The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON KYOWA KIRIN CHINA PHARMACEUTICAL CO., LTD. HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WINHEALTH INTERNATIONAL HOLDING GROUP COMPANY LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Kyowa Kirin China Pharmaceutical Co., Ltd. (the "**Company**") set out on pages [I-[•]] to [I-[•]], which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Company for each of the years ended 31 December 2023 and the nine months ended 30 September 2024 (the "**Relevant Periods**"), and the statements of financial position of the Company and the statements of financial position of the Company as at 31 December 2023 and 30 September 2024 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [I-[•]] to [I-[•]] forms an integral part of this report, which has been prepared for inclusion in the document of WinHealth International Holding Group Company Limited dated [date] (the "**Document**") in connection with the **[REDACTED]** of the shares of the WinHealth International Holding Group Company Limited on the **[REDACTED]**.

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Company as at 31 December 2023 and 30 September 2024 and of the financial performance and cash flows of the Company for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Adjustments

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

[•]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The Historical Financial Information of the Company for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**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.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023	Nine months ended 30 September 2024
		RMB'000	*RMB'000*
REVENUE	*5*	584,208	464,319
Cost of sales		(213,686)	(168,914)
Gross profit		370,522	295,405
Other income and gains	*5*	6,180	5,619
Selling and distribution expenses		(326,076)	(223,307)
Administrative expenses		(73,458)	(62,248)
Other expenses		(17,471)	(12,579)
Finance costs	*7*	(1,213)	(3,492)
PROFIT/(LOSS) BEFORE TAX	*6*	(41,516)	(602)
Income tax expense	*8*	(3,247)	(1,154)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		(44,763)	(1,756)

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023	As at 30 September 2024
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	120,902	112,856
Right-of-use assets	*11*	4,369	2,077
Other intangible assets	*12*	46,353	41,033
Other non-current assets	*14*	1,299	—
Deferred tax assets	*13*	25,306	27,605
Total non-current assets		198,229	183,571
CURRENT ASSETS			
Inventories	*15*	137,329	82,165
Trade receivables	*16*	91,202	62,592
Prepayments, other receivables and other assets	*17*	8,037	32,117
Income tax recoverable	*18*	—	—
Other current assets	*19*	21	1,286
Cash and cash equivalents	*20*	75,734	362,297
Total current assets		312,323	540,457
CURRENT LIABILITIES			
Trade payables	*21*	38,100	9,081
Other payables and accruals	*22*	143,503	392,696
Lease liabilities	*11*	2,588	1,148
Income tax payable		—	921
Total current liabilities		184,191	403,846
NET CURRENT LIABILITIES		128,132	136,611
TOTAL ASSETS LESS CURRENT LIABILITIES		326,361	320,182
NON-CURRENT LIABILITIES			
Long-term lease liabilities	*11*	1,602	910
Deferred income	*23*	34,237	30,506
Total non-current liabilities		35,839	31,416
Net assets		290,522	288,766
EQUITY			
Share capital	*24*	247,111	247,111
Reserves	*25*	43,411	41,655
Total equity		290,522	288,766

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve*	Statutory surplus reserve*	Retained profits/ (accumulated losses)*	Total equity
	RMB'000 *(note 23)*	*RMB'000* *(note 24)*	*RMB'000* *(note 24)*	*RMB'000*	*RMB'000*
At 1 January 2023	247,111	(205)	88,819	8,357	344,082
Loss and total comprehensive loss for the year	—	—	—	(44,763)	(44,763)
Distribution to the owner	—	—	—	(8,797)	(8,797)
At 31 December 2023	247,111	(205)	88,819	(45,203)	290,522

	Share capital	Capital reserve*	Statutory surplus reserve*	Accumulated losses*	Total equity
	RMB'000 *(note 23)*	*RMB'000* *(note 24)*	*RMB'000* *(note 24)*	*RMB'000*	*RMB'000*
At 1 January 2024	247,111	(205)	88,819	(45,203)	290,522
Loss and total comprehensive loss for the period	—	—	—	(1,756)	(1,756)
At 30 September 2024	247,111	(205)	88,819	(46,959)	288,766

These reserve accounts comprise the reserves of RMB43,411,000 and RMB41,655,000 as at 31 December 2023 and 30 September 2024, respectively, in the statements of financial position.

STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023	Nine months ended 30 September 2024
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:		(41,516)	(602)
Adjustments for:			
Finance costs	*7*	1,213	3,492
Interest income		(989)	(1,299)
Depreciation of property, plant and equipment	*10*	11,088	13,966
Depreciation of right-of-use assets	*11*	2,502	1,155
Amortisation of other intangible assets	*12*	6,924	5,386
Gain on disposal of items of property, plant and equipment		(50)	(4)
Gain on disposal of right-of-use assets for early terminated leases		—	(22)
Impairment/(reversal of impairment) of trade receivables	*16*	318	(14)
Write-down of inventories to net realisable value		26,791	11,092
		6,281	33,150
(Increase)/decrease in inventories		(5,122)	44,071
(Increase)/decrease in trade receivables, prepayments, other receivables and other assets		(16,816)	3,281
(Decrease)/increase in trade payables, accruals and other payables		(32,496)	56,113
Cash generated from operations		(48,153)	136,615
Interest received		989	1,299
Corporate income tax paid	*8*	9,141	(2,532)
Net cash flows from operating activities		(38,023)	135,382

	Note	Year ended 31 December 2023	Nine months ended 30 September 2024
		RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(62,270)	(5,983)
Proceeds from disposal of property, plant and equipment		50	7
Decrease in loan receivables from the holding company		40,043	—
Increase in loan receivables from the holding company		—	—
Interest received		3	—
Net cash flows used in investing activities		(22,174)	(5,976)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in due to the holding company		60,000	390,000
Decrease in due to the holding company		—	(230,000)
Payment of lease liability		(2,746)	(1,043)
Dividends paid		(8,797)	—
Interest paid		(1,077)	(1,913)
Net cash flows (used in)/from financing activities		47,380	157,044
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(12,817)	286,450
Cash and cash equivalents at beginning of year/period		88,326	75,734
Effects of foreign exchange rate changes, net		225	113
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	*20*	75,734	362,297
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	*20*	75,734	362,297
Cash and cash equivalents as stated in the statements of cash flows	*20*	75,734	362,297

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is incorporated in Shanghai. The registered office address of the Company is located at No. 970, Longdong Avenue, China (Shanghai) Pilot Free Trade Zone.

The Company is a pharmaceutical products trading company. During the Relevant Periods, the Company was primarily involved in the trading of pharmaceutical products.

In the opinion of the directors, the Company's ultimate holding company is Kyowa Kirin Co., Ltd. during the Relevant Periods.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Company in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Company 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 Company intends to adopt them, if applicable, when they become effective:

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

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

The Company is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. The application of IFRS 18 will have no impact on the consolidated statements of financial position of the Company, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows.

Except for IFRS 18, so far, the Company considers that the other new and revised IFRS Accounting Standards are unlikely to have a significant impact on the Company's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

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

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

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

- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

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

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

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

Property, plant and equipment and depreciation

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

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

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

Buildings	4%–20%
Furniture, fixtures and equipment	10%–50%

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

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

Other intangible assets

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

Other intangible assets are amortised on the straight-line basis over the following useful economic lives:

Category	Estimated useful life	Estimated residual value
Software *(i)*	3–5 years	0%
Distribution and promotion rights *(ii)*	15 years	0%

(i) Software has an amortization period of three to five years based on the estimated useful lives.

(ii) Distribution and promotion rights have an amortization period of fifteen years based on the period covered by their licenses.

Leases

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

Company as a lessee

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

(a) Right-of-use assets

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

Land-use right *(i)*	25 years
Office premises	2 to 3 years

(i) Land-use right has an amortization period of twenty-five years based on the period as stipulated in the contracts.

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

(b) Lease liabilities

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

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

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

The Company applies the short-term lease recognition exemption to its short-term leases of office, motor vehicles, equipment and green plants (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and potted plants that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

Government grants

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

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

Revenue recognition

Revenue from investment property operating leases

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

Revenue from contracts with customers

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

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

(b) Rendering of promotion service-at the point in time

Rendering of promotion service is recognised when the Company satisfies its promise to arrange for the pharmaceutical products to be provided by supplier to the customer.

Other income

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

Contract liabilities

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

Other employee benefits

Pension scheme

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

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 9 to the Historical Financial Information.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Company are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 13 to the financial statements.

Estimation uncertainty

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

Useful lives of intangible assets

The Company's management determines the estimated useful lives and the related amortisation charge for the Company's intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in amortisable lives and, therefore, amortisation charge in the future periods.

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

In determining the useful lives and residual values of items of property, plant and equipment, the Company has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Company with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed as at the end of each of the reporting period. Further details of the property, plant and equipment are set out in note 10 to the financial statements.

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in note 16 the financial statements, respectively.

Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

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

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions. Management reassesses these estimates at each reporting period.

Impairment of non-financial assets (other than goodwill)

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

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each of Track Record Period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 15 to the financial statements.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. During the Relevant Periods, the Company was principally engaged in the sale and promotion of pharmaceutical products. Management reviews the operating results of the Company's business as one operating segment for the purpose of making decisions about resource allocation and performance assessment. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

Geographical information

Since approximately all of the Company's non-current assets were located in Chinese Mainland, no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

Information about a major customer

Revenue from continuing operations of approximately RMB75,673,000 and RMB119,916,000 was derived from sales to a single customer, relating to the nine months ended 30 September 2024, the year ended 31 December 2023 respectively, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	Nine months ended 30 September
	2023	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers	584,208	464,319

(a) Disaggregated revenue information

	Year ended 31 December	Nine months ended 30 September
	2023	2024
	RMB'000	*RMB'000*
Types of goods or services		
Sales of pharmaceutical products	567,056	453,942
Rendering of consulting service	12,178	6,647
Deferred licensed distribution revenue	4,974	3,730
	584,208	464,319
Timing of revenue recognition		
Goods transferred at a point in time	567,056	453,942
Services transferred over time	17,152	10,377
	584,208	464,319

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December	Nine months ended 30 September
	2023	2024
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of pharmaceutical products	211	106

(b) Performance obligations

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

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the products and the payment is generally due within 35 to 140 days from the date of billing.

Rendering of consulting service

The performance obligation is satisfied over time as services are rendered and service contracts are for periods of one month or more, and are billed based on the time incurred.

Deferred licensed distribution revenue

The performance obligation is satisfied over time as distribution license agreements are structured for terms of either 5 or 12 years.

	Year ended 31 December	Nine months ended 30 September
	2023	2024
	RMB'000	*RMB'000*
Other income and gains		
Government grants*	5,098	4,295
Interest income	1,032	1,299
Others	50	25
	6,180	5,619

* There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT/(LOSS) BEFORE TAX

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

	Notes	Year ended 31 December	Nine months ended 30 September
		2023	2024
		RMB'000	*RMB'000*
Cost of inventories sold*		202,040	161,858
Cost of service		11,646	7,056
Depreciation of property, plant and equipment	*10*	11,088	13,966
Depreciation of right-of-use assets	*11*	2,502	1,155
Amortisation of other intangible assets	*12*	6,924	5,386
Impairment/(reversal of impairment) of trade receivables	*16*	318	(14)
Write-down of inventories to net realisable value		26,791	11,092
Employee benefit expense:			
— Wages, salaries and bonuses		145,567	129,491
— Pension scheme contributions		31,478	25,024
Subtotal		177,045	154,515
Foreign exchange differences, net		225	113
Donation expenditure		16,849	12,107

* Cost of inventories sold include expenses relating to depreciation of property, plant and equipment, which are also included in the total amounts disclosed in the depreciation of property, plant and equipment above. Cost of inventories sold include impairment of inventories, which are also disclosed in impairment loss of inventories above.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	Nine months ended 30 September
	2023	2024
	RMB'000	*RMB'000*
Interest on borrowings from the holding company	1,077	3,422
Interest on lease liabilities *(note 11)*	136	70
	1,213	3,492

8. INCOME TAX

The provision for Chinese Mainland corporate income tax has been provided at the applicable tax rate of 25% during the Relevant Periods on the assessable profits of the Company in Chinese Mainland.

	Year ended 31 December	Nine months ended 30 September
	2023	2024
	RMB'000	*RMB'000*
Current		
Current income tax charge	—	3,453
Deferred		
Relating to origination and reversal of temporary differences	3,247	(2,299)
Total tax /charge for the year/period	3,247	1,154

A reconciliation of the tax expense applicable to the operating results at the statutory rate for Chinese Mainland in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 December	Nine months ended 30 September
	2023	2024
	RMB'000	*RMB'000*
Profit/(loss) before tax	(41,516)	(602)
Tax at the statutory tax rate of 25%	(10,379)	(151)
Expenses not deductible for tax purposes	4,061	453
Temporary differences not recognised	9,565	852
Total tax charge for the year/period	3,247	1,154

9. DIVIDENDS

According to the approval of the board of directors in 2023, the Company distributed cash profits totaling RMB8,797,000 to shareholders of the Company in 2023.

No dividends have been paid or declared by the Company during the nine months ended 30 September 2024.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture, fixtures and equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023:				
Cost	55,813	145,133	45,822	246,768
Accumulated depreciation	(43,658)	(121,708)	—	(165,366)
Net carrying amount	12,155	23,425	45,822	81,402
At 1 January 2023, net of accumulated depreciation	12,155	23,425	45,822	81,402
Additions	—	825	54,353	55,178
Transfer from/(to) construction in progress/fixed assets	68,848	9,016	(77,864)	—
Transfer to intangible assets	—	—	(4,590)	(4,590)
Depreciation provided during the year	(3,687)	(7,401)	—	(11,088)
At 31 December 2023, net of accumulated depreciation	77,316	25,865	17,721	120,902
At 31 December 2023:				
Cost	124,661	154,974	17,721	297,356
Accumulated depreciation	(47,345)	(129,109)	—	(176,454)
Net carrying amount	77,316	25,865	17,721	120,902

	Buildings	Furniture, fixtures and equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:				
Cost	124,661	154,974	17,721	297,356
Accumulated depreciation	(47,345)	(129,109)	—	(176,454)
Net carrying amount	77,316	25,865	17,721	120,902
At 1 January 2024, net of accumulated depreciation	77,316	25,865	17,721	120,902
Additions	—	249	5,740	5,989
Transfer from/(to) construction in progress/fixed assets	1,117	22,278	(23,395)	—
Transfer to intangible assets	—	—	(66)	(66)
Disposals	—	(3)	—	(3)
Depreciation provided during the period	(6,094)	(7,872)	—	(13,966)
At 30 September 2024, net of accumulated depreciation	72,339	40,517	—	112,856
At 30 September 2024:				
Cost	125,778	177,498	—	303,276
Accumulated depreciation	(53,439)	(136,981)	—	(190,420)
Net carrying amount	72,339	40,517	—	112,856

11. LEASES

The Company as lessee

The Company has lease contracts for various items of buildings used in its operations. Buildings generally have lease terms of 2 to 3 years.

(a) Right-of-use assets

The carrying amount of the Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	Right-of-use assets
	Office premises
	RMB'000
As at 1 January 2023	1,910
Addition	4,961
Depreciation charge	(2,502)
As at 31 December 2023 and 1 January 2024	4,369
Termination of right-of-use assets	(1,137)
Depreciation charge	(1,155)
As at 30 September 2024	2,077

(b) Lease liabilities

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

	Year ended 31 December	**Nine months ended 30 September**
	2023	**2024**
	RMB'000	*RMB'000*
Carrying amount at the beginning of year/period	1,839	4,190
New leases	4,961	—
Accretion of interest recognised during the year	136	70
Termination of leases	—	(1,159)
Payments	(2,746)	(1,043)
Carrying amount at end of year/period	4,190	2,058
Analysed into:		
Current portion	2,588	1,148
Non-current portion	1,602	910

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

	Year ended 31 December 2023	Nine months ended 30 September 2024
	RMB'000	*RMB'000*
Gain on lease termination	—	22
Interest on lease liabilities	136	70
Depreciation charge of right-of-use assets	2,502	1,155
Total amount recognised in profit or loss	2,638	1,247

The total cash outflow for leases is disclosed in note 25(b).

12. OTHER INTANGIBLE ASSETS

	Software	Distribution and promotion rights	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	15,442	33,245	—	48,687
Transfer from construction in progress	4,590	—	—	4,590
Amortisation provided during the year	(3,362)	(3,562)	—	(6,924)
At 31 December 2023	16,670	29,683	—	46,353
At 31 December 2023 and 1 January 2024				
Cost	36,392	53,429	—	89,821
Accumulated amortisation	(19,722)	(23,746)	—	(43,468)
Net carrying amount	16,670	29,683	—	46,353
30 September 2024				
Cost at 1 January 2024, net of accumulated amortisation	16,670	29,683	—	46,353
Transfer from construction in progress	66	—	—	66
Amortisation provided during the period	(2,714)	(2,672)	—	(5,386)
At 30 September 2024	14,022	27,011	—	41,033
At 30 September 2024				
Cost	36,458	53,429	—	89,887
Accumulated amortisation	(22,436)	(26,418)	—	(48,854)
Net carrying amount	14,022	27,011	—	41,033

13. DEFERRED TAX

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

Deferred tax assets

	Impairment provision for assets	Leases liabilities	Deferred income	Sales rebate	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets 1 January 2023	14,460	460	9,803	2,135	2,173	29,031
Deferred tax (charged)/credited to profit or loss	(3,358)	588	(1,244)	191	1,190	(2,633)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	11,102	1,048	8,559	2,326	3,363	26,398
Deferred tax (charged)/credited to profit or loss	2,773	(534)	(933)	605	(185)	1,726
Gross deferred tax assets at 30 September 2024	13,875	514	7,626	2,931	3,178	28,124

Deferred tax liabilities

	Right of use assets	Total
	RMB'000	*RMB'000*
At 1 January 2023	478	478
Deferred tax credited to profit or loss	614	614
At 31 December 2023 and 1 January 2024	1,092	1,092
Deferred tax charged to profit or loss	(573)	(573)
At 30 September 2024	519	519

The above tax losses arose in Chinese Mainland, which were available for offsetting against future taxable profits in one to five years. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

	As at 31 December 2023	As at 30 September 2024
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the statements of financial position	25,306	27,605

The Company also has unused tax losses arising in Chinese Mainland of approximately RMB25,651,000 and Nil as at the end of each of the Relevant Periods that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognized in respective of these unused tax losses as the Company has been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized in the foreseeable future.

14. OTHER NON-CURRENT ASSETS

	As at 31 December	As at 30 September
	2023	2024
	RMB'000	*RMB'000*
Construction prepayment	1,299	—

15. INVENTORIES

	As at 31 December	As at 30 September
	2023	2024
	RMB'000	*RMB'000*
Finished goods	137,329	82,165

16. TRADE RECEIVABLES

	As at 31 December	As at 30 September
	2023	2024
	RMB'000	*RMB'000*
Trade receivables	92,172	63,548
Impairment	(970)	(956)
Net carrying amount	91,202	62,592

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

	As at 31 December	As at 30 September
	2023	2024
	RMB'000	*RMB'000*
Within 1 year	91,202	62,592

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

	As at 31 December	As at 30 September
	2023	2024
	RMB'000	*RMB'000*
At beginning of year/period	(652)	(970)
impairment losses, net	(318)	14
At end of year/period	(970)	(956)

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

	As at 31 December 2023	As at 30 September 2024
Expected credit loss rate	1.05%	1.50%
Gross carrying amount *(RMB'000)*	92,172	63,548
Expected credit losses *(RMB'000)*	(970)	(956)

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December 2023	As at 30 September 2024
	RMB'000	*RMB'000*
Loan receivable from the holding company* *(note 26(b))*	—	—
Other receivables from the holding company *(note 26(b))*	4,738	15,944
Other receivables	1,068	11,092
Prepayments	2,231	5,081
Total	8,037	32,117

* Loan receivable from the holding company comprises both principal and the accrued interest, bearing an annual interest rate of 1.35%, it was unsecured, non-trade related and repayable within one year.

The financial assets in the above balances are receivables with no recent default history or overdue amounts.

18. INCOME TAX RECOVERABLE

	As at 31 December 2023	As at 30 September 2024
	RMB'000	*RMB'000*
Prepaid income tax	—	—

19. OTHER CURRENT ASSETS

	As at 31 December 2023	As at 30 September 2024
	RMB'000	*RMB'000*
Unverified VAT	21	1,286

20. CASH AND CASH EQUIVALENTS

	As at 31 December	As at 30 September
	2023	2024
	RMB'000	*RMB'000*
Cash and cash equivalents	75,734	362,297
Denominated in:		
RMB	74,949	361,523
USD	754	746
JPY	31	28
	75,734	362,297

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

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

21. TRADE PAYABLES

An aging analysis of the trade payables, based on the invoice date, is as follows:

	As at 31 December	As at 30 September
	2023	2024
	RMB'000	*RMB'000*
Within one year	38,100	9,081
Over one year	—	—
	38,100	9,081

The trade payables are non-interest-bearing and are normally settled on 90 days after customs clearance.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 December	As at 30 September
	2023	2024
	RMB'000	*RMB'000*
Loan payables to the holding company* *(note 26(b))*	60,145	220,064
Severance Pay**	—	92,583
Other payables	65,324	43,025
Staff cost payables	8,621	24,996
Estimated sales allowances	9,307	11,985
Contract liabilities	106	43
	143,503	392,696

* The loan payables to the holding company consist of loans and interest payables.

On 1 June 2023, the Company obtained an unsecured loan from the holding company amounting to RMB60,000,000 at 2.9% per annum and due for repayment in 6 months. The loan was renewed for a further 6-month term on 1 December 2023, maintaining the same interest rate. An early repayment of RMB 60 million was made on 27 March 2024, prior to the renewed maturity date.

On 1 February 2024, the Company obtained an unsecured loan from the holding company amounting to RMB170,000,000 at 2.7% per annum. Partial repayments of RMB70,000,000 and RMB100,000,000 were settled on 1 July 2024, and 1 September 2024, respectively.

On 26 September 2024, the Company obtained an unsecured loan from the holding company of RMB220,000,000 with a 3-month tenor and an interest rate of 2.6%. per annum.

** Severance pay refers to the compensation paid to employees following the acquisition of the Company.

23. DEFERRED INCOME

		Year ended 31 December	Nine months ended 30 September
	Notes	**2023**	**2024**
CONIEL licensed distribution fee	*(1)*	30,683	27,922
NESP licensed distribution fee	*(2)*	3,554	2,584
		34,237	30,506

(1) In 2017, the company transferred the distribution rights of CONIEL licensed by the company. to Zhejiang Medical Technology Development Co., Ltd., with a transfer period of 15 years. The company recognizes the relevant income obtained as deferred income and continues to amortize it over the 2017 and the remaining transfer period.

(2) In 2021, the company transferred the distribution rights of NESP licensed by the company to Zhejiang Medical Technology Development Co., Ltd., with a transfer period of 5 years. The company recognizes the relevant income obtained as deferred income and continues to amortize it over the 2021 and the remaining transfer period.

24. SHARE CAPITAL

	As at 31 December	As at 30 September
	2023	**2024**
	RMB'000	*RMB'000*
Issued and fully paid	247,111	247,111

25. RESERVES

The amounts of the Company's reserves and the movements therein for the reporting periods are presented in the statements of changes in equity of the financial statements.

Capital reserve

The capital reserve represents share premium of the Company. Details of the movement in capital reserve are set out in the statements of changes in equity of the financial statements.

Statutory reserve funds

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

26. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Company had non-cash additions to right-of-use assets and lease liabilities of RMB4,961,000 and Nil respectively, in respect of lease arrangements for properties.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Other payables
	RMB'000	*RMB'000*
At 1 January 2023	1,839	—
Changes from financing cash flows:.	(2,746)	58,923
— Principal portion of lease payments	(2,610)	—
— Interest paid	(136)	(1,077)
— Increase in due to the holding company	—	60,000
New leases	4,961	—
Interest expense	136	1,222
At 31 December 2023	4,190	60,145
At 1 January 2024	4,190	60,145
Changes from financing cash flows:.	(1,043)	158,087
— Cash received from the holding company	—	390,000
— Cash paid to the holding company	—	(230,000)
— Principal portion of lease payments	(973)	—
— Interest paid	(70)	(1,913)
Interest expense	70	1,977
Termination of leases	(1,159)	—
At 30 September 2024	2,058	220,209

(c) Total cash outflow for leases

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

	Year ended 31 December	Nine months ended 30 September
	2023	2024
	RMB'000	*RMB'000*
Within financing activities.	(2,746)	(1,043)

27. RELATED PARTY TRANSACTIONS

(a) The Company had the following transactions with related parties during the year/period:

		As at 31 December 2023	As at 30 September 2024
		RMB'000	*RMB'000*
The holding company:			
Provide labor services		17,173	11,746
Interest income		46	—
Recover loans from related parties	*(ii)*	40,000	—
Obtain loans from related parties	*(ii)*	60,000	390,000
Purchase goods	*(i)*	(140,100)	(67,787)
Accept labor services		(3,968)	(2,346)
Provide related party loans	*(ii)*	—	—
Repay the loans from related parties	*(ii)*	—	(230,000)
Interest expense		(1,077)	(1,913)
Software license Fee		(1,532)	—

(i) The purchases were made from Kyowa Kirin Asia Pacific Pte. Ltd., and were mainly consisted of pharmaceutical products at a mutually agreed price.

(ii) The loans were related to Kyowa Kirin Co, Ltd. on a voluntary basis from both sides.

(b) The gross carrying amounts for outstanding balances with related parties are as follows:

	As at 31 December 2023	As at 30 September 2024
	RMB'000	*RMB'000*
Prepayments, other receivables and other assets		
Loan receivable from the holding company	—	—
Other receivables from the holding company	4,738	15,944
Trade payables		
Pharmaceutical purchases	38,100	8,529
Other payables and accruals		
Loan payables to the holding company	60,145	220,064

Amounts due from related parties were unsecured, interest-free and repayable on demand, and amounts due to related parties were unsecured, repayable within 30 days and had interest from 0.9% to 1.8%.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and cash equivalents, lease liabilities, and amounts due to/from related party. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are foreign currency risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

Since the Company does not hold any floating-rate interest-bearing financial instruments, its exposure to interest rate risk is negligible.

(b) Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD-RMB and JPY-RMB exchange rate, with all other variables held constant, of the Company's profit or loss before tax (due to changes in the fair values of monetary assets and liabilities) and the Company's equity.

	Increase/ (decrease)in USD/HKD rate	**Increase/ (decrease) in profit/(loss) before tax**	**Increase/(decrease) in equity**
	%	*RMB'000*	*RMB'000*
2023			
If the RMB weakens against the USD	5%	38	28
If the RMB strengthens against the USD	5%	(38)	(28)
If the RMB weakens against the JPY.	5%	2	1
If the RMB strengthens against the JPY.	5%	(2)	(1)
As at 30 September 2024			
If the RMB weakens against the USD	5%	37	28
If the RMB strengthens against the USD	5%	(37)	(28)
If the RMB weakens against the JPY.	5%	1	1
If the RMB strengthens against the JPY.	5%	(1)	(1)

(c) Credit risk

The Company has no concentration of credit risk. The Company's cash and cash equivalents are mainly deposited with state-owned banks in Chinese Mainland. The carrying amounts of the trade receivables, other receivables, restricted cash, cash and cash equivalents included in the statement of financial position represent the Company's maximum exposure to credit risk in relation to its financial assets. The Company has no other financial assets which carry significant exposure to credit risk.

The Company expects the credit risk associated with trade receivables and other receivables due from related parties to be low, since the related parties have strong capacity to meet contractual cash flow obligations in the near term.

The Company trades only with recognised and credit worthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Company as the customer bases of the Company's trade receivables and other receivables are widely dispersed. In addition, receivable balances are monitored on an ongoing basis.

(d) Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans.

The maturity profile of the Company's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Less than 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
Trade payables	38,100	—	38,100
Other payables and accruals	97,027	—	97,027
Lease liabilities	2,820	1,747	4,567
	137,947	1,747	139,694
30 September 2024			
Trade payables	9,081	—	9,081
Other payables and accruals	234,098	—	234,098
Lease liabilities	1,283	963	2,246
	244,462	963	245,425

(e) Capital management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to owners, return capital to owners or **[REDACTED]** new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

29. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events for which disclosures or adjustments are required after the end of the Relevant Periods.