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

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FOSUN ADGENVAX (CHENGDU) BIOPHARMACEUTICAL CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND FOSUN INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Fosun Adgenvax (Chengdu) Biopharmaceutical Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-3] to [I-63], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-3] to [I-63] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023,2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	324,681	81,287	525,552
Cost of sales		(107,777)	(67,726)	(159,056)
Gross profit		216,904	13,561	366,496
Other income and gains	*5*	4,118	5,732	4,864
Research and development expenses		(53,327)	(80,986)	(121,660)
Selling expenses		(104,899)	(22,250)	(161,449)
Administrative expenses		(94,750)	(112,296)	(137,100)
Finance costs	*7*	(13,143)	(17,765)	(33,146)
Reversal of impairment/(impairment) losses on financial assets		564	4,474	(4,745)
Other expenses		(1,496)	(999)	(967)
LOSS BEFORE TAX	*6*	(46,029)	(210,529)	(87,707)
Income tax credit	*10*	10,116	36,293	16,440
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(35,913)	(174,236)	(71,267)
Attributable to:				
Owners of the parent		(35,913)	(174,236)	(71,267)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	*12*	(0.45)	(2.18)	(0.89)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	560,287	644,208	893,661
Right-of-use assets	*14*	73,083	115,224	113,807
Intangible assets	*15*	1,485,986	1,575,767	1,651,091
Goodwill	*17*	678,697	678,697	678,697
Deferred tax assets	*18*	35,613	55,529	48,714
Prepayments, other receivables and other assets	*21*	28,207	17,254	21,645
Total non-current assets		2,861,873	3,086,679	3,407,615
CURRENT ASSETS				
Inventories	*19*	34,543	103,663	115,417
Trade receivables	*20*	197,561	112,014	545,435
Prepayments, other receivables and other assets	*21*	10,345	8,847	21,839
Restricted bank deposits	*22(b)*	4,642	–	640
Time deposits	*22(c)*	30,000	–	–
Cash and cash equivalents	*22(a)*	243,193	69,629	109,559
Total current assets		520,284	294,153	792,890
CURRENT LIABILITIES				
Trade payables	*23*	33,723	57,587	61,020
Other payables and accruals	*24*	412,178	273,540	401,475
Interest-bearing bank borrowings	*25*	144,473	393,144	709,453
Lease liabilities	*14*	2,854	4,943	2,629
Contract liabilities	*26*	–	–	3,069
Total current liabilities		593,228	729,214	1,177,646
NET CURRENT LIABILITIES		(72,944)	(435,061)	(384,756)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,788,929	2,651,618	3,022,859
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*25*	326,805	378,492	774,186
Lease liabilities	*14*	3,804	1,791	3,455
Deferred income	*27*	8,242	7,351	29,641
Deferred tax liabilities	*18*	132,451	116,074	92,819
Total non-current liabilities		471,302	503,708	900,101
Net assets		2,317,627	2,147,910	2,122,758
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*28*	666,667	666,667	666,667
Reserves	*29*	1,650,960	1,481,243	1,456,091
Total equity		2,317,627	2,147,910	2,122,758

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent					
	Notes	**Paid-in capital**	**Capital reserve***	**Statutory surplus reserve***	**Other reserves***	**Accumulated losses***	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023		666,667	1,666,688	21,283	43,292	(44,390)	2,353,540
Loss and total comprehensive loss for the year		–	–	–	–	(35,913)	(35,913)
Profit appropriation to reserves	*29*	–	–	2,804	–	(2,804)	–
At 31 December 2023		666,667	1,666,688	24,087	43,292	(83,107)	2,317,627
Loss and total comprehensive loss for the year		–	–	–	–	(174,236)	(174,236)
Share option expenses	*30*	–	–	–	4,519	–	4,519
At 31 December 2024		666,667	1,666,688	24,087	47,811	(257,343)	2,147,910
Loss and total comprehensive loss for the year		–	–	–	–	(71,267)	(71,267)
Capital injection	*28*	–	3,197	–	–	–	3,197
Profit appropriation to reserves	*29*	–	–	8,175	–	(8,175)	–
Share option expenses	*30*	–	–	–	42,918	–	42,918
At 31 December 2025		666,667	1,669,885	32,262	90,729	(336,785)	2,122,758

* The reserve accounts comprised the consolidated reserves of RMB1,650,960,000, RMB1,481,243,000, and RMB1,456,091,000 as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(46,029)	(210,529)	(87,707)
Adjustments for:				
Finance costs	*7*	13,143	17,765	33,146
Depreciation of property, plant and equipment	*6*	1,538	18,637	23,343
Depreciation of right-of-use assets	*6*	2,725	6,082	6,482
Amortisation of intangible assets	*6*	38,776	34,827	48,443
Loss on disposal of items of property, plant and equipment	*6*	911	142	184
Gain on early termination of leases	*6*	(74)	(6)	(39)
Equity-settled share-based payments	*6*	–	4,519	42,918
[**REDACTED**] expenses	*6*	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Interest income		(2,947)	(1,945)	(360)
Provision of inventories	*6*	9,766	45,776	14,512
(Reversal of impairment)/impairment losses on financial assets	*6*	(564)	(4,474)	4,745
		17,245	(89,206)	91,316
Increase of restricted bank balances		–	–	(640)
Decrease/(increase) in trade receivables		138,596	90,118	(438,166)
Decrease/(increase) in prepayments, other receivables and other assets		5,996	1,191	(9,275)
Decrease/(increase) in inventories		50,889	(109,356)	(24,777)
(Decrease)/increase in trade payables		(9,848)	29,087	(3,081)
(Decrease)/increase in other payables and accruals		(88,333)	(46,769)	100,627
Increase/(decrease) in deferred income		8,242	(891)	22,290
Increase in contract liabilities		–	–	3,069
Cash generated from/(used in) operations		122,787	(125,826)	(258,637)
Income tax paid		(14,197)	–	–
Net cash flows generated from/(used in) operating activities		108,590	(125,826)	(258,637)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(57,849)	(116,766)	(247,771)
Purchases of intangible assets		(157,364)	(125,113)	(120,278)
Purchases of leasehold land		(63,970)	(23,477)	–

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
(Placement)/withdrawal of time deposits with original maturity of more than three months		(10,000)	30,000	–
Proceeds from disposal of items of property, plant and equipment		101	2	8
Repayment from related parties		48,000	–	–
Loan to related parties		(40,000)	–	–
Proceeds from interest income		2,954	1,945	360
(Increase)/decrease in restricted bank balances		(4,642)	4,642	–
Net cash flows used in investing activities		(282,770)	(228,767)	(367,681)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans from related parties		150,000	150,000	35,000
Repayment of loans from related parties		(120,000)	(245,000)	(35,000)
New interest-bearing bank borrowings		296,570	492,974	1,198,922
Repayment of interest-bearing bank borrowings		(24,710)	(193,116)	(491,234)
Lease payments		(4,035)	(2,255)	(5,676)
Capital injections		–	–	3,197
[**REDACTED**] expense paid		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Interest paid		(18,039)	(21,574)	(38,461)
Net cash flows from financing activities		279,786	181,029	666,248
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		105,606	(173,564)	39,930
Cash and cash equivalents at beginning of year		137,587	243,193	69,629
CASH AND CASH EQUIVALENTS AT END OF YEAR		243,193	69,629	109,559
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*22*	277,835	69,629	110,199
Less: Restricted bank balances	*22*	(4,642)	–	(640)
Time deposits with original maturity of more than three months	*22*	(30,000)	–	–
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows		243,193	69,629	109,559

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Long-term investment	*16*	2,899,800	2,899,800	2,899,800
Property, plant and equipment	*13*	325,470	354,003	422,293
Right-of-use assets	*14*	13,124	58,724	55,372
Intangible assets	*15*	142,492	230,930	349,154
Prepayments, other receivables and other assets	*21*	39,949	7,676	20,156
Total non-current assets		3,420,835	3,551,133	3,746,775
CURRENT ASSETS				
Inventories	*19*	17,525	18,928	22,233
Prepayments, other receivables and other assets	*21*	4,585	14,412	31,398
Cash and cash equivalents	*22*	71,181	17,804	44,964
Total current assets		93,291	51,144	98,595
CURRENT LIABILITIES				
Trade payables	*23*	23,815	32,084	43,554
Other payables and accruals	*24*	122,731	65,209	57,762
Lease liabilities	*14*	1,429	1,994	510
Interest-bearing bank borrowings	*25*	40,179	183,548	342,606
Total current liabilities		188,154	282,835	444,432
NET CURRENT LIABILITIES		(94,863)	(231,691)	(345,837)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,325,972	3,319,442	3,400,938
NON-CURRENT LIABILITIES				
Lease liabilities	*14*	1,362	1,791	800
Interest-bearing bank borrowings	*25*	283,705	306,392	480,325
Deferred income	*27*	–	–	14,375
Total non-current liabilities		285,067	308,183	495,500
Net assets		3,040,905	3,011,259	2,905,438
EQUITY				
Paid-in capital	*28*	79,931	79,931	83,128
Reserves	*29*	2,960,974	2,931,328	2,822,310
Total equity		3,040,905	3,011,259	2,905,438

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 6 July 2012 as a limited liability company under the Companies Law of the PRC. The Company was converted into a joint stock company with limited liability on 8 January 2026. The registered office of the Company is located at No. 550, Fenghuang Road, Shuangliu District, Chengdu, Sichuan, PRC.

During the Relevant Periods, the Company and its subsidiaries were involved in the research and development ("R&D"), manufacture and commercialisation of preventative vaccine products.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are as follows:

Name	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Fosun Apexvac (Dalian) Biopharmaceutical Co., Ltd.* (復星雅立峰(大連)生物製藥有限公司) *(note 1)* .	PRC/Chinese mainland 28 February 2002	RMB400,000,000	100%	–	Research and development, manufacturing and sales of vaccines
Fosun Adgenvax (Liaoning) Biopharmaceutical Co., Ltd.* (復星安特金(遼寧)生物醫藥有限公司) *(note 2)* .	PRC/Chinese mainland 14 November 2023	RMB10,000,000	100%	–	Commercialisation of vaccines

* The English names of these companies represent the best efforts made by the directors of the Company to translate their Chinese names as these companies have not been registered with any official English names.

Note 1: The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared under Chinese Accounting Standards ("PRC GAAP") were audited by Dalian Ruihua Certified Public Accountants Co., Ltd. (大連瑞華會計師事務所有限公司).

Note 2: No audited financial statements have been prepared for this entity for the years ended 31 December 2023, 2024 and 2025 as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of establishment.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting periods commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information.

The Historical Financial Information has been prepared under the historical cost convention.

As at 31 December 2025, the Group had net current liabilities of RMB384,756,000. The directors have reviewed the Group's cash flow forecast prepared by management, covering a period of 12 months from 31 December 2025. The Group is expected to generate sufficient operating cash inflows in the coming 12 months. Pursuant to the capital contribution agreement on Pre-[**REDACTED**] financing on 15 June 2026, the Company increased its share capital of 11,495,449 shares at the consideration of RMB968,000,000. The Group will repay, rollover or re-finance its current bank and other borrowings in the normal course of business. Accordingly, the directors, after taking into account the operation performance, financing plans and measures, are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due and that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended HKFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended HKFRS Accounting Standards, except for HKFRS 18, are unlikely to have a significant impact on the Group's results of operations and financial position. HKFRS 18 is expected to be applicable to the Group. HKFRS 18 introduces new requirements on presentation within the statement of profit or loss and other comprehensive income, including specific totals and subtotals. It also requires disclosure of management-defined performance measures in a note and introduces new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance.

2.3 MATERIAL ACCOUNTING POLICIES

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

An assessment is made at the end of each of the reporting 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 Group if:

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

Category	Estimated useful lives
Buildings	20 years
Machinery and others	3 to 10 years
Electronic devices	3 to 10 years
Vehicles	3 to 10 years
Leasehold improvements	10 years

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents and technical know-how

Patents and technical know-how are initially recorded at cost and are amortised on a straight-line basis over their useful lives of 10 to 20 years. The estimated useful life and amortisation method are reviewed at the end of each of the reporting periods, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development costs

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

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

Deferred development costs not available for use are tested for impairment annually individually, irrespective of whether there is any indication that they may be impaired. Such intangible assets are not amortised.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 10 years. The useful lives of software are assessed by the Group considering different purposes and usage of the software, and the authorised period for use.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	50 years
Buildings	2 to 5 years
Mechanical equipment	2 to 6 years

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

(b) Lease liabilities

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

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 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 loss, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

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 loss or directly in equity.

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

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

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

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

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

Sale of vaccine products

Revenue from the sale of vaccine products is recognised at the point in time when control of the assets is transferred to the customer, generally when the products are delivered and accepted by the customers.

Sales return provision is made by the Group upon the delivery of goods to the customers when the control of the goods is transferred to the customers. The provision is recognised by the Group based on best estimates by management with reference to past experience and other relevant factors.

Other income

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

Contract liabilities

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

Refund liability

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

Share-based payments

The Company operates a share incentive scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 30 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension scheme

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

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. 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.

Events after the reporting period

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

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group uses RMB as its 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 Group 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 each of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development costs

All research costs are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Historical Financial Information. Management assesses the progress of each of the research and development projects and determines whether the criteria are met for capitalisation.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 17 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the reporting periods, and the Group is required to test deferred development costs not available for use on an annual basis. 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.

Estimation of refund liabilities

The Group recognises a refund liability if the Group expects it would not be entitled to consideration of all goods delivered arising from the rights granted by the Group to the customers to return some or all the goods purchased. Upon revenue recognition, the Group estimates the future sales return of the goods sold and a corresponding adjustment to revenue is recognised for those products expected to be returned. The estimation of sales return requires the use of judgement and estimates. When determining the sales return of the goods sold, the Company considers various factors, including but not limited to market data and impact of seasonal effect for the products. Where the actual return rate is different from the original estimate, such difference will be trued up in subsequent periods.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due of customers that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the distribution sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax 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.

Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the expiry date of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

During the Relevant Periods, nearly all of the Group's revenue was derived from customers located in Chinese mainland and all of the Group's non-current assets were located in Chinese mainland, and therefore no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

No revenue from a single customer accounted for above 10% of the Group's total revenue during each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers.	324,681	81,287	525,552

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Type of goods			
Sale of vaccine products	324,681	81,287	525,552
Timing of revenue recognition			
Goods transferred at a point in time	324,681	81,287	525,552

There was no revenue recognised that was included in contract liabilities at the beginning of each of the Relevant Periods and no revenue recognised from performance obligations satisfied in previous periods.

(b) Performance obligations

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

Sale of vaccine products

The performance obligation is satisfied upon delivery of the vaccine products and payment is generally due within 180 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue			
Within one year	–	–	3,069

The remaining performance obligations expected to be recognised within one year mainly relate to the transaction prices allocated to the sale of vaccine products.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants*	1,051	3,412	3,047
Bank interest income	1,903	1,945	360
Interest income from related parties	1,044	–	–
Gain on early termination of leases	74	6	39
Others	46	369	1,418
Total other income and gains	4,118	5,732	4,864

* This represents government grants related to income and assets. Government grants related to income that have been received to compensate for expenses of the Group's research and development or for the purpose of giving rewards to the Group. There are no unfulfilled conditions or contingencies relating to these grants. For government grants related to assets, the Group had complied with all conditions which were recognised in profit or loss over the useful lives of the relevant assets. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position.

6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold		107,777	67,726	159,056
Depreciation of property, plant and equipment*		1,538	18,637	23,343
Lease payments not included in the measurement of lease liabilities	14	246	316	191
Depreciation of right-of-use assets*	14	2,725	6,082	6,482
Amortisation of intangible assets*		38,776	34,827	48,443
[**REDACTED**] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Research and development costs		53,327	80,986	121,660
Employee benefit expenses* (including directors' remuneration *(note 8)*):				
Wages and salaries		95,488	102,447	99,906
Pension scheme contributions and social welfare*		10,093	9,318	14,637
Equity-settled share-based payments	30	–	4,519	42,918
Total		105,581	116,284	157,461
Impairment/(reversal of impairment) losses on financial assets, net:				
(Reversal of impairment)/impairment of trade receivables	20	(564)	(4,571)	4,745
Impairment of other receivables		–	97	–
Provision of inventories		9,766	45,776	14,512
Bank interest income	5	(1,903)	(1,945)	(360)
Interest income from related parties	5	(1,044)	–	–
Government grants	5	(1,051)	(3,412)	(3,047)
Loss on disposal of items of property, plant and equipment		911	142	184
Gain on early termination of leases		(74)	(6)	(39)

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets, the amortization of intangible assets and the employee benefit expenses for the Relevant Periods are included in "Cost of inventories sold", "Research and development expenses", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest expenses on bank loans	13,342	19,462	42,471
Interest expenses on loans from related parties	3,184	2,285	99
Interest on lease liabilities	177	211	206
	16,703	21,958	42,776
Less: Interest capitalised	(3,560)	(4,193)	(9,630)
Total	13,143	17,765	33,146

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	4,195	3,712	3,801
Other emoluments:			
Salaries, allowances and benefits in kind	3,243	5,029	6,962
Pension scheme contributions and social welfare	111	275	362
Performance related bonuses	12,400	11,552	11,552
Share-based payments	–	1,804	14,385
Total	19,949	22,372	37,062

(a) Independent non-executive directors

During the Relevant Periods, there were no independent non-executive directors serving.

(b) Executive directors and non-executive directors

	Notes	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Performance related bonuses	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023							
Executive directors:							
Mr. Zhang Yuhui	*(i)*	–	3,243	111	12,400	–	15,754
Ms. Yang Dongni	*(ii)*	1,871	–	–	–	–	1,871
Mr. Xue Ping	*(iii)*	2,157	–	–	–	–	2,157
Mr. Yan Zihou	*(iv)*	–	–	–	–	–	–
Mr. Wu Zhaohui	*(v)*	167	–	–	–	–	167
Mr. Song Dajie	*(vi)*	–	–	–	–	–	–
Mr. Qian Tingzhi	*(vii)*	–	–	–	–	–	–
Mr. Wu Yifang	*(viii)*	–	–	–	–	–	–
Non-executive directors:							
Mr. Wang Kexin	*(ix)*	–	–	–	–	–	–
Ms. Guan Xiaohui	*(x)*	–	–	–	–	–	–
Total		4,195	3,243	111	12,400	–	19,949

	Notes	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Performance related bonuses	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024							
Executive directors:							
Mr. Zhang Yuhui	*(i)*	–	2,959	118	11,552	361	14,990
Ms. Yang Dongni	*(ii)*	1,356	–	–	–	–	1,356
Mr. Xue Ping	*(iii)*	1,856	–	–	–	–	1,856

	Notes	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Performance related bonuses	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wu Zhaohui	*(v)*	500	–	–	–	–	500
Mr. Song Dajie	*(vi)*	–	–	–	–	197	197
Mr. Qian Tingzhi	*(vii)*	–	–	–	–	–	–
Mr. Wu Yifang	*(viii)*	–	–	–	–	98	98
Mr. Lin Zhenyu	*(xi)*	–	2,070	157	–	–	2,227
Non-executive directors:							
Mr. Wang Kexin	*(ix)*	–	–	–	–	656	656
Ms. Guan Xiaohui	*(x)*	–	–	–	–	131	131
Mr. Chen Qiyu	*(xii)*	–	–	–	–	361	361
Total		3,712	5,029	275	11,552	1,804	22,372

	Notes	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Performance related bonuses	Share-based payments	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025							
Executive directors:							
Mr. Zhang Yuhui	*(i)*	–	3,118	123	11,552	2,636	17,429
Ms. Yang Dongni	*(ii)*	1,415	–	–	–	–	1,415
Mr. Xue Ping	*(iii)*	1,886	–	–	–	–	1,886
Mr. Wu Zhaohui	*(v)*	500	–	–	–	–	500
Mr. Song Dajie	*(vi)*	–	–	–	–	1,601	1,601
Mr. Qian Tingzhi	*(vii)*	–	–	–	–	–	–
Mr. Wu Yifang	*(viii)*	–	–	–	–	801	801
Mr. Lin Zhenyu	*(xi)*	–	2,033	79	–	–	2,112
Ms. Chang Mingli	*(xiii)*	–	1,811	160	–	959	2,930
Mr. Chen Yuqing	*(xiv)*	–	–	–	–	–	–
Non-executive directors:							
Mr. Wang Kexin	*(ix)*	–	–	–	–	4,793	4,793
Ms. Guan Xiaohui	*(x)*	–	–	–	–	959	959
Mr. Chen Qiyu	*(xii)*	–	–	–	–	2,636	2,636
Total		3,801	6,962	362	11,552	14,385	37,062

Notes:

(i) Mr. Zhang Yuhui was appointed as an executive director on 28 October 2021.

(ii) Ms. Yang Dongni was appointed as an executive director on 10 August 2016.

(iii) Mr. Xue Ping was appointed as an executive director on 10 August 2016.

(iv) Mr. Yan Zihou was appointed as an executive director on 28 October 2021 and resigned from his position as an executive director on 25 October 2023.

(v) Mr. Wu Zhaohui was appointed as an executive director on 25 October 2023.

(vi) Mr. Song Dajie was appointed as an executive director on 28 October 2021.

(vii) Mr. Qian Tingzhi was appointed as an executive director on 10 August 2016.

(viii) Mr. Wu Yifang was appointed as an executive director on 28 October 2021 and resigned from his position as an executive director on 10 July 2025.

(ix) Mr. Wang Kexin was appointed as an executive director on 28 October 2021.

(x) Ms. Guan Xiaohui was appointed as an executive director on 28 October 2021.

(xi) Mr. Lin Zhenyu was appointed as an executive director on 16 July 2024, and resigned from his position as an executive director on 10 July 2025.

(xii) Mr. Chen Qiyu was appointed as a non-executive director on 16 July 2024.

(xiii) Ms. Chang Mingli was appointed as an executive director on 10 July 2025.

(xiv) Mr. Chen Yuqing was appointed as a non-executive director on 10 July 2025.

During the Relevant Periods, certain directors were granted share options, in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such share options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' remuneration disclosures.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included two, two and two directors, respectively, the details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three, three and three highest paid employees who are not the directors or the chief executive of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	5,542	5,153	8,565
Pension scheme contributions and social welfare	313	332	393
Performance related bonuses	4,961	4,812	2,331
Share-based payments	–	656	4,794
Total	10,816	10,953	16,083

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

	Number of employees		
	2023	2024	2025
Nil to HK$2,500,000	1	–	–
HK$2,500,001 to HK$5,000,000	1	2	1
HK$5,000,001 to HK$7,500,000	1	1	2
Total	3	3	3

During the Relevant Periods, certain employees were granted share options, in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such share options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above employees' remuneration disclosures.

10. INCOME TAX

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

Chinese mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), the subsidiaries which operate in Chinese mainland were subject to CIT at a rate of 25% during the Relevant Periods except for those which are entitled to tax exemption set out below.

Fosun Adgenvax (Chengdu) Biopharmaceutical Co., Ltd. was accredited as a "High and New Technology Enterprise" on 16 October 2023 and therefore, Fosun Adgenvax (Chengdu) Biopharmaceutical Co., Ltd. was entitled to a preferential CIT rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Fosun Apexvac (Dalian) Biopharmaceutical Co., Ltd. was accredited as a "High and New Technology Enterprises" on 29 November 2017 and therefore, Fosun Apexvac (Dalian) Biopharmaceutical Co., Ltd. was entitled to a preferential CIT rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

The income tax credit of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
Charge for the year	–	–	–
Deferred tax	(10,116)	(36,293)	(16,440)
Total tax credit for the year	(10,116)	(36,293)	(16,440)

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate for the jurisdiction in which the operations of the Group are substantially based to the tax credit at the effective tax rate for the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(46,029)	(210,529)	(87,707)
Tax at the statutory tax rate of 25%	(11,507)	(52,632)	(21,927)
Lower tax rate for specific entities	4,589	20,947	8,664
Additional deduction on research and development expense	(6,950)	(9,449)	(14,244)
Expenses not deductible for tax	345	1,202	7,425
Tax losses utilised from previous periods	3,374	3,374	3,374
Tax losses not recognised	33	265	268
Tax credit at the Group's effective rate	(10,116)	(36,293)	(16,440)

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

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

The calculation of the basic loss per share amounts is based on the loss for the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods.

The weighted average number of ordinary shares in issue before the conversion of the company into a joint stock company was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio at 1:1 as upon transformation into a joint stock company in January 2026.

The calculations of basic loss per share are based on:

Loss per share	Year ended 31 December		
	2023	2024	2025
Loss attributable to ordinary equity holders of the parent (RMB'000)	(35,913)	(174,236)	(71,267)
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation ('000)	79,931	79,931	80,197
Basic loss per share (RMB)	(0.45)	(2.18)	(0.89)

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and others	Electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023							
At 1 January 2023:							
Cost	134,855	138,598	28,828	3,561	484	357,963	664,289
Accumulated depreciation and impairment	(40,592)	(67,154)	(21,678)	(1,488)	(484)	–	(131,396)
Net carrying amount	94,263	71,444	7,150	2,073	–	357,963	532,893
At 1 January 2023, net of accumulated depreciation and impairment	94,263	71,444	7,150	2,073	–	357,963	532,893
Additions	–	6,670	1,289	1,382	–	39,120	48,461
Depreciation provided during the year	(6,318)	(11,353)	(1,680)	(695)	–	–	(20,046)
Disposals	–	(607)	(414)	–	–	–	(1,021)
Transfer	–	107	–	–	–	(107)	–
At 31 December 2023, net of accumulated depreciation	87,945	66,261	6,345	2,760	–	396,976	560,287
At 31 December 2023:							
Cost	134,855	140,194	26,053	4,943	484	396,976	703,505
Accumulated depreciation and impairment	(46,910)	(73,933)	(19,708)	(2,183)	(484)	–	(143,218)
Net carrying amount	87,945	66,261	6,345	2,760	–	396,976	560,287

	Buildings	Machinery and others	Electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024							
At 1 January 2024:							
Cost	134,855	140,194	26,053	4,943	484	396,976	703,505
Accumulated depreciation and impairment	(46,910)	(73,933)	(19,708)	(2,183)	(484)	–	(143,218)
Net carrying amount	87,945	66,261	6,345	2,760	–	396,976	560,287
At 1 January 2024, net of accumulated depreciation and impairment	87,945	66,261	6,345	2,760	–	396,976	560,287
Additions	–	4,799	3,428	–	–	101,061	109,288
Depreciation provided during the year	(9,008)	(12,770)	(1,887)	(726)	(832)	–	(25,223)
Disposals	–	(100)	(44)	–	–	–	(144)
Transfer	67,687	44,352	5	–	8,316	(120,360)	–
At 31 December 2024, net of accumulated depreciation	146,624	102,542	7,847	2,034	7,484	377,677	644,208
At 31 December 2024:							
Cost	202,542	188,919	29,038	4,943	8,800	377,677	811,919
Accumulated depreciation and impairment	(55,918)	(86,377)	(21,191)	(2,909)	(1,316)	–	(167,711)
Net carrying amount	146,624	102,542	7,847	2,034	7,484	377,677	644,208

	Buildings	Machinery and others	Electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025							
At 1 January 2025:							
Cost	202,542	188,919	29,038	4,943	8,800	377,677	811,919
Accumulated depreciation and impairment	(55,918)	(86,377)	(21,191)	(2,909)	(1,316)	–	(167,711)
Net carrying amount	146,624	102,542	7,847	2,034	7,484	377,677	644,208
At 1 January 2025, net of accumulated depreciation and impairment	146,624	102,542	7,847	2,034	7,484	377,677	644,208
Additions	–	2,260	2,016	–	–	272,560	276,836
Depreciation provided during the year	(10,015)	(13,021)	(2,613)	(704)	(832)	–	(27,185)
Disposals	–	(53)	(145)	–	–	–	(198)
Transfer	16,895	21,841	654	–	–	(39,390)	–
As at 31 December 2025, net of accumulated depreciation	153,504	113,569	7,759	1,330	6,652	610,847	893,661
As at 31 December 2025:							
Cost	219,437	212,977	30,379	4,943	8,800	610,847	1,087,383
Accumulated depreciation and impairment	(65,933)	(99,408)	(22,620)	(3,613)	(2,148)	–	(193,722)
Net carrying amount	153,504	113,569	7,759	1,330	6,652	610,847	893,661

As at 31 December 2023, 2024 and 2025, certain of the Group's property, plant and equipment were pledged to secure certain of the Group's bank borrowings (note 25).

The Company

	Machinery and others	Electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023						
At 1 January 2023:						
Cost	17,376	2,566	1,834	484	291,263	313,523
Accumulated depreciation and impairment	(6,991)	(891)	(950)	(484)	–	(9,316)
Net carrying amount	10,385	1,675	884	–	291,263	304,207
At 1 January 2023, net of accumulated depreciation and impairment	10,385	1,675	884	–	291,263	304,207
Additions	5,371	448	1,382	–	17,284	24,485
Depreciation provided during the year	(2,064)	(739)	(419)	–	–	(3,222)
At 31 December 2023, net of accumulated depreciation	13,692	1,384	1,847	–	308,547	325,470
At 31 December 2023:						
Cost	22,747	3,014	3,216	484	308,547	338,008
Accumulated depreciation and impairment	(9,055)	(1,630)	(1,369)	(484)	–	(12,538)
Net carrying amount	13,692	1,384	1,847	–	308,547	325,470

	Buildings	Machinery and others	Electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024							
At 1 January 2024:							
Cost	–	22,747	3,014	3,216	484	308,547	338,008
Accumulated depreciation and impairment	–	(9,055)	(1,630)	(1,369)	(484)	–	(12,538)
Net carrying amount	–	13,692	1,384	1,847	–	308,547	325,470
At 1 January 2024, net of accumulated depreciation and impairment	–	13,692	1,384	1,847	–	308,547	325,470
Additions	–	3,192	2,315	–	–	33,082	38,589
Depreciation provided during the year	(2,080)	(5,838)	(858)	(449)	(831)	–	(10,056)
Transfer	50,419	41,165	–	–	8,315	(99,899)	–
At 31 December 2024, net of accumulated depreciation	48,339	52,211	2,841	1,398	7,484	241,730	354,003
At 31 December 2024:							
Cost	50,419	67,104	5,329	3,216	8,799	241,730	376,597
Accumulated depreciation and impairment	(2,080)	(14,893)	(2,488)	(1,818)	(1,315)	–	(22,594)
Net carrying amount	48,339	52,211	2,841	1,398	7,484	241,730	354,003

	Buildings	Machinery and others	Electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025							
At 1 January 2025:							
Cost	50,419	67,104	5,329	3,216	8,799	241,730	376,597
Accumulated depreciation and impairment	(2,080)	(14,893)	(2,488)	(1,818)	(1,315)	–	(22,594)
Net carrying amount	48,339	52,211	2,841	1,398	7,484	241,730	354,003
At 1 January 2025, net of accumulated depreciation and impairment	48,339	52,211	2,841	1,398	7,484	241,730	354,003
Additions	–	1,111	1,878	–	–	77,324	80,313
Depreciation provided during the year	(2,399)	(6,729)	(1,614)	(449)	(832)	–	(12,023)
Transfer	6,679	14,204	654	–	–	(21,537)	–
As at 31 December 2025, net of accumulated depreciation	52,619	60,797	3,759	949	6,652	297,517	422,293
As at 31 December 2025:							
Cost	57,098	82,419	7,861	3,216	8,799	297,517	456,910
Accumulated depreciation and impairment	(4,479)	(21,622)	(4,102)	(2,267)	(2,147)	–	(34,617)
Net carrying amount	52,619	60,797	3,759	949	6,652	297,517	422,293

As at 31 December 2023, 2024 and 2025, certain of the Company's property, plant and equipment were pledged to secure certain of the Group's bank borrowings (note 25).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, office premises and equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises and equipment generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Other rental agreements generally have lease terms of 12 months or less.

(a) Right-of-use assets

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

	Leasehold land	Buildings	Mechanical equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	25,529	1,148	3,222	29,899
Additions	41,561	5,015	–	46,576
Depreciation charge	(735)	(945)	(1,045)	(2,725)
Termination	–	(667)	–	(667)
As at 31 December 2023 and 1 January 2024	66,355	4,551	2,177	73,083
Additions	45,886	2,601	–	48,487
Depreciation charge	(2,421)	(2,616)	(1,045)	(6,082)
Termination	–	(264)	–	(264)
As at 31 December 2024 and 1 January 2025	109,820	4,272	1,132	115,224
Additions	–	7,157	–	7,157
Depreciation charge	(2,343)	(3,094)	(1,045)	(6,482)
Termination	–	(2,092)	–	(2,092)
As at 31 December 2025	107,477	6,243	87	113,807

As at 31 December 2023, 2024 and 2025, certain of the leasehold land was pledged to secure certain of the Group's bank borrowings (note 25).

(b) Lease liabilities

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	6,419	6,658	6,734
New leases	5,015	2,601	7,157
Accretion of interest recognised during the year	177	211	206
Payments	(4,212)	(2,466)	(5,882)
Termination	(741)	(270)	(2,131)
Carrying amount at the end of the year	6,658	6,734	6,084
Analysed into:			
Current portion	2,854	4,943	2,629
Non-current portion	3,804	1,791	3,455

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities *(note 7)*	177	211	206
Depreciation charge of right-of-use assets	2,725	6,082	6,482
Expenses relating to short-term leases	246	316	191
Total amount recognised in profit or loss	3,148	6,609	6,879

(d) The total cash outflow for leases is disclosed in note 31 to the Historical Financial Information.

The Company as a lessee

The Company has lease contracts for various items of leasehold land, office premises and equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises and equipment generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Other rental agreements generally have lease terms of 12 months or less.

(a) ***Right-of-use assets***

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

	Leasehold land	Buildings	Mechanical equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	10,629	1,083	3,222	14,934
Additions	–	580	–	580
Depreciation charge	(236)	(442)	(1,045)	(1,723)
Termination	–	(667)	–	(667)
As at 31 December 2023 and 1 January 2024	10,393	554	2,177	13,124
Additions	45,886	2,601	–	48,487
Depreciation charge	(1,232)	(346)	(1,045)	(2,623)
Termination	–	(264)	–	(264)
As at 31 December 2024 and 1 January 2025	55,047	2,545	1,132	58,724
Additions	–	1,565	–	1,565
Depreciation charge	(1,154)	(626)	(1,045)	(2,825)
Termination	–	(2,092)	–	(2,092)
As at 31 December 2025	53,893	1,392	87	55,372

As at 31 December 2023, 2024 and 2025, certain of the leasehold land was pledged to secure certain of the Group's bank borrowings (note 25).

(b) Lease liabilities

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	6,419	2,791	3,785
New leases	580	2,601	1,565
Accretion of interest recognised during the year	159	89	101
Payments	(3,626)	(1,426)	(2,010)
Termination	(741)	(270)	(2,131)
Carrying amount at the end of the year	2,791	3,785	1,310
Analysed into:			
Current portion	1,429	1,994	510
Non-current portion	1,362	1,791	800

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Lease liabilities:			
Within one year	1,429	1,994	510
In the second year	1,362	667	528
In the third to fifth years, inclusive	–	1,124	272
Total	2,791	3,785	1,310

15. INTANGIBLE ASSETS

The Group

	Development costs	Patents and technical know-how	Software	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
Cost at 1 January 2023, net of accumulated amortisation	257,148	1,091,707	103	7,130	1,356,088
Additions	197,907	–	1,368	3,757	203,032
Amortisation provided during the year	–	(73,051)	(83)	–	(73,134)
At 31 December 2023	455,055	1,018,656	1,388	10,887	1,485,986
At 31 December 2023					
Cost	455,055	1,228,903	1,595	10,887	1,696,440
Accumulated amortisation	–	(210,247)	(207)	–	(210,454)
Net carrying amount	455,055	1,018,656	1,388	10,887	1,485,986

	Development costs	Patents and technical know-how	Software	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation	455,055	1,018,656	1,388	10,887	1,485,986
Additions	162,892	–	559	1,055	164,506
Amortisation provided during the year	–	(68,483)	(702)	–	(69,185)
Transfers	(135,881)	135,881	11,942	(11,942)	–
Transfer to inventory	(5,540)	–	–	–	(5,540)
At 31 December 2024	476,526	1,086,054	13,187	–	1,575,767
At 31 December 2024					
Cost	476,526	1,364,784	14,096	–	1,855,406
Accumulated amortisation	–	(278,730)	(909)	–	(279,639)
Net carrying amount	476,526	1,086,054	13,187	–	1,575,767

	Development costs	Patents and technical know-how	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	476,526	1,086,054	13,187	1,575,767
Additions	158,021	–	104	158,125
Amortisation provided during the year	–	(81,391)	(1,410)	(82,801)
Transfers	(162,873)	162,873	–	–
As at 31 December 2025	471,674	1,167,536	11,881	1,651,091
As at 31 December 2025				
Cost	471,674	1,527,657	14,200	2,013,531
Accumulated amortisation	–	(360,121)	(2,319)	(362,440)
Net carrying amount	471,674	1,167,536	11,881	1,651,091

As at 31 December 2023, 2024 and 2025, certain of the Group's intangible assets were pledged to secure certain of the Group's bank borrowings (note 25).

The Company

	Development costs	Patents and technical know-how	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	59,443	8,198	65	67,706
Additions	76,557	–	1,361	77,918
Amortisation provided during the year	–	(3,055)	(77)	(3,132)
At 31 December 2023	136,000	5,143	1,349	142,492

	Development costs	Patents and technical know-how	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023				
Cost	136,000	26,000	1,427	163,427
Accumulated amortisation	–	(20,857)	(78)	(20,935)
Net carrying amount	136,000	5,143	1,349	142,492

	Development costs	Patents and technical know-how	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	136,000	5,143	1,349	142,492
Additions	90,039	–	106	90,145
Amortisation provided during the year	–	(1,558)	(149)	(1,707)
At 31 December 2024	226,039	3,585	1,306	230,930
At 31 December 2024				
Cost	226,039	26,000	1,533	253,572
Accumulated amortisation	–	(22,415)	(227)	(22,642)
Net carrying amount	226,039	3,585	1,306	230,930

	Development costs	Patents and technical know-how	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	226,039	3,585	1,306	230,930
Additions	119,882	–	–	119,882
Amortisation provided during the year	–	(1,504)	(154)	(1,658)
At 31 December 2025	345,921	2,081	1,152	349,154
At 31 December 2025				
Cost	345,921	26,000	1,533	373,454
Accumulated amortisation	–	(23,919)	(381)	(24,300)
Net carrying amount	345,921	2,081	1,152	349,154

As at 31 December 2023, 2024 and 2025, certain of the Company's intangible assets were pledged to secure certain of the Group's bank borrowings (note 25).

Impairment testing of the capitalised development costs

Intangible assets of the Group include the development costs which are the expenditure incurred in the development phase of each project. Management tests the development costs which are not yet available for use for impairment annually by comparing their carrying amounts with their recoverable amounts.

The recoverable amount of the capitalised development costs not yet available for use has been determined based on fair value less costs of disposal calculation using cash flow projections based on 10 to 13 years financial budgets approved by the management, covering the expected benefit period of the relevant vaccine products. The management considers that using a 10 to 13 years forecast period for the financial budget in the impairment testing of the development costs is appropriate because it generally takes longer for a vaccine company to reach a stable growth mode, compared to companies in other industries, especially when its products are still under clinical trials and the markets of such products are at an early stage of development with substantial growth potential.

The pre-tax discount rates applied to the cash flow projections were from 15.85% to 16.95%, 16.08%, and 16.11% for 31 December 2023, 2024 and 2025, respectively. Based on the estimate of the management, as at 31 December 2023, 2024 and 2025, the recoverable amount of deferred development costs exceeded the carrying amount. Key assumptions used in the calculation of the recoverable amount as at the end of each of the Relevant Periods are as follows:

Compound annual growth rate — The basis used to determine the budget revenue is based on management's expectation of when to launch the related products and also the expectation of the future market.

Discount rates — The pre-tax discount rates used reflect specific risks relating to development costs.

Based on the estimate of the management, as at 31 December 2023, 2024 and 2025, the recoverable amounts exceeded the carrying amounts.

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount exceed its recoverable amount.

16. LONG-TERM INVESTMENT

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries at cost	2,899,800	2,899,800	2,899,800

17. GOODWILL

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost and net carrying amount	678,697	678,697	678,697

Impairment testing of goodwill

Information about the goodwill of the cash-generating units or the groups of cash-generating units is as follows:

– Fosun Adgenvax (Chengdu) Biopharmaceutical Co., Ltd. cash-generating unit

The recoverable amount of the Fosun Adgenvax (Chengdu) Biopharmaceutical Co., Ltd. cash-generating unit has been determined, with the assistance of an independent valuer engaged by the Group, based on a value in use calculation using cash flow projections based on financial budgets covering a nine-year period approved by senior management. Management considers that using a nine-year forecast period for the financial budget in the impairment testing of goodwill is appropriate because it generally takes longer for a vaccine company to reach perpetual growth mode, compared to companies in other industries, especially when its products are still under clinical trials and the markets of such products are at an early stage of development with substantial growth potential. Hence, taking into account the stage of existing and pipeline vaccines, the financial budget covering a nine-year period was used as management believes that a forecasted period longer than five years is feasible and reflects a more accurate entity value. The pre-tax discount rates applied to the cash flow projections were 14.74%, 13.72%, and 13.50% for 31 December 2023, 2024 and 2025, respectively, and the growth rate applied to cash flows beyond the nine-year period was 2.0% for each of the Relevant Periods, which was the same as the long-term average growth rate of the vaccine industry.

Assumptions were used in the value in use calculation of the Fosun Adgenvax (Chengdu) Biopharmaceutical Co., Ltd. cash-generating unit for 31 December 2023, 2024 and 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compound annual growth rate — The basis used to determine the budget revenue is based on management's expectation of when to launch the related products and also the expectation of the future market.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Based on the estimate of the management, as at 31 December 2023, 2024 and 2025, the recoverable amounts exceeded the carrying amounts.

Management believes that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the Fosun Adgenvax (Chengdu) Biopharmaceutical Co., Ltd. cash-generating unit to exceed its recoverable amount.

18. DEFERRED TAX

The Group

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

Deferred tax liabilities

	Fair value adjustments arising from acquisitions of subsidiaries	Depreciation	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	167,143	6,311	645	174,099
Deferred tax (credited)/charged to profit or loss during the year *(note 10)*	(3,474)	(654)	523	(3,605)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	163,669	5,657	1,168	170,494
Deferred tax credited to profit or loss during the year *(note 10)*	(3,474)	(654)	(298)	(4,426)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	160,195	5,003	870	166,068
Deferred tax (credited)/charged to profit or loss during the year *(note 10)*	(3,474)	(653)	218	(3,909)
Gross deferred tax liabilities at 31 December 2025	156,721	4,350	1,088	162,159

Deferred tax assets

	Losses available for offsetting against future taxable profits	Provision for impairment of assets	Accrued expenses	Deferred income	Amortisation	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	23,719	2,299	38,153	–	2,290	684	67,145
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	12,586	318	(8,878)	1,236	764	485	6,511
Gross deferred tax assets at 31 December 2023 and 1 January 2024	36,305	2,617	29,275	1,236	3,054	1,169	73,656
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	30,953	4,953	(2,652)	(134)	(1,018)	(235)	31,867
Gross deferred tax assets at 31 December 2024 and 1 January 2025	67,258	7,570	26,623	1,102	2,036	934	105,523
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	1,809	(4,716)	12,984	3,344	(1,018)	128	12,531
Gross deferred tax assets at 31 December 2025	69,067	2,854	39,607	4,446	1,018	1,062	118,054

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	35,613	55,529	48,714
Net deferred tax liabilities recognised in the consolidated statements of financial position	132,451	116,074	92,819

The Group has tax losses arising in Chinese mainland of RMB136,000, RMB1,201,000 and RMB2,272,000 as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to five years for offsetting against its future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that sufficient taxable profits will be available against which the tax losses can be utilised.

The Company

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

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2023	646
Deferred tax credited to profit or loss during the year	(236)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	410
Deferred tax credited to profit or loss during the year	141
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	551
Deferred tax credited to profit or loss during the year	(329)
Gross deferred tax liabilities at 31 December 2025	222

Deferred tax assets

	Lease liabilities
	RMB'000
At 1 January 2023	646
Deferred tax charged to profit or loss during the year	(236)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	410
Deferred tax credited to profit or loss during the year	141
Gross deferred tax assets at 31 December 2024 and 1 January 2025	551
Deferred tax charged to profit or loss during the year	(329)
Gross deferred tax assets at 31 December 2025	222

For presentation purposes, certain deferred tax assets and liabilities have been offset to nil in the statements of financial position of the company as at 31 December 2023, 2024 and 2025.

19. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	12,505	30,425	31,871
Work in progress	1,745	24,912	14,575
Finished goods	3,777	84,256	71,794
Spare parts and consumables	20,215	5,285	4,944
Materials in transit	–	–	31
	38,242	144,878	123,215
Less: Provision	(3,699)	(41,215)	(7,798)
Total	34,543	103,663	115,417

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	5,416	16,008	19,683
Spare parts and consumables	12,109	3,232	2,786
	17,525	19,240	22,469
Less: Provision	–	(312)	(236)
Total	17,525	18,928	22,233

20. TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	211,312	121,194	556,601
Impairment	(13,751)	(9,180)	(11,166)
Net carrying amount	197,561	112,014	545,435

The Group's trading terms with its customers are mainly on credit. The credit period is generally 180 days. The Group seek to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group do not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	165,298	90,516	528,273
1 to 2 years	37,222	19,875	17,867
2 to 3 years	5,221	5,838	7,563
Over 3 years	3,571	4,965	2,898
Total	211,312	121,194	556,601
Impairment	(13,751)	(9,180)	(11,166)
Net carrying amount	197,561	112,014	545,435

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	(14,315)	(13,751)	(9,180)
Impairment for the year *(note 6)*	564	4,571	(4,745)
Amounts written off as uncollectible	–	–	2,759
At end of year	(13,751)	(9,180)	(11,166)

An impairment analysis is performed at the end of each reporting period using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

	31 December 2023					
		Past due				
	Not past due	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.45%	0.50%	32.79%	86.85%	100.00%	6.51%
Gross carrying amount (RMB'000)	61,144	123,958	19,051	4,151	3,008	211,312
Expected credit losses (RMB'000)	275	617	6,246	3,605	3,008	13,751

	31 December 2024					
		Past due				
	Not past due	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.29%	2.13%	19.33%	66.46%	100.00%	7.57%
Gross carrying amount (RMB'000)	88,437	9,384	17,223	2,242	3,908	121,194
Expected credit losses (RMB'000)	253	200	3,329	1,490	3,908	9,180

	31 December 2025					
		Past due				
	Not past due	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.57%	3.84%	16.23%	59.74%	100.00%	2.01%
Gross carrying amount (RMB'000)	453,046	92,193	5,772	3,696	1,894	556,601
Expected credit losses (RMB'000)	2,588	3,539	937	2,208	1,894	11,166

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments for leasehold land	22,409	–	–
Prepayments for property, plant and equipment	5,798	17,254	18,624
Prepayments for intangible assets	–	–	3,021
Total	28,207	17,254	21,645

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Prepayments	6,923	5,455	7,757
Deposits	1,792	1,319	1,599
Other receivables	994	892	1,333
Deductible value-added tax	636	1,258	8,988
Deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Impairment losses	–	(77)	(70)
Total	10,345	8,847	21,839

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments for leasehold land	22,409	–	–
Prepayments for property, plant and equipment	2,415	7,676	17,135
Prepayments for intangible assets	–	–	3,021
Due from subsidiaries	15,125	–	–
Total	39,949	7,676	20,156
Current:			
Prepayments	2,088	1,657	5,072
Deposits	877	887	1,166
Other receivables	984	835	12,087
Due from subsidiaries	–	9,928	2,256
Deductible value-added tax	636	1,182	8,655
Deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Impairment losses	–	(77)	(70)
Total	4,585	14,412	31,398

Except for the amounts due from subsidiaries that are interest-bearing, the other balances are interest-free and are not secured with collateral.

Except for RMB77,000 and RMB70,000, as at 31 December 2024 and 2025, the financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2023, 2024, and 2025, the loss allowance was assessed to minimal.

22. CASH AND BANK BALANCES

The Group

(a) Cash and cash equivalents

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Denominated in RMB	243,193	69,629	109,559

(b) Restricted bank balances

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
For bank guarantees	4,642	–	640

(c) Time deposits

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term time deposits over three months and due within one year	30,000	–	–

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default. Restricted bank deposits as at 31 December 2023 were held as deposits for the payment on the fixed assets. Restricted bank deposits as at 31 December 2025 were held as contract deposit.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents			
Denominated in RMB	71,181	17,804	44,964

23. TRADE PAYABLES

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	19,655	43,237	49,707
1 to 2 years	66	432	466
2 to 3 years	196	8	128
Over 3 years	13,806	13,910	10,719
Total	33,723	57,587	61,020

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	9,885	18,245	32,882
1 to 2 years	–	1	24
2 to 3 years	164	–	–
Over 3 years	13,766	13,838	10,648
Total	23,815	32,084	43,554

The trade payables are non-interest-bearing and are normally settled on a three-month term.

24. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Marketing and promotional expenses	201,102	141,299	213,302
Loans from related parties *(note 34(c))*	95,116	–	–
Transportation fees payable	26,116	20,900	46,754
Payroll payables	26,239	44,418	37,010
Payables relating to purchases of items of property, plant and equipment	23,352	23,145	43,942
Deposits received	876	10,817	15,599
Other tax payables	836	11,985	16,314
Refund liabilities	7,117	14,908	16,571
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	31,424	6,068	4,600
Total	412,178	273,540	401,475

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loans from related parties	95,116	–	–
Loans from subsidiary	–	33,948	–
Payroll payables	15,454	15,735	21,911
Payables relating to purchases of items of property, plant and equipment	8,029	7,310	5,180
Deposits received	676	2,992	13,137
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	3,456	5,224	10,151
Total	122,731	65,209	57,762

The loans due from related parties are interest-bearing and will mature within one year. The other balances are interest-free and are not secured with collateral.

25. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December								
	2023			2024			2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current									
Bank loans – unsecured	3.00	2024	9,008	2.90-5.00	2025	76,135	–	–	–
Bank loans – secured	3.20-3.90	2024	121,918	3.10-3.50	2025	143,230	2.60-3.78	2026	418,477
Current portion of long-term bank loans – secured	3.55-4.30	2024	13,547	3.40-4.30	2025	173,779	2.80-4.30	2026	290,976
Total – current			144,473			393,144			709,453
Non-current									
Bank loans – secured	3.55-4.30	2025-2029	326,805	2.95-3.95	2026-2034	378,492	3.00-3.80	2027-2035	774,186
Total			471,278			771,636			1,483,639

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Within one year	144,473	393,144	709,453
In the second year	120,453	180,192	368,856
In the third to fifth years, inclusive	145,780	178,300	203,080
Beyond five years	60,572	20,000	202,250
Total	471,278	771,636	1,483,639

Notes:

(a) Certain of the Group's bank loans are secured by the pledges of assets with carrying values at the end of each of the Relevant Periods as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Pledge of assets:			
Property, plant and equipment	303,752	386,701	454,541
Right-of-use assets	10,393	10,157	53,893
Intangible assets	335	227	173

Apart from the above, certain of the Group's bank loans are guaranteed by:

(i) The secured bank loans amounting to RMB425,508,000, RMB530,386,000, RMB939,738,000 were guaranteed by Fosun Pharma (Group) Co., Ltd. as at 31 December 2023, 2024 and 2025, respectively.

(ii) The secured bank loans amounting to RMB10,000,000 were guaranteed by Chengdu Small and Medium-sized Enterprises Financing Guarantee Co., Ltd. as at 31 December 2024 and 2025, respectively.

(iii) Fosun Apexvac (Dalian) Biopharmaceutical Co., Ltd., a subsidiary of the Company, provided guarantees for bank loans for the Company amounting to RMB30,000,000 at 31 December 2024.

(b) The secured bank loan of RMB65,000,000 with maturity date of 3 March 2035 is subject to covenants that the company should meet certain financial indicators. The Group considers there is no indication that it will have difficulties in complying with these covenants.

The secured bank loan of RMB19,990,000 with maturity date of 14 May 2027 is subject to covenants that the company should meet certain financial indicators. The Group considers there is no indication that it will have difficulties in complying with these covenants.

The secured bank loan of RMB 55,590,000 with maturity date of 30 December 2027 is subject to covenants that the company should meet certain financial indicators. The Group considers there is no indication that it will have difficulties in complying with these covenants.

The secured bank loan of RMB50,000,000 with maturity date of 28 February 2027 is subject to covenants that the Group and one subsidiary should meet certain financial indicators. The Group considers there is no indication that it will have difficulties in complying with these covenants.

The Company

	As at 31 December								
	2023			2024			2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current									
Bank loans – unsecured	–	–	–	5.00	2025	30,046	–	–	–
Bank loans – secured	3.90	2024	26,732	3.30	2025	10,010	2.60-3.55	2026	143,022
Current portion of long-term bank loans – secured	3.80-4.30	2024	13,447	3.45-4.30	2025	143,492	3.00-4.30	2026	199,584
Total – current			40,179			183,548			342,606
Non-current									
Bank loans – secured	3.80-4.30	2025-2029	283,705	3.45-3.95	2026-2029	306,392	3.00-3.80	2027-2035	480,325
Total			323,884			489,940			822,931

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Within one year	40,179	183,548	342,606
In the second year	120,454	180,192	265,325
In the third to fifth years, inclusive	145,780	126,200	159,750
Beyond five years	17,471	–	55,250
Total	323,884	489,940	822,931

Note: Certain of the Company's bank loans are secured by the pledges of assets with carrying values at the end of each of the Relevant Periods as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Pledge of assets:			
Property, plant and equipment	216,642	252,589	163,997
Right-of-use assets	10,393	10,157	53,893
Intangible assets	335	227	173

Apart from the above, certain of the Group's bank loans are guaranteed by:

(i) The secured bank loans amounting to RMB149,118,000, RMB304,422,000 and RMB482,581,000 were guaranteed by Fosun Pharma (Group) Co., Ltd. as at 31 December 2023, 2024 and 2025, respectively.

(ii) The secured bank loans amounting to RMB10,000,000 were guaranteed by Chengdu Small and Medium-sized Enterprises Financing Guarantee Co., Ltd. as at 31 December 2024 and 2025.

(iii) Fosun Apexvac (Dalian) Biopharmaceutical Co., Ltd., a subsidiary of the Company, provided guarantees for bank loans amounting to RMB30,000,000 at 31 December 2024.

26. CONTRACT LIABILITIES

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sale of vaccine products	–	–	3,069

27. DEFERRED INCOME

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	8,242	7,351	29,641

The movements in deferred income during the Relevant Period are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	–	8,242	7,351
Received during the year	8,910	–	23,881
Recognised as income during the year	(668)	(891)	(1,591)
At end of the year	8,242	7,351	29,641

Deferred income represents government grants received to compensate for expenditure incurred for research and development activities, construction of manufacturing facilities and equipment. Government grants are recognised as income over the periods necessary to match the grants on a systematic basis to the costs for which they are intended to compensate. There are no unfulfilled conditions or contingencies relating to these grants.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	–	–	14,375

The movements in deferred income during the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	–	–	–
Received during the year	–	–	15,000
Recognised as income during the year	–	–	(625)
At end of the year	–	–	14,375

28. PAID-IN CAPITAL

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Paid-in capital	666,667	666,667	666,667

The Company

The movements in paid-in capital of the Company during the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	79,931	79,931	79,931
Capital injections	–	–	3,197
At 31 December	79,931	79,931	83,128

29. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(a) Capital reserve

The capital reserve represented the capital contributions from the shareholders of the Group.

(b) Statutory surplus reserve (the "SSR")

In accordance with the Company Law of the PRC and the respective articles of association of the companies in the Chinese mainland, each PRC company is required to allocate 10% of its profits after tax, as determined in accordance with the applicable PRC accounting standards and regulations, to the SSR until such reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR can be reorganised as paid-up capital, provided that the remaining balance after the reorganisation is not less than 25% of the registered capital.

(c) Other reserve

The other reserve represents the reserve arising from share-based payment transactions, further details of which are included in note 30 to the Historical Financial Information.

The Company

	Capital reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	3,239,819	43,292	(269,811)	3,013,300
Loss and total comprehensive loss for the year	–	–	(52,326)	(52,326)
At 31 December 2023 and 1 January 2024	3,239,819	43,292	(322,137)	2,960,974
Loss and total comprehensive loss for the year	–	–	(34,165)	(34,165)
Share option expenses	–	4,519	–	4,519
At 31 December 2024 and 1 January 2025	3,239,819	47,811	(356,302)	2,931,328
Loss and total comprehensive loss for the year	–	–	(151,936)	(151,936)
Share option expenses	–	42,918	–	42,918
As at 31 December 2025	3,239,819	90,729	(508,238)	2,822,310

30. SHARE-BASED PAYMENTS

In August 2024, the Company adopted a share incentive scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who have contributed or will contribute to the Group. Eligible participants of the Scheme include the Group's directors, supervisors, senior management, core management personnel, core technical personnel and other employees or personnel of the Group who have made substantial contributions to the development of the enterprise.

On 27 August 2024, the Company granted options to 82 grantees to subscribe for an aggregate of 2,582,270 shares under the Scheme at an exercise price of RMB20.60 per share. The vesting schedule of the options granted would be subject to both the service-based vesting condition (the "Service Condition") and the [**REDACTED**]-based vesting condition (the "[**REDACTED**] Condition"). The Service Condition would be satisfied as the directors and employees remain in service and fulfil certain performance conditions of the Company and individuals, shares granted will be vested in the portions of 25%, 25%, 25% and 25% on the first, second, third and fourth anniversaries of the grant date of the options, respectively. And the [**REDACTED**] Condition would be satisfied at the day the Company get [**REDACTED**] ("[**REDACTED**] Date").

The following share options were outstanding under the share incentive scheme as at 31 December 2024 and 2025:

	Number of options
At 1 January 2023, 31 December 2023 and 1 January 2024	–
Granted during the year	2,582,270
At 31 December 2024 and 1 January 2025	2,582,270
Forfeited during the year	(83,128)
At 31 December 2025	2,499,142

As at 31 December 2024 and 2025, all of the share options have not been exercised and remained outstanding.

The Company recognised share option expenses of RMB4,519,000 and RMB42,918,000 during the years ended 31 December 2024 and 2025, respectively.

The fair value of the share options granted was estimated as at the grant date by an external valuer by using the binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the key inputs to the fair value model used:

	2024 granted options			
	Batch 1	Batch 2	Batch 3	Batch 4
Dividend yield (%)	–	–	–	–
Expected volatility (%)	46	46	46	46
Risk-free interest rate (%)	2	2	2	2
Expected life of options (year)	10	10	10	10
Weighted average share price (RMB per share)	49-50	51	52	53

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

31. 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 had non-cash additions to right-of-use assets and lease liabilities of RMB5,015,000, RMB2,601,000 and RMB7,157,000 respectively, in respect of lease agreements.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2023

	Interest-bearing bank borrowings	Lease liabilities	Loans from related parties included in other payables and accruals
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	199,414	6,419	66,456
Changes from financing cash flows	258,522	(4,212)	25,476
Addition	–	5,015	–
Disposal	–	(741)	–
Interest expense	13,342	177	3,184
At 31 December 2023	471,278	6,658	95,116

Year ended 31 December 2024

	Interest-bearing bank borrowings	Lease liabilities	Loans from related parties included in other payables and accruals
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	471,278	6,658	95,116
Changes from financing cash flows	280,896	(2,466)	(97,401)
Addition	–	2,601	–
Disposal	–	(270)	–
Interest expenses	19,462	211	2,285
At 31 December 2024	771,636	6,734	–

Year ended 31 December 2025

	Interest-bearing bank borrowings	Lease liabilities	Loans from related parties included in other payables and accruals	[REDACTED] expense
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	771,636	6,734	–	**[REDACTED]**
Changes from financing cash flows	669,532	(5,882)	(99)	**[REDACTED]**
Addition	–	7,157	–	**[REDACTED]**
Disposal	–	(2,131)	–	**[REDACTED]**
Interest expenses	42,471	206	99	**[REDACTED]**
As at 31 December 2025	1,483,639	6,084	–	**[REDACTED]**

(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
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	246	316	191
Within financing activities	4,212	2,466	5,882
Total	4,458	2,782	6,073

32. CONTINGENT LIABILITIES

As of 31 December 2023, 2024 and 2025, the Group did not have any material contingent liabilities.

33. COMMITMENTS

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepaid land lease payments, plant and machinery	23,751	327,122	361,198

34. RELATED PARTY TRANSACTIONS

(a) Names of related parties and their relationships with the Group:

Name of related party	Relationship with the Group
Fosun International Capital., Ltd.	Subsidiary of ultimate holding company
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Fosun Xinghui Business Consulting Co., Ltd.	Subsidiary of ultimate holding company
Beijing Fosun Pharmaceutical Technology Development Co., Ltd.	Subsidiary of ultimate holding company
Chemo Wanbang Biopharma Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Xingfu Corporate Management and Consulting Co., Ltd.	Subsidiary of ultimate holding company
Hainan Fosun Medical Trading Co., Ltd.	Subsidiary of ultimate holding company
Fosun Diagnostics (Shanghai) Co., Ltd.	Subsidiary of ultimate holding company
Avanc Pharmaceutical Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Yunji Information Technology Co., Ltd.	Subsidiary of ultimate holding company
Hainan Fosun International Business Co., Ltd.	Subsidiary of ultimate holding company
Yiyanyun (Shanghai) Medical Technology Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Yilian Corporate Management Co., Ltd.	Subsidiary of ultimate holding company
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	Subsidiary of ultimate holding company
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of ultimate holding company
Chengdu List Pharmaceutical Co., Ltd.	Associate of the ultimate parent company
Sinopharm Group Co., Ltd. and its subsidiaries	Associate of the ultimate parent company
Kuyi International Travel Service (Shanghai) Co., Ltd.	Associate of the ultimate parent company
Kuyi International Travel Service (Hainan) Co., Ltd.	Associate of the ultimate parent company
Fosun United Health Insurance Co., Ltd.	Associate of the ultimate parent company
Shanghai Yuruyi Wine Sales Co., Ltd.	Associate of the ultimate parent company
Shanghai Fosun Foundation	Associate of the ultimate parent company

The English names of the companies registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

As of April 2024, Fosun United Health Insurance Co., Ltd. became a related party of the ultimate parent company.

(b) Transactions with related parties

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

Trade in nature:	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Services provided to related parties			
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	–	12	–
Avanc Pharmaceutical Co., Ltd.	–	95	–
Hunan Dongting Pharmaceutical Co., Ltd.	128	291	–
Total	128	398	–

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchases of goods/materials from			
Sinopharm Group Co., Ltd. and its subsidiaries	801	749	923
Hainan Fosun Medical Trading Co., Ltd.	112	45	24
Chengdu List Pharmaceutical Co., Ltd.	247	–	–
Fosun Diagnostics (Shanghai) Co., Ltd.	9	–	–
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	–	64	66
Avanc Pharmaceutical Co., Ltd.	–	58	129
Shanghai Yunji Information Technology Co., Ltd.	–	535	160
Kuyi International Travel Service (Hainan) Co., Ltd.	–	–	80
Kuyi International Travel Service (Shanghai) Co., Ltd.	–	10	30
Total	1,169	1,461	1,412
Purchase of services			
Beijing Fosun Pharmaceutical Technology Development Co., Ltd.	1,172	10,302	10,006
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	1,654	3,093	3,796
Sinopharm Group Co., Ltd. and its subsidiaries	2,419	919	2,141
Hainan Fosun International Business Co., Ltd.	1,138	1,543	1,707
Shanghai Fosun Xinghui Business Consulting Co., Ltd.	–	50	–
Chemo Wanbang Biopharma Co., Ltd.	129	74	–
Fosun United Health Insurance Co., Ltd.	37	79	116
Shanghai Yuruyi Wine Sales Co., Ltd.	–	–	5
Fosun International Capital., Ltd.	–	–	519
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	–	50	420
Shanghai Xingfu Corporate Management and Consulting Co., Ltd..	–	117	1
Hainan Fosun Medical Trading Co., Ltd.	–	3	–
Total	6,549	16,230	18,711
Purchases of long-term assets			
Sinopharm Group Co., Ltd. and its subsidiaries	–	–	1,558
Yiyanyun (Shanghai) Medical Technology Co., Ltd.	175	143	–
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	3,396	–	–
Shanghai Yilian Corporate Management Co., Ltd.	72	76	111
Total	3,643	219	1,669
Rental property			
Avanc Pharmaceutical Co., Ltd.	1,462	–	1,251
Donation Expense			
Shanghai Fosun Foundation	–	126	–

Non-trade in nature:	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loan from related parties			
Avanc Pharmaceutical Co., Ltd.	150,000	150,000	35,000
Repayment of loan to related parties			
Avanc Pharmaceutical Co., Ltd.	55,000	245,000	35,000
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	65,000	–	–
Total	120,000	245,000	35,000
Loan to related parties			
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	40,000	–	–
Repayment from related party			
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	48,000	–	–
Interest expense			
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	1,297	–	–
Avanc Pharmaceutical Co., Ltd.	1,887	2,285	99
Total	3,184	2,285	99
Interest income			
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.	1,044	–	–

(c) Outstanding balances with related parties

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals			
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	2,009	3,220	138
Beijing Fosun Pharmaceutical Technology Development Co., Ltd.	–	638	435
Hainan Fosun International Business Co., Ltd.	120	78	36
Sinopharm Group Co., Ltd. and its subsidiaries	–	–	996
Yiyanyun (Shanghai) Medical Technology Co., Ltd.	–	151	–
Shanghai Yunji Information Technology Co., Ltd.	–	527	–
Fosun International Capital., Ltd.	–	–	519
Avanc Pharmaceutical Co., Ltd.	95,116	–	–
Total	97,245	4,614	2,124

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
Sinopharm Group Co., Ltd. and its subsidiaries	129	127	207
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	254	638	285
Total	383	765	492
Prepayments, other receivables and other assets			
Fosun United Health Insurance Co., Ltd.	–	13	–
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	–	166	935
Hainan Fosun Medical Trading Co., Ltd.	15	–	–
Shanghai Yilian Corporate Management Co., Ltd.	76	–	–
Total	91	179	935

Except for the payable due to Avanc Pharmaceutical Co., Ltd., other outstanding balances due from/to related parties were trade in nature, unsecured and interest-free.

(d) Compensation of key management personnel of the Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	9,894	12,621	14,867
Pension scheme contributions and social welfare	217	544	512
Performance related bonuses	14,880	13,883	13,883
Share-based payments	–	2,263	16,782
Total	24,991	29,311	46,044

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

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost:			
Trade receivables	197,561	112,014	545,435
Financial assets included in prepayments, deposits and other receivables	2,786	2,134	2,862
Restricted bank deposits	4,642	–	640
Time deposits	30,000	–	–
Cash and cash equivalents	243,193	69,629	109,559
Total	478,182	183,777	658,496

Financial liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost:			
Interest-bearing bank borrowings	471,278	771,636	1,483,639
Trade payables	33,723	57,587	61,020
Lease liabilities	2,854	4,943	2,629
Financial liabilities included in other payables and accruals	377,986	202,229	331,580
Total	885,841	1,036,395	1,878,868

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts			Fair values		
	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities						
Non-current portion of interest-bearing bank borrowings	326,805	378,492	774,186	305,267	358,628	710,177

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, time deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payable, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings at 31 December 2023, 2024 and 2025 was assessed to be insignificant.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted bank deposits, time deposits and interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its interest rate risk. As at 31 December 2023, 2024 and 2025, approximately RMB210,507,000, RMB231,392,000 and RMB324,031,000 of the Group's interest-bearing bank borrowings bore interest at fixed rates, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity. This analysis does not include the effect of interest capitalised.

	Increase/(decrease) in basis points	Increase/(decrease) in loss before tax
		RMB'000
2023		
RMB	100	2,105
RMB	(100)	(2,105)
2024		
RMB	100	2,314
RMB	(100)	(2,314)
2025		
RMB	100	3,241
RMB	(100)	(3,241)

Credit risk

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty. As at 31 December 2023, 2024 and 2025, there were no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different regions.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, restricted bank deposits, time deposits, trade receivables, and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	211,312	211,312
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,786	–	–	–	2,786
Restricted bank deposits	4,642	–	–	–	4,642
Time deposits	30,000	–	–	–	30,000
Cash and cash equivalents	243,193	–	–	–	243,193
Total	280,621	–	–	211,312	491,933

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	121,194	121,194
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,211	–	–	–	2,211
Cash and cash equivalents	69,629	–	–	–	69,629
Total	71,840	–	–	121,194	193,034

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	556,601	556,601
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,932	–	–	–	2,932
Restricted bank deposits	640	–	–	–	640
Cash and cash equivalents	109,559	–	–	–	109,559
Total	113,131	–	–	556,601	669,732

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 20 to the Historical Financial Information.

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

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other cash flows are closely monitored on an ongoing basis.

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

	As at 31 December 2023			
	On demand and less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	2,930	4,373	–	7,303
Interest-bearing bank borrowings	158,655	282,358	61,122	502,135
Trade payables	33,723	–	–	33,723
Financial liabilities included in other payables	377,986	–	–	377,986
Total	573,294	286,731	61,122	921,147

	As at 31 December 2024			
	On demand and less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	4,983	2,141	–	7,124
Interest-bearing bank borrowings	412,205	375,359	21,328	808,892
Trade payables	57,587	–	–	57,587
Financial liabilities included in other payables	202,229	–	–	202,229
Total	677,004	377,500	21,328	1,075,832

	As at 31 December 2025			
	On demand and less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	3,210	3,518	–	6,728
Interest-bearing bank borrowings	728,563	596,099	208,804	1,533,466
Trade payables	61,020	–	–	61,020
Financial liabilities included in other payables	331,580	–	–	331,580
Total	1,124,373	599,617	208,804	1,932,794

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

38. EVENTS AFTER THE RELEVANT PERIODS

(1) Conversion into a joint stock company

Pursuant to the shareholder's resolution dated 8 December 2025, the then existing shareholders of the Company approved the conversion of the Company into a joint stock company with limited liability with 83,128,249 shares in a nominal value of RMB1.00 each. Upon the completion of registration with the Administration for Market Regulation of Chengdu (成都市市場監督管理局) on 8 January 2026, the Company was converted into a joint stock company with limited liability and changes the Company's name to Fosun Adgenvax (Chengdu) Biopharmaceutical Co., Ltd. (復星安特金(成都)生物製藥股份有限公司).

(2) Pre-[REDACTED] financing

Pursuant to the capital contribution agreement on Pre-[**REDACTED**] financing on 15 June 2026, the Company increased its share capital of 11,495,449 shares at the consideration of RMB968,000,000. The incoming Pre-[**REDACTED**] investors of this June 2026 financing round have been granted certain special rights in relation to the Company, including, among others, redemption rights. The redemption rights had been suspended prior to the first filing of the [**REDACTED**] application of the Company and will only be restored when the [**REDACTED**] does not take place, and all special rights (including the redemption rights) will be terminated upon [**REDACTED**].

Save as disclosed above, the Group does not have other material subsequent events after 31 December 2025.

39. 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.