	—	5,014
Pledged deposits	6,001	—	—	—	6,001
Cash and cash equivalents	955,063	—	—	—	955,063
Total	979,867	—	—	382,015	1,361,882

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* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group’s objective is to maintain sufficient cash and cash equivalents and have available funding through operations and financial support from bank borrowings.

The maturity profile of the Group’s non-derivative financial liabilities and derivative financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments and the fair value, respectively, are as follows:

31 December 2023				
	Less than 12 months	1 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	142,161	—	—	142,161
Interest-bearing bank borrowings	614,876	1,197,149	51,090	1,863,115
Financial liabilities included in other payables and accruals	113,388	—	—	113,388
Lease liabilities	17,180	15,734	4,970	37,884
Convertible bonds	2,790	557,942	—	560,732
Derivative financial liabilities	2,234	—	—	2,234
Total	892,629	1,770,825	56,060	2,719,514
31 December 2024				
	Less than 12 months	1 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	189,625	—	—	189,625
Interest-bearing bank borrowings	848,984	1,160,609	—	2,009,593
Financial liabilities included in other payables and accruals	106,635	—	—	106,635
Lease liabilities	13,797	6,711	3,905	24,413
Other long-term payables	—	14,389	—	14,389
Convertible bonds	4,649	553,288	—	557,937
Derivative financial liabilities	3,735	—	—	3,735
Total	1,167,425	1,734,997	3,905	2,906,327
31 December 2025				
	Less than 12 months	1 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	125,696	—	—	125,696
Interest-bearing bank borrowings	908,245	730,197	—	1,638,442
Financial liabilities included in other payables and accruals	165,256	—	—	165,256
Lease liabilities	9,572	8,350	2,840	20,762
Other long-term payables	—	118,809	—	118,809
Convertible bonds	6,816	520,250	—	527,066
Bonds payable	6,380	212,760	—	219,140
Derivative financial liabilities	7,070	—	—	7,070
Total	1,229,035	1,590,366	2,840	2,822,241

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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I**ACCOUNTANTS’ REPORT**

	31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total liabilities	2,617,765	2,726,970	2,978,665
Total assets	5,024,003	5,153,000	5,824,841
Gearing ratio	<u>52.1%</u>	<u>52.9%</u>	<u>51.1%</u>

43. EVENTS AFTER 31 DECEMBER 2025

The Group had no significant events subsequent to 31 December 2025.

44. 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 14 April 2026.