
APPENDIX I

ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SINOCELLTECH GROUP LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED AND CLSA LIMITED

Introduction

We report on the historical financial information of Sinocelltech Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [•] to [•], which comprises 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 the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Track Record Period**”) including material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages [•] to [•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (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.

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 and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, 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 and presentation set out in note 2 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

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APPENDIX I**ACCOUNTANTS’ REPORT**

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2023, 2024, and 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 3 have been made.

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been declared or paid by the Company in respect of the Track Record Period.

SHINEWING (HK) CPA Limited

Certified Public Accountants

[•]

Practising Certificate Number: [•]

Hong Kong

[Date]

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APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the IFRS Accounting Standards issued by International Accounting Standards Board (the “IASB”) and were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing 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.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	1,887,349	2,512,094	1,560,153
Cost of sales		(96,862)	(110,311)	(127,320)
Gross profit		1,790,487	2,401,783	1,432,833
Other income and gains	8	80,362	87,610	206,399
Selling and distribution expenses		(436,150)	(694,059)	(843,076)
Administrative expenses		(162,624)	(206,435)	(200,618)
Research and development expenses		(1,148,170)	(911,193)	(837,852)
Other losses and expenses	9	(409,215)	(461,807)	(237,476)
Finance costs	10	(111,521)	(103,550)	(83,831)
(Loss)/profit before tax	12	(396,831)	112,349	(563,621)
Income tax expense	11	—	—	(2,581)
(Loss)/profit for the year		(396,831)	112,349	(566,202)
Attributable to:				
— Owners of the Company		(396,018)	111,951	(564,852)
— Non-controlling interests		(813)	398	(1,350)
		(396,831)	112,349	(566,202)
Other comprehensive (expense)/income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Changes in fair value of bills receivables at FVTOCI		—	(1,106)	(957)
Reclassification adjustments of accumulated fair value losses on bills receivables measured at FVTOCI		—	692	1,136
Exchange differences arising on translation of foreign operations		(29)	(8)	(45)
Other comprehensive (expense)/income for the year		(29)	(422)	134
Total comprehensive (expense)/income for the year		(396,860)	111,927	(566,068)
Attributable to:				
— Owners of the Company		(396,047)	111,530	(564,718)
— Non-controlling interests		(813)	397	(1,350)
		(396,860)	111,927	(566,068)
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company (<i>RMB per share</i>)	15			
— Basic		(0.89)	0.24	(1.32)
— Diluted		(0.89)	0.24	(1.32)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current assets				
Property, plant and equipment	16	1,322,573	1,503,146	1,625,335
Right-of-use assets	17	135,806	111,748	99,576
Intangible assets	18	162,838	179,807	181,778
Other receivables and prepayments	23	36,972	28,673	19,324
Total non-current assets		1,658,189	1,823,374	1,926,013
Current assets				
Inventories	21	202,693	259,487	336,358
Trade and bills receivables	22	448,401	649,386	540,987
Bills receivables at fair value through other comprehensive income (“FVTOCI”)	24	—	84,988	73,142
Other receivables, deposits and prepayments	23	115,882	151,828	89,160
Financial assets at fair value through profit or loss (“FVTPL”)	26	—	—	88,294
Cash and cash equivalents	25	293,371	314,934	770,331
Total current assets		1,060,347	1,460,623	1,898,272
Current liabilities				
Trade payables	27	115,865	126,575	130,246
Other payables and accruals	28	252,718	281,575	307,543
Contract liabilities	29	4,364	7,194	9,882
Bank and other borrowings	30	1,631,945	1,578,228	2,265,462
Lease liabilities	31	21,583	18,658	21,961
Total current liabilities		2,026,475	2,012,230	2,735,094
Net current liabilities		(966,128)	(551,607)	(836,822)
Total assets less current liabilities		692,061	1,271,767	1,089,191

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APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current liabilities				
Bank borrowings	30	1,017,433	885,492	797,393
Deferred tax liabilities	20	—	—	2,581
Lease liability	31	75,087	59,966	48,589
Deferred income	33	<u>205,355</u>	<u>191,367</u>	<u>120,297</u>
Total non-current liabilities		<u>1,297,875</u>	<u>1,136,825</u>	<u>968,860</u>
Net (liabilities)/assets		<u>(605,814)</u>	<u>134,942</u>	<u>120,331</u>
Equity				
Share capital	34	445,336	445,336	445,336
Perpetual capital instrument	32	—	603,481	770,519
Reserves	35	<u>(1,044,797)</u>	<u>(907,919)</u>	<u>(1,087,580)</u>
Equity attributable to owners of the Company		(599,461)	140,898	128,275
Non-controlling interests		<u>(6,353)</u>	<u>(5,956)</u>	<u>(7,944)</u>
Total equity		<u>(605,814)</u>	<u>134,942</u>	<u>120,331</u>

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APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-	
	Share capital	Share premium	Other reserve	Translation reserve	Accumulated losses	Sub-total	controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 35(a))	(Note 35(b))	(Note 35(c))				
At 1 January 2023	445,336	2,238,511	609,955	—	(3,530,452)	(236,650)	(5,540)	(242,190)
Loss for the year	—	—	—	—	(396,018)	(396,018)	(813)	(396,831)
Exchange differences arising on translation of foreign operations	—	—	—	(29)	—	(29)	—	(29)
Other comprehensive expense for the year	—	—	—	(29)	—	(29)	—	(29)
Total comprehensive expense for the year	—	—	—	(29)	(396,018)	(396,047)	(813)	(396,860)
Recognition of equity-settled share-based payments (note 36)	—	—	33,588	—	—	33,588	—	33,588
Forfeitures of share options	—	—	(352)	—	—	(352)	—	(352)
At 31 December 2023	445,336	2,238,511	643,191	(29)	(3,926,470)	(599,461)	(6,353)	(605,814)

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APPENDIX I

ACCOUNTANTS’ REPORT

	Attributable to owners of the Company						Perpetual capital instrument	Sub-total	Non- controlling interests	Total
	Share capital	Share premium	Other reserve	Translation reserve	Revaluation reserve	Accumulated losses				
	RMB'000	RMB'000 (Note 35(a))	RMB'000 (Note 35(b))	RMB'000 (Note 35(c))	RMB'000 (Note 35(d))	RMB'000	RMB'000 (Note 32)	RMB'000	RMB'000	RMB'000
At 1 January 2024	445,336	2,238,511	643,191	(29)	—	(3,926,470)	—	(599,461)	(6,353)	(605,814)
Profit for the year	—	—	—	—	—	111,951	—	111,951	398	112,349
Changes in fair value of bills receivables at FVTOCI	—	—	—	—	(1,106)	—	—	(1,106)	—	(1,106)
Reclassification adjustments of accumulated fair value losses on bills receivables measured at FVTOCI	—	—	—	—	692	—	—	692	—	692
Exchange differences arising on translation of foreign operations	—	—	—	(7)	—	—	—	(7)	(1)	(8)
Other comprehensive expense for the year	—	—	—	(7)	(414)	—	—	(421)	(1)	(422)
Total comprehensive (expense) income for the year	—	—	—	(7)	(414)	111,951	—	111,530	397	111,927
Recognition of equity-settled share-based payments (note 36)	—	—	29,928	—	—	—	—	29,928	—	29,928
Forfeitures of share options	—	—	(1,099)	—	—	—	—	(1,099)	—	(1,099)
Issuance of perpetual capital instruments	—	—	—	—	—	—	600,000	600,000	—	600,000
Interest accrued on perpetual capital instruments	—	—	—	—	—	(3,481)	3,481	—	—	—
At 31 December 2024	445,336	2,238,511	672,020	(36)	(414)	(3,818,000)	603,481	140,898	(5,956)	134,942

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APPENDIX I

ACCOUNTANTS’ REPORT

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Translation reserve	Revaluation reserve	Capital reserve	Accumulated losses		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 35(a))	(Note 35(b))	(Note 35(c))	(Note 35(d))	(Note 35(e))		(Note 32)		
At 1 January 2025	445,336	2,238,511	672,020	(36)	(414)	—	(3,818,000)	603,481	134,942
Loss for the year	—	—	—	—	—	—	(564,852)	(5,956)	(566,202)
Changes in fair value of bills receivables at FVTOCI	—	—	—	—	(957)	—	—	(957)	(957)
Reclassification adjustments of accumulated fair value losses on bills receivables measured at FVTOCI	—	—	—	—	1,136	—	—	1,136	1,136
Exchange differences arising on translation of foreign operations	—	—	—	(45)	—	—	—	(45)	(45)
Other comprehensive expense for the year	—	—	—	(45)	179	—	—	134	134
Total comprehensive expense for the year	—	—	—	(45)	179	—	(564,852)	(564,718)	(566,068)
Recognition of equity-settled share-based payments (note 36)	—	—	15,354	—	—	—	—	15,354	16,552
Forfeitures of share options	—	—	(9,437)	—	—	—	—	(9,437)	(9,437)
Issuance of perpetual capital instruments	—	—	—	—	—	—	165,000	165,000	165,000
Interest accrued on perpetual capital instruments	—	—	—	—	—	(22,696)	22,696	—	—
Distribution to the owners of perpetual capital instruments	—	—	—	—	—	—	(20,658)	(20,658)	(20,658)
Deemed disposal of partial interest in a subsidiary without loss of control (note 42)	—	—	—	—	—	401,836	—	401,836	400,000
At 31 December 2025	445,336	2,238,511	677,937	(81)	(235)	401,836	(4,405,548)	770,519	120,331

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
(Loss)/profit before tax	(396,831)	112,349	(563,621)
Adjustments for:			
Depreciation of property, plant and equipment	93,128	133,636	147,452
Depreciation of right-of-use assets	21,772	28,074	25,833
Amortisation of intangible assets	6,136	8,639	20,928
Finance costs	111,521	103,550	83,831
Loss/(gain) on disposal of property, plant and equipment	64	—	(6)
Gain on early termination of lease agreement	—	(3)	—
Gain on changes in fair value of financial assets at FVTPL	(2,476)	(1,956)	(12,713)
Recognition of equity-settled share-based payments	33,236	28,829	7,115
Loss on disposal of bill receivables at FVTOCI	—	692	1,136
Exchange losses, net	3,560	141	342
Impairment losses recognised for trade and bills receivables, net	1,015	2,032	4,743
Impairment losses recognised for other receivables, net	7	57	80
Write-down of inventories	42,321	8,386	19,643
Interest income	(7,035)	(3,884)	(1,882)
Operating cash flows before movements in working capital	(93,582)	420,542	(267,119)
Increase in inventories	(53,131)	(65,180)	(96,514)
(Increase)/decrease in trade and bills receivables	(180,623)	(203,017)	103,656
(Increase)/decrease in bills receivables at FVTOCI	—	86,094	10,889
(Increase)/decrease in other receivables, deposits and prepayments	(10,694)	14,056	82,348
(Decrease)/increase in trade payables	(72,849)	10,710	3,671
Increase/(decrease) in other payables and accruals	34,649	41,379	(46,033)
Increase in contract liabilities	2,837	2,830	2,688
Decrease in deferred income	(17,012)	(13,988)	(71,070)
Cash (used in)/generated from operations	(390,405)	121,238	(277,484)
Interest received	7,035	3,884	1,882
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(383,370)	125,122	(275,602)

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	128	318	140
Purchases of property, plant and equipment	(414,526)	(346,265)	(204,349)
Purchase of intangible assets	(90,870)	(29,602)	(12,308)
Purchases of financial assets at FVTPL	(1,093,000)	(1,281,000)	(1,767,971)
Proceeds from disposals of financial assets at FVTPL	<u>1,095,476</u>	<u>1,282,956</u>	<u>1,692,508</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(502,792)</u>	<u>(373,593)</u>	<u>(291,980)</u>
FINANCING ACTIVITIES			
Proceeds from issuance of perpetual capital securities	—	600,000	165,000
Proceeds from bank and other borrowings	1,829,810	1,762,477	2,387,727
Repayment of bank and other borrowings	(1,465,215)	(1,952,340)	(1,790,675)
Proceeds from deemed disposal of partial interests in subsidiaries without loss of controls	—	—	400,000
Distributions on perpetual instruments classified as equity	—	—	(20,658)
Interest paid	(117,159)	(110,090)	(94,768)
Principal portion of lease payments paid	(33,114)	(22,059)	(21,735)
Others	<u>(5,818)</u>	<u>(7,949)</u>	<u>(1,853)</u>
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>208,504</u>	<u>270,039</u>	<u>1,023,038</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(677,658)	21,568	455,456
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	971,058	293,371	314,934
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(29)</u>	<u>(5)</u>	<u>(59)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>293,371</u></u>	<u><u>314,934</u></u>	<u><u>770,331</u></u>

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APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current assets				
Property, plant and equipment	16	215,145	215,068	201,906
Right-of-use assets	17	15,508	15,071	14,664
Intangible assets		974	421	75
Other receivables and prepayments	23	2,042	1,427	33
Investments in subsidiaries	19	1,028,178	1,029,178	2,829,678
Total non-current assets		1,261,847	1,261,165	3,046,356
Current assets				
Other receivables, deposits and prepayments	23	1,243,720	1,606,248	22,789
Financial assets at FVTPL	26	—	—	88,294
Cash and cash equivalents	25	97,888	267,569	100,628
Total current assets		1,341,608	1,873,817	211,711
Current liabilities				
Other payables and accruals	28	16,752	8,280	4,334
Bank borrowings	30	9,217	—	—
Total current liabilities		25,969	8,280	4,334
Net current assets		1,315,639	1,865,537	207,377
Total assets less current liabilities		2,577,486	3,126,702	3,253,733
Non-current liabilities				
Bank borrowings	30	18,278	—	—
Deferred tax liabilities	20	—	—	2,581
Deferred income	33	59,900	55,777	52,197
Total non-current liabilities		78,178	55,777	54,778
Net assets		2,499,308	3,070,925	3,198,955
Equity				
Share capital	34	445,336	445,336	445,336
Perpetual capital instrument	32	—	603,481	770,519
Reserves	35	2,053,972	2,022,108	1,983,100
Total equity		2,499,308	3,070,925	3,198,955

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sinocelltech Group Limited (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) as a joint stock company with limited liability on 17 May 2007. The Company’s A shares have been listed on the Science and Technology Innovation Board (STAR Market) of the Shanghai Stock Exchange since 22 June 2020. The addresses of the registered office of the Company and principal places of business of the Company are Yard 31, Kechuang 7th Street, Beijing Economic-Technological Development Area, Beijing, PRC. In the opinion of the directors, during the Track Record Period and up to the date of this report, Lhasa Ailike Investment Consulting Co., Ltd. (“**Lhasa Ailike**”), a company incorporated in PRC, is the parent company of the Company and Mr. Xie Liangzhi and Mrs. Li Hanyuan (“**the Controlling Shareholders**”) are acting in decision making and exercising their shareholders rights in the company.

The Company and its subsidiaries are principally engaged in research, development, production and sales of pharmaceutical products.

The Company’s principal subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Issued shares	Proportion of ownership interest attributable to the Company			Principal activities
			As at 31 December			
			2023	2024	2025	
Beijing Nuoning Biotechnology Co., Ltd.* (“Nuoning Bio”) (北京諾寧生物科技股份有限公司) (Note a)	PRC 24 November 2008	RMB43,000,000	100.00%	100.00%	100.00%	Research and development
Sinocelltech Limited* (神州細胞工程有限公司) (Note a)	PRC 27 June 2002	RMB1,220,000,000	99.75%	99.75%	96.73%	Research, development and commercialization
Sinocelltech (Australia) Pty. Ltd (“Sinocelltech Australia”) (Note b)	Australia 02 December 2022	AUD 12	99.75%	99.75%	96.73%	Research and development

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

All companies comprising the Group have adopted 31 December as their financial year end date.

Notes:

(a) The statutory financial statements of these companies for the year ended 31 December 2023, prepared in accordance with the Accounting Standards for Business Enterprises of the People’s Republic of China, were audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), registered in the People’s Republic of China.

The statutory financial statements of these companies for the years ended 31 December 2024, prepared in accordance with the Accounting Standards for Business Enterprises of the People’s Republic of China, were audited by ShineWing Certified Public Accountants (Special General Partnership), registered in the People’s Republic of China.

(b) No audited financial statement has been prepared for the company for the years ended 31 December 2023, 2024 and 2025 as it is not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation or registration.

2. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised in note 4. These policies have been consistently applied to all the reporting periods presented in the Historical Financial Information, unless otherwise stated.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2025, the Group’s current liabilities exceeded its current assets by RMB836,822,000. As of 31 December 2025, the Group had committed credit facilities in an aggregate principal amount of RMB5,180,000,000, of which RMB3,053,281,000 had been drawn and RMB2,126,719,000 remained available for the Group’s working capital requirements. After taking into account of the Group’s cash flow projection, expected working capital requirements and the financing plans, the directors of the Company are satisfied that the Group is able to have sufficient working capital to finance its operations and to meet its financial obligations for twelve months from the date of this report and it is appropriate to prepare Historical Financial Information on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

The Group has not applied the following new and revised 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 revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19	<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 IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
Amendments to IFRS Accounting Standards	<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i> 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 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group’s presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group’s financial performance. The new standard is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements. Other than IFRS 18, so far, the Group considers that IFRS 19 and other amended IFRS Accounting Standards are unlikely to have a significant impact on the Group’s results of operations and financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis except for bills receivables at FVTOCI and financial assets at FVTPL that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group’s returns.

APPENDIX I

ACCOUNTANTS’ REPORT

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

Changes in the Group’s ownership interests in existing subsidiaries

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

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or 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 asset is created or enhanced; 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract liabilities

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

The Group recognised revenue from the sales of pharmaceuticals products.

Sales of goods

Revenue from the sale of pharmaceuticals products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the pharmaceuticals products. The Group recognises revenue from the sale of pharmaceuticals products on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Right of return

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

Leasing

Definition of a lease

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

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

APPENDIX I

ACCOUNTANTS’ REPORT

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liabilities are presented as a separate line in the consolidated statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Lease modification

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

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

APPENDIX I

ACCOUNTANTS’ REPORT

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing remains outstanding after the related asset is ready for its intended use or sale is included in the general pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

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

Retirement benefits costs and termination benefits

Payments to defined contribution plans, state-managed retirement benefit schemes and Australian statutory superannuation plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives or the principal annual rates of items of property, plant and equipment are as follows:

	Useful lives
Plant and buildings	10 to 50 years
Machinery and equipment	3 to 10 years
Motor vehicles	4 to 5 years
Electronic equipment	3 to 5 years
Office equipment	3 to 5 years
Leasehold improvements	3 to 20 years

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Intangible assets

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

APPENDIX I

ACCOUNTANTS’ REPORT

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Internally-generated intangible assets — research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

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

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

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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

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

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statements of financial position, cash and cash equivalents comprise bank balances and cash on hand and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of bank balances and cash on hand and cash equivalents as defined above.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment loss in the statement of financial position of the Company.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

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.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding the expected credit losses (“ECL”), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

APPENDIX I

ACCOUNTANTS’ REPORT

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets at FVTOCI (debt instruments)

The Group’s debt instruments are classified and measured subsequently at FVTOCI if both of the following conditions are met:

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

Debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of debt instruments as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the ‘other income and gains’ line item.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Impairment of financial assets subject to impairment assessment under IFRS 9 Financial Instruments

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and bills receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, and forward looking information that is available without undue cost or effort.

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

APPENDIX I

ACCOUNTANTS’ REPORT

Significant increase in credit risk

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

In particular, the following information is taken in to account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of ‘investment grade’ in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of ‘performing’. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

APPENDIX I

ACCOUNTANTS’ REPORT

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Derecognition of financial assets

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

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

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

APPENDIX I

ACCOUNTANTS’ REPORT

Equity instruments

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

Perpetual capital securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset, or the Group has the sole discretion to defer the payment of distribution and redemption of principle amount indefinitely, are classified as equity instruments and are initially recorded at the proceeds received.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 Business Combinations applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the ‘other income and gains’ line item in profit or loss.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability’s credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

APPENDIX I

ACCOUNTANTS’ REPORT

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Fair value measurement

When measuring fair value except for the Group’s leasing transactions, net realisable value of inventories and value in use of property, plant and equipment, right-of-use assets and intangible assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Fair value measurements are those derived from quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve/other reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. Where an award is subject only to vesting conditions other than market conditions, failure to satisfy any one of the vesting conditions is treated as a forfeiture, the share-based payments previously recognised will be reversed to profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the Historical Financial Information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Research and development costs

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development costs in note 4 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

Key sources of estimation uncertainty

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

Accrual of research and development costs

The Group relies on contract research organisations, clinical site management operators and clinical trial centres to conduct, supervise, and monitor the Group’s ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of the reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services.

Income taxes

As at 31 December 2023, 2024 and 2025, no deferred tax asset has been recognised on the tax losses of RMB5,318,425,000, RMB5,420,356,000 and RMB5,852,429,000 due to the unpredictability of future profit streams for the Company and its certain subsidiaries. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

Impairment of trade and bills receivables

The impairment provisions for trade and bills receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group’s historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment loss to the consolidated statements of profit or loss and other comprehensive income.

As at 31 December 2023, 2024 and 2025, the carrying amounts of trade and bills receivables were approximately RMB448,401,000, RMB649,386,000 and RMB540,987,000, respectively, net of allowance for impairment loss of approximately RMB4,776,000, RMB6,808,000 and RMB11,551,000, respectively.

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

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2023, 2024 and 2025, the aggregate carrying amounts of property, plant and equipment, right-of-use assets and intangible asset aggregated to approximately RMB1,621,217,000, RMB1,794,701,000 and RMB1,906,689,000, respectively.

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant of awards. This estimate also requires the determination of the most appropriate inputs to the valuation model.

For the measurement of the fair value of certain share-based payment transactions with employees at the grant dates, The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 36 to the Historical Financial Information. The Group recorded RMB33,236,000, RMB28,829,000 and RMB7,115,000 share-based payment expenses during the years ended 31 December 2023, 2024 and 2025, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

6. REVENUE

An analysis of the Group’s revenue for the year is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers	1,887,349	2,512,094	1,560,153

Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Types of goods			
Recombinant protein drug	1,780,051	1,890,140	997,367
Antibodies and other medications	107,298	621,954	562,786
Total	1,887,349	2,512,094	1,560,153
Geographical markets			
Chinese Mainland	1,887,349	2,512,094	1,560,153
Timing of revenue recognition			
At a point of time	1,887,349	2,512,094	1,560,153

Performance obligations for contracts with customers

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

Sale of goods

For the sales of pharmaceuticals products, the performance obligation is satisfied upon acceptance by the customers or delivery of the products.

Transaction price allocated to the remaining performance obligation for contracts with customers.

The sales contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the goods sold. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of each reporting period.

7. SEGMENT INFORMATION

The Group is engaged in research, development, production and sales of pharmaceutical products which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group’s directors for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

All of the Group’s revenue derived from customers were located in Chinese Mainland during the Track Record Period.

All the location of the Group’s non-current assets are in Chinese mainland.

Information about major customers

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	504,597	689,779	484,704
Customer B	239,738	396,437	207,092

APPENDIX I

ACCOUNTANTS’ REPORT

8. OTHER INCOME AND GAINS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank interest income	7,035	3,884	1,882
Government grants*			
— related to assets	15,251	13,724	13,180
— related to income	53,967	66,360	77,650
Withholding tax service fee refund	446	631	746
Compensation received for breach of contracts (note 33)	—	—	100,000
Gain on changes in fair value of financial assets at FVTPL	2,476	1,956	12,713
Gain on disposal of property, plant and equipment	—	—	6
Gain on early termination of lease agreement	—	3	—
Sales of raw materials	—	614	—
Others	1,187	438	222
Total	80,362	87,610	206,399

* Government grants consist of (i) subsidized grants specifically for the capital expenditure related to the purchase of plant and machinery, which is recognised over the useful life of related assets; (ii) incentive and subsidies for R&D activities and others, which are recognised upon compliance with certain conditions; and (iii) incentive which has no specific conditions attached to the grants.

9. OTHER LOSSES AND EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Donation (note)	403,583	456,111	227,026
Impairment losses on trade and bills receivables	1,015	2,032	4,743
Impairment losses on other receivables and deposits	7	57	80
Cost of sales of raw materials	—	777	—
Loss on disposal of bill receivables at FVTOCI	—	692	1,136
Loss on disposal and write off of property, plant and equipment	64	—	—
Exchange loss, net	3,560	141	342
Bank charges	185	1,614	3,681
Others	801	383	468
Total	409,215	461,807	237,476

Note:

The balance represents cash and in kind donations made by the Group to third-party public welfare organizations to promote the development of medical and healthcare services.

10. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	108,439	100,288	86,132
Interest on lease liabilities	3,082	4,007	3,588
Total borrowing costs	111,521	104,295	89,720
Less: amounts capitalised to construction-in-progress	—	(745)	(5,889)
Total	111,521	103,550	83,831

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.25% per annum and 3.11% per annum during the years ended 31 December 2024 and 2025, respectively to expenditure on qualifying assets.

APPENDIX I

ACCOUNTANTS’ REPORT

11. INCOME TAX EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred income tax (<i>note 20</i>)	—	—	2,581
Income tax expense	—	—	2,581

Chinese Mainland

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period.

The Company’s subsidiaries, Sinocelltech Limited were eligible for a preferential income tax rate of 15% for a qualification of “High and New Technology Enterprise” during the Track Record Period.

Pursuant to the Announcement on Further Improving the Pre-tax Super Deduction Policy for Research and Development Expenses (Ministry of Finance and State Taxation Administration Announcement No. 7 of 2023), effective from 1 January 2023, enterprises are entitled to an additional 100% pre-tax super deduction on eligible research and development expenses incurred and expensed in the period, in addition to the actual deduction of such expenses. For qualifying R&D expenses capitalised as intangible assets, the assets are amortised at 200% of their cost for tax purposes. The Group has made reasonable estimates of the R&D super deduction benefits available to its entities in determining their taxable profits during the Track Record Period.

Australia

The applicable tax rate for the Australian subsidiary in its operating locations is 25%. Under Australian taxation regulations, enterprises qualified as a Base Rate Entity are entitled to the corporate tax rate of 25%.

The income tax expenses for the Track Record Period can be reconciled to the (loss)/profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/profit before tax	(396,831)	112,349	(563,621)
Tax at the domestic income tax rate of 25%	(99,208)	28,087	(140,905)
Tax effect of different tax rates of subsidiaries	23,634	(16,064)	53,342
Income not subject to tax	(885)	(660)	5,696
Tax effect of non-deductible expenses	13,504	19,830	19,406
Deductible temporary differences and tax losses not recognised	229,028	86,721	174,327
Additional cost deduction for qualified research and development expenses	(166,073)	(117,914)	(109,285)
Income tax expense	—	—	2,581

APPENDIX I

ACCOUNTANTS’ REPORT

12. (LOSS)/PROFIT BEFORE TAX

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/profit before tax has been arrived at after charging:			
Employee benefit expenses (including Directors’, supervisors’ and chief executive’s remuneration (<i>note 13</i>)):			
Salaries, discretionary bonuses, allowances and benefits in kind	607,552	716,757	623,657
Retirement benefit scheme contributions	48,956	61,646	64,684
Share-based payments expense	33,236	28,829	7,115
Total staff costs	689,744	807,232	695,456
Cost of inventories sold	54,541	101,925	107,677
Auditor’s remuneration	2,620	1,360	1,370
Write-down of inventories included in cost of inventories sold	42,321	8,386	19,643
Expense relating to short-term leases	4,452	1,394	6,918
Depreciation of property, plant and equipment	93,128	133,636	147,452
Depreciation of right-of-use assets	21,772	28,074	25,833
Amortisation of intangible assets	6,136	8,639	20,928

13. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISORS’ EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors’ and supervisors’ emoluments

Directors’ and supervisors’ remuneration as recorded during the Track Record Period, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, 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 set out below:

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2023					
Executive director:					
Mr. Xie Liangzhi	—	151	20	—	171
Mr. Wang Yang	—	3,382	—	13,325	16,707
Mr. Tang Liming	—	2,341	63	4,467	6,871
Ms. Zhao Guifen	—	457	—	200	657
	—	6,331	83	17,992	24,406
Non-executive director:					
Ms. Tang Yanmin	—	—	—	—	—
Mr. Han Weiqiang	—	—	—	—	—
	—	—	—	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Independent non-executive director:					
Mr. He Wei	180	—	—	—	180
Mr. Su Zhiguo	180	—	—	—	180
Mr. Wang Xiaochuan	180	—	—	—	180
	<u>540</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>540</u>
Supervisors:					
Mr. Li Xun	—	763	63	—	826
Mr. Jia Jilei	—	620	54	—	674
Mr. Zhang Song	—	—	—	—	—
	<u>—</u>	<u>1,383</u>	<u>117</u>	<u>—</u>	<u>1,500</u>
	<u>540</u>	<u>7,714</u>	<u>200</u>	<u>17,992</u>	<u>26,446</u>
	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the year ended 31 December 2024					
Executive director:					
Mr. Xie Liangzhi	—	155	20	—	175
Mr. Wang Yang	—	3,862	—	9,953	13,815
Mr. Tang Liming	—	2,468	66	10,557	13,091
Ms. Ma Jie (x)	—	1,363	66	863	2,292
Ms. Zhao Guifen	—	180	—	1,466	1,646
	<u>—</u>	<u>8,028</u>	<u>152</u>	<u>22,839</u>	<u>31,019</u>
Non-executive director:					
Ms. Tang Yanmin (ii)	—	—	—	—	—
Mr. Han Weiqiang	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Independent non-executive director:					
Mr. He Wei	180	—	—	—	180
Mr. Su Zhiguo	180	—	—	—	180
Mr. Wang Xiaochuan	180	—	—	—	180
	<u>540</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>540</u>
Supervisors					
Mr. Li Xun	—	791	66	—	857
Mr. Jia Jilei	—	686	64	—	750
Ms. Zhao Shuhuan (xi)	—	377	23	—	400
Mr. Zhang Song (ix)	—	—	—	—	—
	<u>—</u>	<u>1,854</u>	<u>153</u>	<u>—</u>	<u>2,007</u>
	<u>540</u>	<u>9,882</u>	<u>305</u>	<u>22,839</u>	<u>33,566</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the year ended 31 December 2025					
Executive director:					
Mr. Xie Liangzhi	—	145	20	—	165
Mr. Wang Yang	—	2,927	—	7,131	10,058
Mr. Tang Liming	—	1,671	68	2,791	4,530
Ms. Ma Jie (x)	—	502	28	524	1,054
Ms. Zhao Guifen (i)	—	90	—	—	90
Mr. Li Xun (vii)	—	437	40	—	477
	—	5,772	156	10,446	16,374
Non-executive director:					
Mr. Han Weiqiang (iii)	—	—	—	—	—
	—	—	—	—	—
Independent non-executive director:					
Mr. He Wei (iv)	67	—	—	—	67
Mr. Su Zhiguo (v)	67	—	—	—	67
Mr. Wang Xiaochuan (vi)	67	—	—	—	67
Ms. Jia Lingyun (xii)	113	—	—	—	113
Mr. Zhang Xue (xii)	113	—	—	—	113
Mr. Wang Haofeng (xii)	113	—	—	—	113
	540	—	—	—	540
Supervisors					
Mr. Li Xun (vii)	—	295	28	—	323
Mr. Jia Jilei (viii)	—	255	28	—	283
Ms. Zhao Shuhuan (xi)	—	374	28	—	402
	—	924	84	—	1,008
	540	6,696	240	10,446	17,922

Notes:

- (i) Ms. Zhao Guifen resigned as executive directors on 15 May 2025.
- (ii) Ms. Tang Yanmin resigned as non-executive directors on 21 August 2024.
- (iii) Mr. Han Weiqiang resigned as non-executive directors on 15 May 2025.
- (iv) Mr. He Wei resigned as independent non-executive directors on 15 May 2025.
- (v) Mr. Su Zhiguo resigned as independent non-executive directors on 15 May 2025.
- (vi) Mr. Wang Xiaochuan resigned as independent non-executive directors on 15 May 2025.
- (vii) Mr. Li Xun resigned as supervisors on 15 May 2025 and appointed as executive directors on 16 May 2025.
- (viii) Mr. Jia Jilei resigned as supervisors on 15 May 2025.
- (ix) Mr. Zhang Song resigned as supervisors on 21 August 2024.
- (x) Ms. Ma Jie was appointed executive directors on 6 September 2024 and resigned as executive directors on 15 May 2025.
- (xi) Ms. Zhao Shuhuan was appointed supervisors on 6 September 2024 and resigned as supervisors on 15 May 2025.
- (xii) Ms. Jia Lingyun, Mr. Zhang Xue and Mr. Wang Haofeng were appointed as independent non-executive directors on 16 May 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

Performance related bonuses are determined based on the Group’s performance and performance of the relevant individual within the Group.

The executive directors’ emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors’ emoluments shown above were mainly for their services as independent non-executive directors of the Company.

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

(b) Five highest paid employees

The five highest paid individuals of the Group included 2, 2, 2 directors whose emoluments for the years ended 31 December 2023, 2024 and 2025, respectively are included in the disclosure above. The remuneration of the remaining 3, 3, 3 individuals during the years ended 31 December 2023, 2024 and 2025, respectively were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, bonuses and allowances	9,576	10,001	7,258
Retirement benefit scheme contributions	189	199	199
Share-based payments	3,194	1,798	(1,400)
	<u>12,959</u>	<u>11,998</u>	<u>6,057</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2023	2024	2025
	No. of employees	No. of employees	No. of employees
HKD1,000,001 to HKD2,000,000	—	—	1
HKD2,000,001 to HKD3,000,000	—	1	2
HKD3,000,001 to HKD4,000,000	1	1	—
HKD4,000,001 to HKD5,000,000	1	—	—
HKD5,000,001 to HKD6,000,000	—	—	—
HKD6,000,001 to HKD7,000,000	1	1	—
	<u>3</u>	<u>3</u>	<u>3</u>

During the years ended 31 December 2023, 2024 and 2025, no emolument was paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period.

15. (LOSS)/EARNINGS PER SHARE

The calculations of the basic and diluted loss/earning per share are based on:

	Year ended 31 December		
	2023	2024	2025
Earnings/(Loss)			
(Loss)/profit for the year attributable to owners of the Company	(396,018)	111,951	(564,852)
Interest on perpetual capital instrument	—	(3,481)	(22,696)
(Loss)/profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earnings per share (RMB’000)	<u>(396,018)</u>	<u>108,470</u>	<u>(587,548)</u>
Number of shares			
Weighted average number of ordinary shares in issue used in the basic and diluted (loss)/earnings per share calculations	<u>445,335,714</u>	<u>445,335,714</u>	<u>445,335,714</u>

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

APPENDIX I

ACCOUNTANTS’ REPORT

The calculation of the basic and diluted (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company, adjusted for the interest on perpetual capital instruments, divided by the weighted average number of ordinary shares outstanding during the Track Record Period.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At 1 January 2023	462,302	480,133	1,624	10,524	9,576	1,390	171,160	1,136,709
Additions	—	59,273	252	2,454	839	—	461,879	524,697
Disposals	—	(1,646)	(338)	(379)	(293)	—	—	(2,656)
Transfer	120,072	210,674	—	—	—	77,977	(408,723)	—
At 31 December 2023	582,374	748,434	1,538	12,599	10,122	79,367	224,316	1,658,750
Additions	—	33,432	—	4,065	1,829	1,709	273,492	314,527
Disposals	—	(1,547)	—	(595)	(10)	—	—	(2,152)
Transfer	14,322	133,141	—	—	—	—	(147,463)	—
At 31 December 2024	596,696	913,460	1,538	16,069	11,941	81,076	350,345	1,971,125
Additions	—	8,359	—	1,830	806	2,517	256,202	269,714
Disposals	—	(1,928)	(220)	(47)	(64)	—	—	(2,259)
Transfer	7,441	108,226	—	—	—	4,660	(120,327)	—
Other	61	—	—	—	—	—	—	61
At 31 December 2025	604,198	1,028,117	1,318	17,852	12,683	88,253	486,220	2,238,641
DEPRECIATION								
At 1 January 2023	51,785	179,064	1,519	7,154	5,648	343	—	245,513
Provided for the year	21,554	62,692	15	1,957	1,106	5,804	—	93,128
Disposals	—	(1,543)	(321)	(350)	(250)	—	—	(2,464)
At 31 December 2023	73,339	240,213	1,213	8,761	6,504	6,147	—	336,177
Provided for the year	27,527	89,045	60	2,482	1,267	13,255	—	133,636
Disposals	—	(1,237)	—	(589)	(8)	—	—	(1,834)
At 31 December 2024	100,866	328,021	1,273	10,654	7,763	19,402	—	467,979
Provided for the year	28,593	100,059	60	2,754	1,378	14,608	—	147,452
Disposals	—	(1,809)	(209)	(45)	(62)	—	—	(2,125)
At 31 December 2025	129,459	426,271	1,124	13,363	9,079	34,010	—	613,306
CARRYING VALUES								
At 31 December 2023	509,035	508,221	325	3,838	3,618	73,220	224,316	1,322,573
At 31 December 2024	495,830	585,439	265	5,415	4,178	61,674	350,345	1,503,146
At 31 December 2025	474,739	601,846	194	4,489	3,604	54,243	486,220	1,625,335

As at 31 December 2023, 2024 and 2025, the aggregate carrying value of the Group’s plant and buildings, machinery and equipment and construction in progress aggregated to approximately RMB370,856,000, RMB255,271,000 and RMB243,947,000, respectively, were pledged to secure bank and other borrowings granted to the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Plant and buildings <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
COST								
At 1 January 2023	162,364	82,590	587	802	3,513	477	63,501	313,834
Additions	—	—	252	18	88	—	5,073	5,431
Disposals	—	(765)	(338)	—	(149)	—	—	(1,252)
Transfer from construction in progress	67,172	1,402	—	—	—	—	(68,574)	—
At 31 December 2023	229,536	83,227	501	820	3,452	477	—	318,013
Additions	—	—	—	3	—	1,709	11,227	12,939
Disposals	—	(198)	—	—	(7)	—	—	(205)
Transfer from construction in progress	11,227	—	—	—	—	—	(11,227)	—
At 31 December 2024	240,763	83,029	501	823	3,445	2,186	—	330,747
Additions	—	—	—	4	63	—	—	67
Transfer from construction in progress	—	(384)	—	(6)	(50)	—	—	(440)
At 31 December 2025	<u>240,763</u>	<u>82,645</u>	<u>501</u>	<u>821</u>	<u>3,458</u>	<u>2,186</u>	<u>—</u>	<u>330,374</u>
DEPRECIATION								
At 1 January 2023	30,876	57,149	557	647	3,307	19	—	92,555
Provided for the year	5,749	5,532	15	33	119	51	—	11,499
Disposals	—	(727)	(321)	—	(138)	—	—	(1,186)
At 31 December 2023	36,625	61,954	251	680	3,288	70	—	102,868
Provided for the year	6,490	6,260	60	28	68	101	—	13,007
Disposals	—	(189)	—	—	(7)	—	—	(196)
At 31 December 2024	43,115	68,025	311	708	3,349	171	—	115,679
Provided for the year	7,392	5,492	60	20	24	221	—	13,209
Disposals	—	(365)	—	(6)	(49)	—	—	(420)
At 31 December 2025	<u>50,507</u>	<u>73,152</u>	<u>371</u>	<u>722</u>	<u>3,324</u>	<u>392</u>	<u>—</u>	<u>128,468</u>
CARRYING VALUES								
At 31 December 2023	<u>192,911</u>	<u>21,273</u>	<u>250</u>	<u>140</u>	<u>164</u>	<u>407</u>	<u>—</u>	<u>215,145</u>
At 31 December 2024	<u>197,648</u>	<u>15,004</u>	<u>190</u>	<u>115</u>	<u>96</u>	<u>2,015</u>	<u>—</u>	<u>215,068</u>
At 31 December 2025	<u>190,256</u>	<u>9,493</u>	<u>130</u>	<u>99</u>	<u>134</u>	<u>1,794</u>	<u>—</u>	<u>201,906</u>

As at 31 December 2023, 2024 and 2025, the aggregate carrying value of the Company's plant and buildings, machinery and equipment and construction in progress of approximately RMB118,522,000, RMB Nil and RMB Nil, respectively, were pledged to secure bank and other borrowings granted to the Company.

APPENDIX I

ACCOUNTANTS’ REPORT

17. RIGHT-OF-USE ASSETS

The Group

	Land use right	Buildings	Machinery and equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST				
At 1 January 2023	33,857	34,325	664	68,846
Additions	—	113,318	313	113,631
Lease modification	—	(1,469)	—	(1,469)
At 31 December 2023	33,857	146,174	977	181,008
Additions	—	5,380	—	5,380
Early termination of leases	—	(3,595)	—	(3,595)
Lease modification	—	(409)	(2)	(411)
Derecognition	—	(27,005)	(372)	(27,377)
At 31 December 2024	33,857	120,545	603	155,005
Additions	—	13,503	158	13,661
Derecognition	—	(2,020)	(290)	(2,310)
At 31 December 2025	<u>33,857</u>	<u>132,028</u>	<u>471</u>	<u>166,356</u>
DEPRECIATION				
At 1 January 2023	7,499	16,782	338	24,619
Provided for the year	1,082	20,455	235	21,772
Lease modification	—	(1,189)	—	(1,189)
At 31 December 2023	8,581	36,048	573	45,202
Provided for the year	1,082	26,789	203	28,074
Early termination of leases	—	(2,642)	—	(2,642)
Derecognition	—	(27,005)	(372)	(27,377)
At 31 December 2024	9,663	33,190	404	43,257
Provided for the year	1,082	24,595	156	25,833
Derecognition	—	(2,020)	(290)	(2,310)
At 31 December 2025	<u>10,745</u>	<u>55,765</u>	<u>270</u>	<u>66,780</u>
CARRYING VALUES				
At 31 December 2023	<u>25,276</u>	<u>110,126</u>	<u>404</u>	<u>135,806</u>
At 31 December 2024	<u>24,194</u>	<u>87,355</u>	<u>199</u>	<u>111,748</u>
At 31 December 2025	<u>23,112</u>	<u>76,263</u>	<u>201</u>	<u>99,576</u>

As at 31 December 2023, 2024 and 2025, the Group’s land use right of approximately RMB25,276,000, RMB9,123,000 and RMB8,448,000 respectively, were pledged to secure bank borrowings granted to the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Land use right <i>RMB'000</i>	Buildings <i>RMB'000</i>	Total <i>RMB'000</i>
COST			
At 1 January 2023 and 31 December 2023	20,366	117	20,483
Derecognition	—	(117)	(117)
At 31 December 2024 and 2025	<u>20,366</u>	<u>—</u>	<u>20,366</u>
DEPRECIATION			
At 1 January 2023	4,481	58	4,539
Provided for the year	<u>407</u>	<u>29</u>	<u>436</u>
At 31 December 2023	4,888	87	4,975
Provided for the year	<u>407</u>	<u>30</u>	<u>437</u>
Derecognition	—	(117)	(117)
At 31 December 2024	5,295	—	5,295
Provided for the year	<u>407</u>	<u>—</u>	<u>407</u>
At 31 December 2025	<u>5,702</u>	<u>—</u>	<u>5,702</u>
CARRYING VALUES			
At 31 December 2023	<u>15,478</u>	<u>30</u>	<u>15,508</u>
At 31 December 2024	<u>15,071</u>	<u>—</u>	<u>15,071</u>
At 31 December 2025	<u>14,664</u>	<u>—</u>	<u>14,664</u>

As at 31 December 2023, 2024 and 2025, the Company’s land use right of approximately RMB15,478,000, RMB Nil and RMB Nil respectively, were pledged to secure bank borrowings granted to the Company.

18. INTANGIBLE ASSETS

The Group

	Licenses and franchises <i>RMB'000</i>	Software <i>RMB'000</i>	Patent technology <i>RMB'000</i>	Developed technology <i>RMB'000</i>	Development costs <i>RMB'000</i>	Total <i>RMB'000</i>
COST						
At 1 January 2023	5,267	7,802	146	—	87,424	100,639
Additions	—	4,083	—	—	69,209	73,292
Transfer	—	—	—	52,865	(52,865)	—
At 31 December 2023	5,267	11,885	146	52,865	103,768	173,931
Additions	—	<u>779</u>	—	—	<u>24,829</u>	<u>25,608</u>
At 31 December 2024	5,267	12,664	146	52,865	128,597	199,539
Additions	—	12,715	—	—	10,184	22,899
Transfer	—	—	—	138,781	(138,781)	—
At 31 December 2025	<u>5,267</u>	<u>25,379</u>	<u>146</u>	<u>191,646</u>	<u>—</u>	<u>222,438</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Licenses and franchises <i>RMB'000</i>	Software <i>RMB'000</i>	Patent technology <i>RMB'000</i>	Developed technology <i>RMB'000</i>	Development costs <i>RMB'000</i>	Total <i>RMB'000</i>
AMORTISATION						
At 1 January 2023	790	4,150	17	—	—	4,957
Provided for the year	<u>527</u>	<u>2,244</u>	<u>11</u>	<u>3,354</u>	<u>—</u>	<u>6,136</u>
At 31 December 2023	1,317	6,394	28	3,354	—	11,093
Provided for the year	<u>527</u>	<u>2,814</u>	<u>11</u>	<u>5,287</u>	<u>—</u>	<u>8,639</u>
At 31 December 2024	1,844	9,208	39	8,641	—	19,732
Provided for the year	<u>527</u>	<u>5,207</u>	<u>11</u>	<u>15,183</u>	<u>—</u>	<u>20,928</u>
At 31 December 2025	<u>2,371</u>	<u>14,415</u>	<u>50</u>	<u>23,824</u>	<u>—</u>	<u>40,660</u>
CARRYING VALUES						
At 31 December 2023	<u>3,950</u>	<u>5,491</u>	<u>118</u>	<u>49,511</u>	<u>103,768</u>	<u>162,838</u>
At 31 December 2024	<u>3,423</u>	<u>3,456</u>	<u>107</u>	<u>44,224</u>	<u>128,597</u>	<u>179,807</u>
At 31 December 2025	<u>2,896</u>	<u>10,964</u>	<u>96</u>	<u>167,822</u>	<u>—</u>	<u>181,778</u>

The useful lives are as follows:

Licenses and franchises	10 years
Software	3 years
Patent technology	13.5 years
Developed technology	10 years

19. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of investments	<u>1,028,178</u>	<u>1,029,178</u>	<u>2,829,678</u>

20. DEFERRED TAXATION

The deferred tax liability recognised by the Group and the Company and movements thereon are as follows:

	Fair value change on financial assets at FVTPL <i>RMB'000</i>
At 31 December 2024	
Credit to profit or loss for the year	<u>2,581</u>
At 31 December 2025	<u>2,581</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Group

Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences as they have arisen from the subsidiaries that have been loss-making for a certain period of time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses could be utilised.

As at 31 December 2023, 2024 and 2025, the Group has deductible temporary differences of RMB1,149,891,000, RMB1,501,556,000 and RMB1,663,165,000, respectively. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at 31 December 2023, 2024 and 2025, the Group has unused tax losses available for offset against future profits, no deferred tax asset has been recognised due to the unpredictability of future profit streams.

The unrecognised tax losses will expire in the follow years:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2024	35,896	—	—
2025	47,763	47,763	—
2026	30,908	30,908	30,908
2027	170,756	170,756	170,305
2028	418,497	418,497	418,942
2029	796,338	821,926	821,856
2030	932,403	932,403	953,685
2031	1,423,778	1,419,309	1,419,309
2032	736,209	734,713	698,117
2033	725,877	720,107	658,617
2034	—	123,974	94,179
2035 and beyond	—	—	586,511
	<u>5,318,425</u>	<u>5,420,356</u>	<u>5,852,429</u>

21. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	107,884	99,646	119,656
Work in progress	73,343	132,670	188,479
Finished goods	26,472	34,268	41,577
Other materials	2,495	3,446	3,702
	<u>210,194</u>	<u>270,030</u>	<u>353,414</u>
Write-down	<u>(7,501)</u>	<u>(10,543)</u>	<u>(17,056)</u>
	<u>202,693</u>	<u>259,487</u>	<u>336,358</u>

During the Track Record Period, the write-down of inventories amounted to RMB42,321,000, RMB8,386,000 and RMB19,643,000 was provided, respectively.

22. TRADE AND BILLS RECEIVABLES

The Group

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade receivables	(a)	375,940	656,194	552,538
Less: Expected credit losses	(a)	<u>(4,776)</u>	<u>(6,808)</u>	<u>(11,551)</u>
		371,164	649,386	540,987
Bills receivables	(b)	<u>77,237</u>	<u>—</u>	<u>—</u>
		<u>448,401</u>	<u>649,386</u>	<u>540,987</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Trade receivables

As at 1 January 2023, trade receivables amounted to RMB261,876,000.

The Group generally allows credit period ranging from 30 to 90 days, depending on the specific payment terms stipulated in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2023, 2024, and 2025, the following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the delivery of goods, which approximates the respective date of revenue recognition:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	370,982	646,823	537,839
1 to 2 years	182	2,563	1,237
2 to 3 years	—	—	1,911
	<u>371,164</u>	<u>649,386</u>	<u>540,987</u>

Trade receivables with credit-impaired are assessed for ECL individually. Changes in the expected loss rate of trade receivables assessed individually are mainly due to its customers’ financial condition, operation results and ability to repay.

The remaining trade receivables are assessed based on grouping with similar credit risk characteristics. The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors’ current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the Track Record Period.

The Group recognised lifetime ECL for trade receivables as follows:

As at 31 December 2023	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Risk category I			
Less than 1 year	0.00	3,139	—
Risk category II			
Less than 1 year	1.28	372,610	4,767
1 to 2 years	4.71	191	9
		<u>375,940</u>	<u>4,776</u>
As at 31 December 2024	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Risk category I			
Less than 1 year	0.00	878	—
1 to 2 years	0.00	1,692	—
Risk category II			
Less than 1 year	1.03	652,656	6,711
1 to 2 years	10.02	968	97
		<u>656,194</u>	<u>6,808</u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2025	Weighted average expected loss rate %	Gross carrying Amount RMB'000	Loss allowance RMB'000
Individually			
Less than 1 year	100.00	708	708
1 to 2 years	100.00	1,360	1,360
Risk category I			
Less than 1 year	0.00	593	—
1 to 2 years	0.00	7	—
2 to 3 years	0.00	1,389	—
Risk category II			
Less than 1 year	1.69	546,462	9,216
1 to 2 years	10.02	1,367	137
2 to 3 years	19.94	652	130
		<u>552,538</u>	<u>11,551</u>

The movements in the allowance for impairment of trade receivables of the Group are set out below:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	3,761	4,776	6,808
Impairment losses recognized	<u>1,015</u>	<u>2,032</u>	<u>4,743</u>
At the end of the year	<u>4,776</u>	<u>6,808</u>	<u>11,551</u>

(b) Bills receivables

As of December 31, 2023, all the bills receivables are with a maturity period of less than 6 months.

The Group measures the loss allowance for bills receivable at an amount equivalent to 12-month expected credit losses. Given the Group’s historical credit loss experience indicates no significant recovery risk on these bills receivable prior to maturity, no loss allowance has been recognised for bills receivable for the years ended 31 December 2023, 2024 and 2025.

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Value-added tax recoverable	689	1,228	7
Prepayments on intangible assets	7,055	11,049	458
Prepayments on construction and acquisition of property, plant and equipment	<u>29,228</u>	<u>16,396</u>	<u>18,859</u>
	<u>36,972</u>	<u>28,673</u>	<u>19,324</u>
Current			
Prepayments to suppliers	95,217	86,152	61,843
Deposits	8,692	10,374	10,265
Staff advances	431	622	269
Value-added tax recoverable	9,593	54,465	13,996
Deferred issuance cost for a private placement (note)	—	—	2,755
Other receivables	2,011	324	221
Less: Expected credit losses	<u>(62)</u>	<u>(109)</u>	<u>(189)</u>
	<u>115,882</u>	<u>151,828</u>	<u>89,160</u>

Note:

Deferred issuance cost for a private placement represented legal and other professional fees relating to the issuance of A shares which will be deducted from equity upon completion of issuance.

APPENDIX I

ACCOUNTANTS’ REPORT

The movements in the loss allowance for expected credit losses of other receivables and deposits are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	55	62	109
Impairment losses recognised	20	57	80
Amounts written off as uncollectible	—	(10)	—
Impairment losses reversed	(13)	—	—
At the end of the year	62	109	189
The Company			
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Value-added tax recoverable	684	1,222	—
Prepayment on construction and acquisition of property, plant and equipment	1,358	205	33
	2,042	1,427	33
Current			
Prepayments to suppliers	2,575	2,164	1,191
Deposits	3	3	3
Staff advances	—	56	—
Value-added tax recoverable	1,027	1,833	2,115
Amounts due from subsidiaries (note 43(b))	1,239,881	1,602,050	16,708
Deferred issuance cost for a private placement	—	—	2,755
Other receivables	234	247	205
Less: Expected credit losses	—	(105)	(188)
	1,243,720	1,606,248	22,789

24. BILLS RECEIVABLES AT FVTOCI

Bills receivable at FVTOCI represent the Group’s holding of bank acceptance bills accepted by banks with high credit ratings. The management of the Company has elected to designate these bills receivable as at FVTOCI because it believes that the contractual cash flows of this portion of bills receivable may be collected through endorsement or discounting before their maturity, while holding them to maturity to collect cash flows is not ruled out. All the bills receivables at FVTOCI are with a maturity period of less than 6 months.

25. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	293,371	314,934	770,331
Denominated in RMB	292,753	314,510	770,059
Denominated in United States dollars (“USD”)	33	34	33
Denominated in Australian dollar (“AUD”)	585	390	239
	293,371	314,934	770,331

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	97,888	267,569	100,628
Denominated in RMB	97,888	267,569	100,628

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

APPENDIX I

ACCOUNTANTS’ REPORT

The RMB is not freely convertible into other currencies, however, under the PRC’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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

26. FINANCIAL ASSETS AT FVTPL

The Group and Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Listed investments	—	—	24,290
Structured deposits (<i>note</i>)	—	—	64,004
	—	—	88,294

Note:

As at 31 December 2025, the annualised expected return on the structured deposits held by the Company ranged from 0.75% to 2.15%, depending on the fluctuation of the EUR/USD exchange rate as specified in the terms of the relevant deposit agreements. These structured bank deposits were designated at fair value through profit or loss upon initial recognition as they contained embedded derivatives that are not closely related to the host contracts.

27. TRADE PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	115,865	126,575	130,246

The trade payables of the Group are non-interest-bearing and are normally settled ranged from 30 days to 90 days. The fair value of trade payables approximates to their carrying amount.

The following is an aged analysis of trade payables presented based on the date of service provided and date of goods acceptance at the end of each reporting period.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	115,103	123,181	129,273
1 to 2 years	242	3,394	913
2 to 3 years	520	—	60
	115,865	126,575	130,246

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Construction payables	53,929	41,407	113,229
Other tax payables	10,751	17,206	9,481
Payroll and welfare payables	110,792	118,503	89,506
Sales discounts payable	39,127	78,139	69,245
Accrued service fees	17,822	9,443	9,734
Deposits payable	8,802	8,584	9,425
Accrued marketing expenses	5,692	2,779	1,814
Other payables	5,803	5,514	5,109
	252,718	281,575	307,543

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Construction payables	8,753	2,288	59
Other taxes payables	300	335	271
Payroll and welfare payables	4,121	4,429	2,840
Accrued service fees	3,053	1,078	988
Other payables	525	150	176
	<u>16,752</u>	<u>8,280</u>	<u>4,334</u>

29. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advance received on sale of goods from customers	<u>4,364</u>	<u>7,194</u>	<u>9,882</u>

As at 1 January 2023, contract liabilities amounted to RMB1,526,000.

The Group receives certain amount of the contract value from customers when they place their purchase order or when they sign the sales contract. This gives rise to contract liabilities at the start of a contract until the Group transferred the control of goods to the customers.

Contract liabilities include unsatisfied performance obligation for pre-sale of the Group’s products.

Revenue recognition in relation to contract liabilities

The following table shows the revenue recognised during the years ended 31 December 2023, 2024 and 2025 that relates to carried-forward contract liabilities:

	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised during the year that was included in the contract liability balance at the beginning of the year	<u>1,526</u>	<u>4,364</u>	<u>7,194</u>

30. BANK AND OTHER BORROWINGS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Principal portion	2,646,092	2,456,229	3,053,281
Interest portion	3,286	7,491	9,574
	<u>2,649,378</u>	<u>2,463,720</u>	<u>3,062,855</u>
— Amounts shown under current liabilities	1,631,945	1,578,228	2,265,462
— Amounts shown under non-current liabilities	<u>1,017,433</u>	<u>885,492</u>	<u>797,393</u>

APPENDIX I

ACCOUNTANTS’ REPORT

- (a) The effective interest rates and maturities of the bank and other borrowings are as follows:

As at 31 December 2023			
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank loans-secured and guaranteed	3.70%–4.90%	2024	302,092
Bank loans-guaranteed	2.80%–4.80%	2024	1,194,067
Other borrowings-unsecured (<i>note 43(b)</i>)	4.75%	2024	132,500
Total current			1,628,659
Non-current			
Bank loans-secured and guaranteed	3.95%–4.90%	2025–2027	468,131
Bank loans-guaranteed	4.50%–4.80%	2025–2030	549,302
Total non-current			1,017,433
Total			2,646,092
As at 31 December 2024			
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank loans-secured and guaranteed	3.30%–4.35%	2025	369,582
Bank loans-guaranteed	2.60%–4.45%	2025	1,201,155
Total current			1,570,737
Non-current			
Bank loans-secured and guaranteed	4.10%	2026–2027	317,880
Bank loans-guaranteed	3.15%–4.60%	2026–2034	567,612
Total non-current			885,492
Total			2,456,229
As at 31 December 2025			
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank loans-secured and guaranteed	3.00%–4.00%	2026	560,000
Bank loans-guaranteed	2.30%–4.10%	2026	1,695,888
Total current			2,255,888
Non-current			
Bank loans-secured and guaranteed	4.00%	2027	157,880
Bank loans-guaranteed	2.80%–4.10%	2027–2034	639,513
Total non-current			797,393
Total			3,053,281

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) The maturing profile of bank and other borrowings (based on scheduled repayment dates set out in the loan agreements) is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	1,628,659	1,570,737	2,255,888
Within a period of more than one year but not more than two years	539,600	411,410	372,035
Within a period of more than two years but not more than five years	423,692	335,081	257,511
Within a period of more than five years	54,141	139,001	167,847
	<u>2,646,092</u>	<u>2,456,229</u>	<u>3,053,281</u>

- (c) The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group’s bank borrowings are as follows:

	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025	
	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000	Effective interest rate (%)	RMB'000
Fixed rate	2.80%–4.90%	1,944,381	2.60%–4.35%	1,317,950	2.30%–4.00%	1,532,455
Floating rate	3.95%–4.80%	701,711	3.05%–4.60%	1,138,279	2.65%–4.10%	1,520,826
		<u>2,646,092</u>		<u>2,456,229</u>		<u>3,053,281</u>

- (d) The Group’s bank borrowings of RMB2,513,592,000, RMB2,456,229,000 and RMB3,053,281,000, and bank facilities with aggregate amounts of RMB3,279,000,000, RMB4,830,000,000 and RMB5,180,000,000 as at 31 December 2023, 2024 and 2025, respectively, were guaranteed by the controlling shareholders, being Mr. Xie Liangzhi, or Mr. Xie Liangzhi together with Ms. Li Hanyuan, or Lhasa Eric.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank borrowings	27,417	—	—
Interest payables	78	—	—
	<u>27,495</u>	<u>—</u>	<u>—</u>
— Amounts shown under current liabilities	9,217	—	—
— Amounts shown under non-current liabilities	18,278	—	—

- (a) The effective interest rates and maturities of the bank borrowings are as follows:

	As at 31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans-secured	4.2%–4.4%	2024	9,139
Non-current			
Bank loans-secured	4.2%–4.4%	2026	18,278
Total			<u>27,417</u>

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) The maturing profile of bank borrowings (based on scheduled repayment dates set out in the loan agreements) is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	9,139	—	—
Within a period of more than one year but not more than two years	9,139	—	—
Within a period of more than two years but not more than five years	9,139	—	—
Within a period of more than five years	—	—	—
	27,417	—	—

- (c) All bank borrowings of the Company bear interest at floating rates, with an interest rate range of 4.2% to 4.4%.

31. LEASE LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	21,583	18,658	21,961
Within a period of more than one year but not more than two years	16,764	18,513	21,246
Within a period of more than two years but not more than five years	53,526	41,453	27,343
Within a period of more than five years	4,797	—	—
Total	96,670	78,624	70,550
— Amount shown under current liabilities	21,583	18,658	21,961
— Amount shown under non-current liabilities	75,087	59,966	48,589

The weighted average incremental borrowing rates applied to lease liabilities as at 31 December 2023, 2024 and 2025 range from 4.35% to 4.9% per annum, 3.5% to 4.9% per annum and 3.13% to 4.9% per annum, respectively.

32. PERPETUAL CAPITAL INSTRUMENT

The Group and the Company

On 21 August 2024, the Group entered into a perpetual bond investment agreement with Lhasa Ailike, pursuant to which, Lhasa Ailike will provide the Company with perpetual debt funding of up to RMB800 million with an annual interest rate not exceeding 4.5%. During the year ended 31 December 2024 and 2025, the Company had issued perpetual bonds of RMB600,000,000 and RMB165,000,000 to Lhasa Ailike, respectively.

The Company may elect to defer interest payment, which is not subject to any limit as to the number of times of interest payment can be deferred. The perpetual capital securities are without fixed maturity and may only be redeemed at the option of the Company. As these perpetual capital securities only imposes contractual obligations on the Company to repay principal or to pay any distribution under certain circumstances, which are at the Company's discretion, they have in substance offered the Company an unconditional right to avoid delivering cash or other financial assets. Therefore, these perpetual capital securities are classified as equity.

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount as at 1 January	—	—	603,481
Issued during the year	—	600,000	165,000
Interest accrued on perpetual capital instruments	—	3,481	22,696
Distribution to the owners of perpetual capital instruments	—	—	(20,658)
Carrying amount as at 31 December	—	603,481	770,519

APPENDIX I

ACCOUNTANTS’ REPORT

33. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants (<i>note (a)</i>)	105,355	91,367	120,297
Receipts in advance for commercialization rights (<i>note (b)</i>)	100,000	100,000	—
	<u>205,355</u>	<u>191,367</u>	<u>120,297</u>

Note (a):

The balance represents government grants received for the acquisition of plant and machinery and for future research and development expenses, and will be transferred to profit or loss over the useful lives of the related assets or as the relevant R&D expenses are incurred once the conditions attaching to the grants have been fulfilled. During the Track Record Period, the Group recognised income of RMB15,251,000, RMB13,724,000 and RMB13,180,000 related to the acquisition of plant and machinery.

Note (b):

On 27 September 2018, the Group received a non-refundable upfront payment of RMB100,000,000 under a collaboration agreement for the exclusive PRC commercialisation rights of a pharmaceutical product. In 2025, the Group and the counterparty entered into a termination agreement, pursuant to which all respective rights and obligations were fully discharged. Accordingly, the previously deferred upfront payment was recognised as other income in the consolidated statement of profit or loss during the year ended 31 December 2025.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	<u>59,900</u>	<u>55,777</u>	<u>52,197</u>

34. SHARE CAPITAL

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
A shares of RMB1.00 each	<u>445,336</u>	<u>445,336</u>	<u>445,336</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders’ meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual net assets.

35. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein during the Track Record Period are presented in the consolidated statements of changes in equity.

(a) Share premium

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

(b) Other reserve

The Other reserve comprises the fair value of share options granted by the Controlling shareholder which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 4 to the financial statements.

(c) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

APPENDIX I

ACCOUNTANTS’ REPORT

(d) Revaluation reserve

Revaluation reserve represents cumulative fair value changes arising from bills receivables at FVTOCI.

(e) Capital reserve

Capital reserve mainly represents the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders without loss of control. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity.

The Company

	Share premium RMB'000	Other reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2023	2,238,511	173,449	(274,339)	2,137,621
Total comprehensive expense for the year	—	—	(103,989)	(103,989)
Recognition of equity-settled share-based payments	—	20,444	—	20,444
Forfeitures of awards	—	(104)	—	(104)
At 31 December 2023 and 1 January 2024	2,238,511	193,789	(378,328)	2,053,972
Total comprehensive expense for the year	—	—	(43,511)	(43,511)
Recognition of equity-settled share-based payments	—	15,334	—	15,334
Forfeitures of awards	—	(206)	—	(206)
Recognition of perpetual capital instrument's interest	—	—	(3,481)	(3,481)
At 31 December 2024 and 1 January 2025	2,238,511	208,917	(425,320)	2,022,108
Total comprehensive expense for the year	—	—	(21,467)	(21,467)
Recognition of equity-settled share-based payments	—	10,383	—	10,383
Forfeitures of awards	—	(5,228)	—	(5,228)
Recognition of perpetual capital instrument's interest	—	—	(22,696)	(22,696)
At 31 December 2025	2,238,511	214,072	(469,483)	1,983,100

36. SHARE-BASED PAYMENTS

On 28 August 2018, the Company adopted an equity incentive plan (the “**Pre-[REDACTED] Equity Incentive Plan**”) to recognise and reward the contributions of certain eligible employees of the Group and incentivise their continued dedication to the Group’s operation and development.

Awards under the Plan are granted by Dr. Xie Liangzhi, the controlling shareholder of the Company, to the Company’s directors, senior management, middle-level management, core technical personnel and key business staff (the “**Eligible Participants**”). Eligible Participants subscribe for partnership interests in six employee share ownership platforms, which collectively hold 7.77% of the Company’s issued share capital as at 31 December 2025.

All awards under the Plan are equity-settled share-based payment transactions and are subject only to service conditions. The restricted shares vest according to the Eligible Participant’s cumulative length of service with the Group, with a vesting schedule from 0% for service less than 5 years up to 100% for service of 17 years and above.

On the grant date of the first batch on 28 August 2018, the fair value of awards was determined by an independent professional valuer using the income approach.

On the grant date of the second batch on 25 February 2019, the fair value was determined using the income approach combined with the back-solve method with reference to independent valuation reports.

On the grant date of the third batch, on 18 April 2019, the fair value of awards at the grant date was determined by reference to the Company’s recent arm’s length transaction prices with external investors, less the subscription price.

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APPENDIX I

ACCOUNTANTS’ REPORT

On the grant date of the fourth batch on 21 June 2020, the fair value of the awards was determined by reference to the issue price of the Company’s initial public offering of RMB ordinary shares to domestic investors.

On the grant date of the fifth batch on 28 July 2022 and sixth batch on 26 October 2023, the fair value of awards at the grant date was determined by reference to the closing market price of the Company’s RMB ordinary shares on the grant date.

On the grant date of the fifth batch on 28 July 2022 and sixth batch on 26 October 2023, the fair value of awards at the grant date was determined by reference to the closing market price of the Company’s RMB ordinary shares on the grant date.

A summary of activities of the awards is presented as follows:

	Number of awards
As at 1 January 2023	8,412,144
Granted	263,167
Vested	(1,429,219)
Forfeited	(44,684)
As at 31 December 2023 and 1 January 2024	7,201,408
Vested	(1,301,873)
Forfeited	(159,152)
As at 31 December 2024 and 1 January 2025	5,740,383
Vested	(1,306,607)
Forfeited	(627,136)
As at 31 December 2025	3,806,640

The Group recognized total expense of approximately RMB33,588,000, RMB29,928,000 and RMB16,552,000 for the years ended 31 December 2023, 2024 and 2025, respectively in relation to the Pre-[REDACTED] Equity Incentive Plan.

During the year ended 31 December 2023, 2024 and 2025, share-based payment expenses of RMB352,000, RMB1,099,000 and RMB9,437,000 were reversed and credited to profit or loss mainly due to forfeiture of awards under the Pre-[REDACTED] Equity Incentive Plan arising from employee resignation.

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which include interest-bearing bank borrowings disclosed in note 30, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital and balance its overall capital structure through new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

APPENDIX I

ACCOUNTANTS’ REPORT

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost	752,844	975,531	1,321,884
Bills receivables at FVTOCI	—	84,988	73,142
Financial assets at FVTPL	—	—	88,294
Financial liabilities			
Financial liabilities at amortised cost	2,896,418	2,736,161	3,401,657

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost	1,338,006	1,869,820	117,356
Financial assets at FVTPL	—	—	88,294
Financial liabilities			
Financial liabilities at amortised cost	39,826	3,516	1,223

(b) Financial risk management objectives and policies

The Group’s major financial instruments include bills receivables at FVTOCI, financial assets at FVTPL, trade and bills receivables, other receivables and deposits, bank balances and cash, trade and other payables, and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank borrowings. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank borrowings at the end of the reporting period. The non-pledged time deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50, 50 and 50 basis points increase or decrease is used for the years ended 31 December 2023, 2024 and 2025, respectively, when reporting cash flow interest rate risk internally to key management personnel and represents management’s assessment of the possible change in interest rate.

The Group

If interest rates had been 50, 50 and 50 basis points higher/lower with all other variables were held constant for the years ended 31 December 2023, 2024 and 2025, respectively, the Group’s pre-tax loss for the years ended 31 December 2023, 2024 and 2025 would increase/decrease by RMB3,509,000, RMB5,691,000 and RMB7,604,000 respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Foreign currency risk

The Group’s transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currencies other than the functional currency of the relevant group entity. The majority of the Group’s foreign currency transactions and balances are denominated in USD and EUR. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group’s foreign currency denominated monetary assets and monetary liabilities include bank balances and trade and other payables at the end of respective reporting period and the carrying amounts are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
<i>Assets</i>			
AUD	585	390	239
USD	33	403	33
<i>Liabilities</i>			
USD	2,675	3,076	464
EUR	210	523	183

Sensitivity analysis

As the directors of the Company consider that the foreign currency risk in response to the changes in exchange rate is insignificant, sensitivity analysis on currency risk is not presented.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instrument measured at FVTPL and financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Credit risk and impairment assessment

In order to minimise the credit risk of trade and bills receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix that share similar credit risk characteristics. For trade and bills receivables, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL.

The credit risk of other receivables and deposits are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model in accordance with IFRS 9 on these outstanding balances.

For other receivables and deposits, the Group measures the loss allowance at 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in likelihood or risk of a default occurring since initial recognition. Certain other receivables and deposits had significant increase in credit risk since initial recognition. The balances are monitored on an ongoing basis and the Group’s exposure to credit risk is not significant since the Group only trades with creditworthy third parties, and the Group does not require any collateral from other debtors.

Where applicable, an impairment analysis on other receivables and deposits is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during the years ended 31 December 2023, 2024 and 2025.

There has been no significant changes to estimation techniques or assumptions made during the years ended 31 December 2023, 2024 and 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

The concentration of credit risk in respect of trade and bills receivables is minimal, as the Group has a large number of customers. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group’s operations.

The following tables detail the Group’s remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

The Group

	On demand or within 1 year	1–2 years	2–5 years	Over 5 years	Total	Carrying amount
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2023						
Trade and other payables	357,832	—	—	—	357,832	357,832
Bank borrowings	1,698,735	584,113	470,956	61,521	2,815,325	2,649,378
	<u>2,056,567</u>	<u>584,113</u>	<u>470,956</u>	<u>61,521</u>	<u>3,173,157</u>	<u>3,007,210</u>
Lease liabilities	<u>25,477</u>	<u>19,912</u>	<u>58,065</u>	<u>4,834</u>	<u>108,288</u>	<u>96,670</u>
	On demand or within 1 year	1–2 years	2–5 years	Over 5 years	Total	Carrying amount
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2024						
Trade and other payables	390,944	—	—	—	390,944	390,944
Bank borrowings	1,633,021	431,501	221,820	330,277	2,616,619	2,463,720
	<u>2,023,965</u>	<u>431,501</u>	<u>221,820</u>	<u>330,277</u>	<u>3,007,563</u>	<u>2,854,664</u>
Lease liabilities	<u>21,857</u>	<u>20,871</u>	<u>43,704</u>	<u>—</u>	<u>86,432</u>	<u>78,624</u>
	On demand or within 1 year	1–2 years	2–5 years	Over 5 years	Total	Carrying amount
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2025						
Trade and other payables	428,308	—	—	—	428,308	428,308
Bank borrowings	2,320,848	368,716	222,773	302,623	3,214,960	3,062,855
	<u>2,749,156</u>	<u>368,716</u>	<u>222,773</u>	<u>302,623</u>	<u>3,643,268</u>	<u>3,491,163</u>
Lease liabilities	<u>24,632</u>	<u>22,972</u>	<u>28,161</u>	<u>—</u>	<u>75,765</u>	<u>70,550</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	On demand or within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Total RMB'000	Carrying amount RMB'000
As at 31 December 2023					
Trade and other payables	16,452	—	—	16,452	16,452
Bank borrowings	10,218	9,823	9,432	29,473	27,495
	<u>26,670</u>	<u>9,823</u>	<u>9,432</u>	<u>45,925</u>	<u>43,947</u>
	On demand or within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Total RMB'000	Carrying amount RMB'000
As at 31 December 2024					
Trade and other payables	7,945	—	—	7,945	7,945
	<u>7,945</u>	<u>—</u>	<u>—</u>	<u>7,945</u>	<u>7,945</u>
	On demand or within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Total RMB'000	Carrying amount RMB'000
As at 31 December 2025					
Trade and other payables	4,063	—	—	4,063	4,063
	<u>4,063</u>	<u>—</u>	<u>—</u>	<u>4,063</u>	<u>4,063</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurement of financial instruments

The Group

Some of the Group’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value			Fair value hierarchy	Valuation techniques and key inputs
	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000		
Bills receivables at FVTOCI	—	84,988	73,142	Level 2	Fair values are estimated based on the present value of the contracted cash inflow at the discount rate that reflects the market credit risk
Financial assets at FVTPL — Listed investments	—	—	24,290	Level 1	Quoted price of listed investments based on Shanghai Stock Exchange at the end of the reporting period (or the nearest day of trading)
Financial assets at FVTPL — Structured deposits	—	—	64,004	Level 2	The fair value of wealth management plans and structured deposits was determined with reference to the fair value or expected yields of underlying investments which are provided by the counterparty financial institutions

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APPENDIX I

ACCOUNTANTS’ REPORT

Except for non-current bank borrowings, bills receivables at FVTOCI and financial assets at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of each reporting period.

The fair values of financial assets and financial liabilities (other than bills receivables at FVTOCI, and financial assets at FVTPL) of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Company

Some of the Company’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value			Fair value hierarchy	Valuation techniques and key inputs
	As at	As at	As at		
	31 December 2023	31 December 2024	31 December 2025		
	RMB’000	RMB’000	RMB’000		
Financial assets at FVTPL — Listed investments	—	—	24,290	Level 1	Quoted price of listed investments based on Shanghai Stock Exchange at the end of the reporting period (or the nearest day of trading)
Financial assets at FVTPL — Structured deposits	—	—	64,004	Level 2	The fair value of wealth management plans and structured deposits was determined with reference to the fair value or expected yields of underlying investments which are provided by the counterparty financial institutions

Except for non-current bank borrowings and financial assets at FVTPL, the management of the Company considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values at the end of each reporting period.

The fair values of financial assets and financial liabilities (other than financial assets at FVTPL) of the Company are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group entered into new lease agreements and recognised right-of-use assets for buildings of approximately RMB113,631,000, RMB5,380,000, and RMB13,661,000 and lease liabilities for buildings of approximately RMB113,631,000, RMB5,380,000, and RMB13,661,000, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Changes in liabilities arising from financing activities

	Bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	2,283,606	16,433	2,300,039
Changes from financing cashflows	247,436	(36,196)	211,240
Changes from operating cashflowse	8,374	—	8,374
New lease	—	113,631	113,631
Lease modification	—	(280)	(280)
Accretion of interest	108,439	3,082	111,521
Other non-cash changes	1,523	—	1,523
At 31 December 2023	2,649,378	96,670	2,746,048
Changes from financing cashflows	(299,953)	(26,066)	(326,019)
Changes from operating cashflowse	14,007	—	14,007
New lease	—	5,380	5,380
Lease modification	—	(411)	(411)
Early termination of lease	—	(956)	(956)
Accretion of interest	100,288	4,007	104,295
At 31 December 2024	2,463,720	78,624	2,542,344
Changes from financing cashflows	502,284	(25,323)	476,961
Changes from operating cashflowse	10,719	—	10,719
New lease	—	13,661	13,661
Accretion of interest	86,132	3,588	89,720
At 31 December 2025	3,062,855	70,550	3,133,405

(c) Total cash outflow for leases:

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

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities	4,452	1,394	6,918
Within financing activities	36,196	26,066	25,332

40. CONTINGENT LIABILITIES

At the end of 31 December 2023, 2024 and 2025, the Group and the Company did not have any significant contingent liabilities.

41. RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, the Company’s PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group’s PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group’s Australian subsidiaries are required to make statutory superannuation contributions for eligible employees in compliance with the Superannuation Guarantee requirements. The compulsory employer contribution rate was 11% of employees’ ordinary time earnings for the 2023 and 2024 financial years, and increased to 12% effective from the 2025 financial year. All superannuation contributions are remitted to independent regulated superannuation funds, the assets of which are legally separated from the Group. The Group’s sole obligation is to pay the statutory prescribed contributions each period, with no additional defined benefit or supplementary retirement obligations.

The Group recognised the retirement benefit contributions of RMB48,956,000, RMB61,646,000 and RMB64,684,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

42. DEEMED DISPOSAL OF PARTIAL INTERESTS IN SUBSIDIARIES WITHOUT GAIN OF CONTROL

During the year ended 31 December 2025, Lhasa Ailike injected capital of RMB400,000,000 to the subsidiary of the Group, Sinocelltech Limited, resulting in the dilution of equity interest in Sinocelltech Limited held by the Group from 99.75% to 96.73%. The Group continuously control Sinocelltech Limited after the partial disposal.

The difference between the capital injected by the Lhasa Ailike and the attributable equity interests in Sinocelltech Limited disposed of had been credited directly in capital reserve for the year ended 31 December 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

43. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

<u>Name of entity</u>	<u>Relationship</u>
Lhasa Eric	The parent company of the Company
Sino Biological, Inc. (北京義翹神州科技股份有限公司)	Under the common control of the same parent company
Lhasa Lianghaoyuan Investment Consulting Co., Ltd. (“Lhasa Lianghaoyuan”) (拉薩良昊園投資諮詢有限公司)	The non-controlling shareholder of the Company

Other than as disclosed elsewhere in the Historical Financial Information, the Group had material transactions during the Track Record Period, with related parties as follows:

<u>Related party</u>	<u>Nature of transaction</u>	<u>Year ended 31 December</u>		
		<u>2023</u>	<u>2024</u>	<u>2025</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sino Biological, Inc.	Purchase of goods	6,335	7,004	9,740
Sino Biological, Inc.	Purchase of technical services	5,852	12,480	10,068
Sino Biological, Inc.	Lease of properties	18,977	23,369	24,269
Lhasa Eric	Other borrowing granted*	—	12,000	—
	Other borrowing repaid	500,000	130,000	—
Lhasa Lianghaoyuan	Other borrowing repaid*	12,500	14,500	—
Lhasa Eric	Interest expense	23,080	1,483	—
Lhasa Lianghaoyuan	Interest expense	1,282	44	—

* The borrowings are unsecured and have a term of 2 years, with annual interest rates ranging from 4.75% to 6.40%.

(b) Outstanding balances with related parties:

The Group

Amounts due from related parties included in deposits and prepayments.

	<u>As at 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposits	5,899	6,067	6,067
Less: Expected credit losses	(11)	—	—
	5,888	6,067	6,067
Prepayments- lease rental	456	576	—
	6,344	6,643	6,067

The amounts due from related parties represent deposits and are non-trade in nature, unsecured, non-interest-bearing and repayable on demand.

Amounts due to related parties included in trade and other payables

	<u>As at 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade-related	2,596	6,393	5,470

The amounts due to related parties were unsecured, non-interest-bearing and repayable on demand. As at 31 December 2023, 2024 and 2025, the aging of trade-related amounts due to related parties are within one year.

APPENDIX I

ACCOUNTANTS’ REPORT

Loans from related parties included in other borrowings

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Granted by:			
Lhasa Eric	118,000	—	—
Lhasa Lianghaoyuan	14,500	—	—
	<u>132,500</u>	<u>—</u>	<u>—</u>

The amounts due to related parties included in other borrowings were unsecured, interest-bearing and repayable in accordance with the agreed repayment schedule.

Amounts due to related parties included in lease liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities	<u>90,035</u>	<u>74,516</u>	<u>67,237</u>

The amounts due to related parties included in lease liabilities were unsecured, non-interest-bearing and repayable based on the lease terms set out in lease agreements.

The Company

Amounts due from subsidiaries included in other receivables, deposits and prepayments

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due from subsidiaries	<u>1,239,881</u>	<u>1,602,050</u>	<u>16,708</u>

The amounts due from subsidiaries were unsecured, non-trade in nature, non-interest-bearing and repayable on demand.

The Company assesses impairment on amounts due from subsidiaries using the ECL model in accordance with IFRS 9. The carrying amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. During the year ended 31 December 2023, impairment losses of RMB29,680,000 were recognised in respect of amounts due from Wuhan Optics Valley Sinocell Biotechnology Co., Ltd..

(c) The remuneration of key management personnel during the Track Record Period, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Short-term benefits	11,239	12,130	7,778
Retirement benefit scheme contributions	268	306	225
Share-based payments expense	<u>20,041</u>	<u>22,717</u>	<u>5,482</u>
	<u>31,548</u>	<u>35,153</u>	<u>13,485</u>

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. COMMITMENTS

The Group

The Group had the following contracted commitments as at 31 December 2023, 2024 and 2025:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	<u>117,207</u>	<u>314,162</u>	<u>183,740</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

The Company had the following contracted commitments as at 31 December 2023, 2024 and 2025:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	998	2,204	—

45. SUBSEQUENT EVENTS

On 15 December 2025, the Company entered into a share subscription agreement with Lhasa Ailike and Mr. Xie Liangzhi, pursuant to which the subscribers agreed to subscribe for 25,000,000 new shares in cash at a subscription price of RMB36.00 per share. The net proceeds raised from the subscription, after deducting issuance expenses, are intended to be fully used for supplementing the Company’s working capital. The subscription was approved by the China Securities Regulatory Commission on 5 January 2026, and was completed on 25 March 2026, with the final actual gross proceeds received amounting to RMB900,000,000.

46. 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 31 December 2025 and up to the date of this report.