ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUZHOU ZELGEN BIOPHARMACEUTICALS CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

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

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended 30 June 2025 and 2026, and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2026 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review.

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

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

SHINEWING (HK) CPA Limited
Certified Public Accountants
[●]
Practising Certificate Number: [●]

Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Note	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue	*6*	383,557	531,529	810,188	375,542	1,204,390
Cost of sales		(28,209)	(34,278)	(80,866)	(42,138)	(66,209)
Gross profit		355,348	497,251	729,322	333,404	1,138,181
Other income and gains	*8*	138,380	102,376	106,313	56,153	52,722
Selling and distribution expenses		(250,488)	(271,448)	(465,359)	(211,258)	(284,670)
Administrative expenses		(17,584)	(59,636)	(82,654)	(35,132)	(41,342)
Research and development expenses		(496,330)	(387,999)	(429,907)	(196,504)	(199,537)
Other expenses	*9*	(4,094)	(6,699)	(2,169)	(2,725)	(15,406)
Finance costs	*10*	(24,317)	(28,893)	(24,201)	(13,872)	(11,303)
(Loss)/profit before tax	*12*	(299,085)	(155,048)	(168,655)	(69,934)	638,645
Income tax credit	*11*	3,950	4,749	3,528	1,845	1,365
(Loss)/profit for the year/period		(295,135)	(150,299)	(165,127)	(68,089)	640,010
Attributable to:						
– Owners of the Company		(278,583)	(137,831)	(162,946)	(65,908)	640,010
– Non-controlling interests		(16,552)	(12,468)	(2,181)	(2,181)	–
		(295,135)	(150,299)	(165,127)	(68,089)	640,010
Other Comprehensive (expense)/income						
Item that will not be reclassified subsequently to profit or loss:						
Changes in fair value of financial instrument net of tax		(4,012)	(5,988)	–	–	–
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		1,341	(2,761)	366	(506)	27
Other comprehensive (expense)/income for the year/period		(2,671)	(8,749)	366	(506)	27
Total comprehensive loss for the year/period		(297,806)	(159,048)	(164,761)	(68,595)	640,037
Attributable to:						
– Owners of the Company		(281,691)	(146,355)	(162,520)	(66,354)	640,037
– Non-controlling interests		(16,115)	(12,693)	(2,241)	(2,241)	–
		(297,806)	(159,048)	(164,761)	(68,595)	640,037
(Loss)/earning per share for (loss)/profit attributable to owners of the Company (RMB per share)	*15*					
– Basic		(1.08)	(0.52)	(0.62)	(0.25)	2.42
– Diluted		(1.08)	(0.52)	(0.62)	(0.25)	2.42

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31			As at June 30
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current assets					
Property, plant and equipment	*16*	260,167	317,040	416,163	450,186
Right-of-use assets	*17*	61,252	58,254	40,188	35,928
Intangible assets	*18*	35,447	21,918	7,776	2,038
Prepayments	*24*	4,018	31,503	61,954	76,118
Equity instrument designated at fair value through other comprehensive income ("FVTOCI")	*20*	5,988	–	–	–
Total non-current assets		366,872	428,715	526,081	564,270
Current assets					
Inventories	*22*	110,852	182,861	173,267	192,873
Trade and bills receivables	*23*	101,140	143,628	154,252	204,288
Other receivables, deposits and prepayments	*24*	93,548	129,644	208,928	132,601
Financial assets at fair value through profit or loss ("FVTPL")	*25*	137,019	40,501	–	375,576
Bank balances and cash	*26*	2,077,777	2,079,265	1,906,658	2,056,631
Total current assets		2,520,336	2,575,899	2,443,105	2,961,969
Current liabilities					
Trade and bills payables	*27*	123,719	167,731	230,854	268,208
Other payables and accruals	*28*	131,927	219,810	141,707	142,245
Contract liabilities		–	–	1,248	39,293
Tax liabilities		20,638	20,946	13,972	11,696
Bank borrowings	*29*	845,729	953,756	1,031,146	717,150
Lease liabilities	*30*	13,169	11,201	9,012	6,571
Total current liabilities		1,135,182	1,373,444	1,427,939	1,185,163
Net current assets		1,385,154	1,202,455	1,015,166	1,776,806
Total assets less current liabilities		1,752,026	1,631,170	1,541,247	2,341,076
Non-current liabilities					
Bank borrowings	*29*	–	44,351	84,000	83,500
Deferred tax liabilities	*21*	9,583	5,701	1,640	–
Lease liabilities	*30*	29,456	26,861	8,597	5,716
Deferred income	*31*	68,150	301,655	366,560	531,373
Total non-current liabilities		107,189	378,568	460,797	620,589
Net assets		1,644,837	1,252,602	1,080,450	1,720,487
Equity					
Share capital	*32*	264,708	264,708	264,708	264,708
Reserves	*33*	1,368,145	989,151	815,742	1,455,779
Equity attributable to owners of the Company		1,632,853	1,253,859	1,080,450	1,720,487
Non-controlling interests		11,984	(1,257)	–	–
Total equity		1,644,837	1,252,602	1,080,450	1,720,487

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000 (Note 33(a))*	*RMB'000 (Note 33(b))*	*RMB'000 (Note 33(c))*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	240,000	2,121,095	(19,332)	120,525	(2,842)	–	(1,700,328)	759,118	28,368	787,486
Loss for the year	–	–	–	–	–	–	(278,583)	(278,583)	(16,552)	(295,135)
Changes in fair value of equity instrument designated at FVTOCI, net of tax	–	–	–	–	–	(4,012)	–	(4,012)	–	(4,012)
Exchange differences arising on translation of foreign operations	–	–	–	–	904	–	–	904	437	1,341
Other comprehensive income (expense) for the year	–	–	–	–	904	(4,012)	–	(3,108)	437	(2,671)
Total comprehensive income (expense) for the year	–	–	–	–	904	(4,012)	(278,583)	(281,691)	(16,115)	(297,806)
Issue of shares *(note 32)*	24,490	1,175,510	–	–	–	–	–	1,200,000	–	1,200,000
Share issue cost	–	(18,067)	–	–	–	–	–	(18,067)	–	(18,067)
Recognition of equity-settled share-based payments *(note 34)*	–	–	–	2,192	–	–	–	2,192	342	2,534
Exercise of restricted share units granted *(note 34)*	218	20,441	–	(13,286)	–	–	–	7,373	–	7,373
Forfeitures of restricted share units *(note 34)*	–	–	–	(36,072)	–	–	–	(36,072)	(611)	(36,683)
At 31 December 2023	264,708	3,298,979	(19,332)	73,359	(1,938)	(4,012)	(1,978,911)	1,632,853	11,984	1,644,837

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Capital reserve**	**Share options reserve**	**Translation reserve**	**Revaluation reserve**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000 (Note 33(a))*	*RMB'000 (Note 33(b))*	*RMB'000 (Note 33(c))*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	264,708	3,298,979	(19,332)	73,359	(1,938)	(4,012)	(1,978,911)	1,632,853	11,984	1,644,837
Loss for the year	–	–	–	–	–	–	(137,831)	(137,831)	(12,468)	(150,299)
Changes in fair value of equity instrument designated at FVTOCI, net of tax	–	–	–	–	–	(5,988)	–	(5,988)	–	(5,988)
Exchange differences arising on translation of foreign operations	–	–	–	–	(2,536)	–	–	(2,536)	(225)	(2,761)
Other comprehensive expense for the year	–	–	–	–	(2,536)	(5,988)	–	(8,524)	(225)	(8,749)
Total comprehensive expense for the year	–	–	–	–	(2,536)	(5,988)	(137,831)	(146,355)	(12,693)	(159,048)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries *(note 35)*	–	–	(233,897)	–	–	–	–	(233,897)	(907)	(234,804)
Recognition of equity-settled share-based payments *(note 34)*	–	–	–	1,258	–	–	–	1,258	359	1,617
At 31 December 2024	264,708	3,298,979	(253,229)	74,617	(4,474)	(10,000)	(2,116,742)	1,253,859	(1,257)	1,252,602

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000 (Note 33(a)*	*RMB'000 (Note 33(b)*	*RMB'000 (Note 33(c)*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	264,708	3,298,979	(253,229)	74,617	(4,474)	(10,000)	(2,116,742)	1,253,859	(1,257)	1,252,602
Loss for the year	–	–	–	–	–	–	(162,946)	(162,946)	(2,181)	(165,127)
Exchange differences arising on translation of foreign operations	–	–	–	–	426	–	–	426	(60)	366
Other comprehensive income/(expense) for the year	–	–	–	–	426	–	–	426	(60)	366
Total comprehensive income/(expense) for the year	–	–	–	–	426	–	(162,946)	(162,520)	(2,241)	(164,761)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries *(note 35)*	–	–	(12,854)	–	–	–	–	(12,854)	3,331	(9,523)
Recognition of equity-settled share-based payments *(note 34)*	–	–	–	1,965	–	–	–	1,965	167	2,132
At 31 December 2025	264,708	3,298,979	(266,083)	76,582	(4,048)	(10,000)	(2,279,688)	1,080,450	–	1,080,450

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Revaluation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000 (Note 33(a)*	*RMB'000 (Note 33(b)*	*RMB'000 (Note 33(c)*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	264,708	3,298,979	(253,229)	74,617	(4,474)	(10,000)	(2,116,742)	1,253,859	(1,257)	1,252,602
Loss for the period	–	–	–	–	–	–	(65,908)	(65,908)	(2,181)	(68,089)
Exchange differences arising on translation of foreign operations	–	–	–	–	(446)	–	–	(446)	(60)	(506)
Other comprehensive expense for the period	–	–	–	–	(446)	–	–	(446)	(60)	(506)
Total comprehensive expense for the period	–	–	–	–	(446)	–	(65,908)	(66,354)	(2,241)	(68,595)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries *(note 35)*	–	–	(12,854)	–	–	–	–	(12,854)	3,331	(9,523)
Recognition of equity-settled share-based payments *(note 34)*	–	–	–	1,965	–	–	–	1,965	167	2,132
At 30 June 2025 *(unaudited)*	264,708	3,298,979	(266,083)	76,582	(4,920)	(10,000)	(2,182,650)	1,176,616	–	1,176,616

	Attributable to owners of the Company							
	Share capital	Share premium	Capital reserve	Share options reserve	Translation reserve	Revaluation reserve	Accumulated losses	Total
	RMB'000	*RMB'000 (Note 33(a))*	*RMB'000 (Note 33(b))*	*RMB'000 (Note 33(c))*	*RMB'000 (Note 33(d))*	*RMB'000 (Note 33(e))*	*RMB'000*	*RMB'000*
At 1 January 2026	264,708	3,298,979	(266,083)	76,582	(4,048)	(10,000)	(2,279,688)	1,080,450
Profit for the period	–	–	–	–	–	–	640,010	640,010
Exchange differences arising on translation of foreign operations	–	–	–	–	27	–	–	27
Other comprehensive income for the period	–	–	–	–	27	–	–	27
Total comprehensive income for the period	–	–	–	–	27	–	640,010	640,037
At 30 June 2026 (unaudited)	264,708	3,298,979	(266,083)	76,582	(4,021)	(10,000)	(1,639,678)	1,720,487

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
OPERATING ACTIVITIES					
(Loss)/profit before tax	(299,085)	(155,048)	(168,655)	(69,934)	638,645
Adjustments for:					
Depreciation of property, plant and equipment	33,375	33,258	33,400	17,328	12,509
Depreciation of right-of-use assets	12,169	12,900	8,463	4,854	4,290
Amortisation of intangible assets	13,687	14,046	13,742	6,995	5,565
Finance costs	24,317	28,893	24,201	13,872	11,303
Loss on disposal and write off of property, plant and equipment	280	–	–	–	2
Gain on changes in fair value of financial assets at FVTPL	(10,991)	(6,046)	(841)	(801)	(576)
Gain on derecognition of financial assets at FVTPL	(3,694)	(812)	(359)	–	(1,981)
Recognition of equity-settled share-based payments	2,534	1,617	2,132	2,132	–
Forfeitures of share options	(36,683)	–	–	–	–
Exchange losses, net	30	13	901	46	12,156
Impairment losses recognised for trade and bills receivables, net	640	2,219	417	1,689	2,793
Impairment losses recognised for other receivables, net	980	1,540	(299)	49	30
Write-down of inventories	–	–	5,644	3,358	5,321
Interest income	(39,355)	(58,288)	(55,125)	(28,161)	(27,944)
Operating cash flows before movements in working capital	(301,796)	(125,708)	(136,379)	(48,573)	662,113
(Increase)/decrease in inventories	(11,874)	(72,009)	3,950	15,288	(24,927)
Increase in trade and bills receivables	(12,795)	(44,707)	(11,041)	(33,461)	(52,829)
(Increase)/decrease in other receivables, deposits and prepayments	(4,854)	4,914	(13,067)	(5,379)	(9,210)
(Decrease)/increase in trade and bills payables	(9,035)	36,328	60,073	18,684	38,408
Increase/(decrease) in other payables	15,548	(414)	4,077	6,254	(5,797)
(Decrease)/increase in contract liabilities	(279)	–	1,248	525	38,045
Increase in deferred income	23,110	236,005	64,905	36,195	164,813
Cash (used in)/from operations	(301,975)	34,409	(26,234)	(10,467)	810,616
Interest received	12,120	7,172	606	261	6,464
Income taxes (paid) refunded	(69)	727	(6,947)	(118)	(2,522)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	(289,924)	42,308	(32,575)	(10,324)	814,558
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment	3,820	–	–	–	31
Purchases of property, plant and equipment	(61,054)	(94,561)	(181,436)	(79,716)	(49,417)
Purchase of intangible assets	(1,811)	(30)	(31)	–	–
Placement of non-pledged time deposits	(1,328,000)	(744,000)	–	–	(410,000)
Withdrawal of non-pledged time deposits	615,000	160,000	80,000	10,000	1,131,364
Purchases of financial assets at FVTPL	(1,135,000)	(943,000)	–	–	(810,000)
Proceeds from disposals of financial assets at FVTPL	1,261,600	1,046,376	41,701	7,330	436,981
Interest received from non-pledged time deposits	56,312	8,566	4,410	195	108,499
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(589,133)	(566,649)	(55,356)	(62,191)	407,458

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
FINANCING ACTIVITIES					
Issue of shares	1,200,000	–	–	–	–
Share issue costs paid	(18,067)	–	–	–	–
Exercise of share options	7,373	–	–	–	–
Acquisitions of additional interests from non-controlling shareholders of subsidiaries	–	(163,770)	(80,357)	(80,357)	–
Proceeds from bank borrowings	983,800	1,288,279	1,127,021	431,521	56,000
Repayment of bank borrowings	(630,000)	(1,134,800)	(1,009,900)	(317,070)	(370,200)
Interest paid	(23,315)	(29,994)	(24,283)	(10,042)	(11,599)
Deferred issue cost paid	–	–	(5,599)	–	(7,543)
Principal portion of lease payments paid	(12,269)	(14,465)	(10,850)	(4,819)	(5,352)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	1,507,522	(54,750)	(3,968)	19,233	(338,694)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	628,465	(579,091)	(91,899)	(53,282)	883,322
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	171,106	799,777	217,265	217,265	124,658
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	206	(3,421)	(708)	(621)	(5,349)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	799,777	217,265	124,658	163,362	1,002,631
ANALYSIS OF BANK BALANCES AND CASH					
Cash and cash equivalents	799,777	217,265	124,658	163,362	1,002,631
Time deposits	1,278,000	1,862,000	1,782,000	1,852,000	1,054,000
Bank balances and cash as stated in the consolidated statements of financial position	2,077,777	2,079,265	1,906,658	2,015,362	2,056,631

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current assets					
Property, plant and equipment	*16*	251,701	311,057	412,593	446,889
Right-of-use assets	*17*	26,601	33,042	32,364	30,713
Intangible assets	*18*	2,838	2,525	2,211	2,038
Prepayments	*24*	4,018	31,503	61,954	76,118
Equity instruments designated at FVTOCI	*20*	5,988	–	–	–
Investments in subsidiaries	*19*	103,301	339,859	29,789	29,789
Total non-current assets		394,447	717,986	538,911	585,547
Current assets					
Inventories	*22*	110,852	182,861	173,267	192,873
Trade and bills receivables	*23*	129,978	194,382	154,252	204,288
Other receivables, deposits and prepayments	*24*	316,471	335,803	687,009	616,723
Financial assets at FVTPL	*25*	85,034	–	–	375,576
Bank balances and cash	*26*	1,865,095	1,894,813	1,443,227	1,601,770
Total current assets		2,507,430	2,607,859	2,457,755	2,991,230
Current liabilities					
Trade and bills payables	*27*	152,832	204,056	284,347	305,230
Other payables and accruals	*28*	107,476	192,316	111,168	118,714
Contract liabilities		–	–	1,248	39,293
Bank borrowings	*29*	845,729	953,756	1,012,146	717,150
Lease liabilities	*30*	3,799	1,876	2,631	1,682
Total current liabilities		1,109,836	1,352,004	1,411,540	1,182,069
Net current assets		1,397,594	1,255,855	1,046,215	1,809,161
Total assets less current liabilities		1,792,041	1,973,841	1,585,126	2,394,708
Non-current liabilities					
Bank borrowings	*29*	–	44,351	84,000	83,500
Lease liabilities	*30*	1,249	7,894	6,837	5,716
Deferred income	*31*	68,150	301,655	366,560	531,373
Total non-current liabilities		69,399	353,900	457,397	620,589
Net assets		1,722,642	1,619,941	1,127,729	1,774,119
Equity					
Share capital	*32*	264,708	264,708	264,708	264,708
Reserves	*33*	1,457,934	1,355,233	863,021	1,509,411
Total equity		1,722,642	1,619,941	1,127,729	1,774,119

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Suzhou Zelgen Biopharmaceuticals Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") as a joint stock company with limited liability on 18 March 2009. The Company's A shares have been listed on Shanghai Stock Exchange since 23 January 2020. The addresses of the registered office of the Company and principal places of business of the Company are No. 209, Chenfeng Road, Kunshan, Jiangsu Province, PRC. In the opinion of the directors, during the Track Record Period and the six months ended 30 June 2025 and 2026, and up to the date of this report, the Company is ultimately controlled by Mr. Zelin Sheng and Mrs. Lu Huiping ("the "Controlling Shareholders").

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

The Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Registered capital/total issued shares	Proportion of ownership interest attributable to the Company			Proportion of ownership interest attributable to the Company	Principal activities
			As at 31 December			As at 30 June	
			2023	2024	2025	2026	
Suzhou Zelgen Biotechnology Co., Ltd* ("Suzhou Zelgen") (蘇州澤璟生物技術有限公司) *(Note a)*	PRC 28 December 2009	RMB1,000,000	100.00%	100.00%	100.00%	100.00%	Research and development
Shanghai Zelgen Biotechnology Co., Ltd* ("Shanghai Zelgen") (上海澤璟醫藥技術有限公司) *(Note a)*	PRC 13 December 2013	RMB10,000,000	100.00%	100.00%	100.00%	100.00%	Research and development
Zhejiang Zelgen Biotechnology Co., Ltd* ("Zhejiang Zelgen") (澤璟製藥(浙江)有限公司) *(Note a)*	PRC 4 January 2021	RMB5,000,000	100.00%	100.00%	100.00%	100.00%	Research and development
Zelgen Holdings Limited ("Zelgen Holdings") (澤璟控股有限公司) *(Note b)*	Hong Kong 10 August 2018	10,000	100.00%	100.00%	100.00%	100.00%	Investment holding
Gensun Biopharma Inc. ("Gensun") *(Note c)*	The United States of America ("USA") 3 February 2016	5,888,838	55.74%	92.17%	100.00%	100.00%	Research and development

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

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

Notes:

(a) The statutory financial statements of these companies during the years ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles were audited by ShineWing Certified Public Accountants (Special General Partnership) registered in the PRC.

(b) The statutory financial statements of the company for the years ended 31 December 2023, 2024 and 2025 prepared under Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard were audited by General Accounting CPA Limited registered in the Hong Kong.

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

2. BASIS OF PREPARATION

The Historical Financial Information and Interim Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period and Interim Financial Information for the six months ended 30 June 2025 and 2026.

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

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Interim Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]
Amendments to IAS 28:	*Fair Value Option for Investments In Associates And Joint Ventures*[4]

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[1] Effective for annual periods beginning on or after 1 January 2027

[2] Effective for annual periods beginning on or after a date to be determined

[3] Effective for annual periods beginning on or after 1 January 2029

[4] Applied concurrently with IFRS 18.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

The material accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

Business combinations or asset acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Revenue from contracts with customers

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

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

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

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

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

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

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

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

Contract liabilities

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

The Group recognised revenue from the sales of pharmaceuticals products and product sales licensing.

Sales of goods

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

Licensing revenue

The Group's licensing revenue may comprise multiple performance obligations, including grants of intellectual property licenses, commitments to provide research and development services, and other deliverables. In accounting for these arrangements, the Group exercises judgement in developing assumptions to determine the standalone selling price for each performance obligation identified in the contract.

When estimating the standalone selling price of a performance obligation, the Group takes into consideration competitor pricing for similar or identical products, market awareness and perception of the product, expected product lifecycle, and prevailing market trends. Generally, consideration allocated to each performance obligation is recognised when the respective obligation is satisfied upon transfer of control of the related good or service. The amount of variable consideration included in the transaction price is constrained to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Subsequent changes in variable consideration, including adjustments or reversals of previously recognised revenue for distribution authorization licenses, are recognised in profit or loss in the reporting period in which the change arises.

Non-refundable payments received prior to meeting all relevant revenue recognition criteria are recognised as contract liabilities.

Options to license intellectual property

Upfront non-refundable payments received for intellectual property options under collaboration agreements are assessed to determine whether such options confer a material right to the customer and constitute a distinct performance obligation separate from other promised goods or services in the arrangement. Where an option is identified as a distinct material right, the Group defers the portion of non-refundable upfront consideration allocated to such option as contract liabilities, and recognises the related revenue at a point in time at the earliest of (i) the date the customer exercises the option, (ii) the date the underlying licensed goods or services are transferred, or (iii) the expiry date of the option term. If the option does not grant a material right to the customer, the allocated upfront consideration is recognised in accordance with the revenue recognition policies applicable to the other distinct performance obligations in the contract.

Where the contractual exercise price equals the standalone selling price of the option with no embedded discount, no portion of upfront non-refundable consideration is allocated to the option. Consideration related to the option is only recognised when the separate exercise payment is received and the option is exercised or expires.

In addition, option exercise fees and standard option extension payments under collaboration arrangements are generally attributable to the intellectual property licence transferred upon exercise. Such consideration is recognised at a point in time when the option is duly exercised and control of the underlying intellectual property licence is transferred to the customer, subject to the constraint that it is highly probable that a significant reversal of cumulative recognised revenue will not occur.

Where an option extension payment entitles the customer to both (i) a prolonged exclusive option right, and (ii) the Group's obligation to provide continuous clinical research and development services throughout the extended term, the extension payment is allocated between the two distinct performance obligations based on their relative standalone selling prices. Consideration allocated to the extended exclusive option right is recognised as revenue at a point in time when the customer exercises the option or upon expiry of the option term, while consideration allocated to ongoing research and development services is recognised over time via an input method to measure the Group's performance progress on the relevant service obligation over the extension period.

Milestone payments

Milestone payments include development milestones, regulatory milestones and sales milestones.

At the inception of each arrangement that includes development and regulatory milestone payments, the Group evaluates whether the milestones are highly probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development activities may include initiation of various phases of clinical trials. Due to the uncertainty in meeting these development targets, such consideration is generally fully constrained at contract inception. The Group assesses whether the variable consideration remains fully constrained in each reporting period based on the facts and circumstances surrounding the clinical trials. Upon release of the constraint and where a significant reversal of recognised revenue is not expected, the adjusted milestone amounts are included in the transaction price and allocated to each separate performance obligation. Regulatory milestones are fully constrained until marketing approvals are obtained due to inherent uncertainties in the drug approval process, and the corresponding consideration is recognised in the transaction price in the reporting period when regulatory approval is secured.

Sales milestones, which are triggered by achieving specified sales volumes and relate predominantly to the licensed intellectual property, are accounted for in accordance with the royalty recognition policy set out below.

Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Research and Development Service Revenue

The Group enters into collaboration agreements to provide R&D services including preclinical research, clinical trial conduct, combination study execution, technical transfer and data delivery in connection with licensed compounds and products. The Group assesses whether R&D services are distinct performance obligations separate from intellectual property licenses on a contract-by-contract basis. For services that the customer can benefit from independently (or with readily available resources) and are separately identifiable from the license, they are accounted for as distinct performance obligations; otherwise, they are combined with the license as a single performance obligation.

Revenue from R&D services is recognised over time based on an input method reflecting the Group's progress towards full satisfaction of the service performance obligation, such as incurred full-time equivalent labour hours and completed research deliverables. Variable consideration tied to clinical progress milestones applicable to R&D activities is subject to the same constraint assessment policy as other milestone payments, and allocated to R&D service revenue once the constraint is released. Prepayments received for future R&D services before related service work is performed are recorded as contract liabilities.

Product sales licensing

The Group assesses whether the product sales licensing is distinct from the other performance obligations identified in the arrangements. For licenses determined to be distinct, the Group recognizes revenue from non-refundable, upfront payments allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is able to use and benefit from the license.

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.

Leasing

Definition of a lease

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

The Group as lessee

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

Lease liabilities

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

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

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

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

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

Right-of-use assets

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

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

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

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

Lease modification

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

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

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

Foreign currencies

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

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

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

Borrowing costs

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

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

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

Government grants

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

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

Retirement benefits costs and termination benefits

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

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

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which include both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest

in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

	Useful lives
Plant and buildings	10 to 40 years
Machinery and equipment	3 to 10 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Leasehold improvements	5 years

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

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

Intangible assets

Intangible assets acquired separately

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

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in business combination with finite useful life are carried at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Research and development costs

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are 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.

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

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

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

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

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

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

Inventories

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above.

Investments in subsidiaries

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

Financial instruments

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

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

Financial assets

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

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

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to accumulated losses.

Dividends from investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'other income and gains' line item in profit or loss.

Financial assets at FVTPL

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

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

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

A financial asset is held for trading if:

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

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

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

The Group always recognises lifetime ECL for trade and bills receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

Significant increase in credit risk

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

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

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

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

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

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

Definition of default

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

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

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

Credit-impaired financial assets

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

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

Measurement and recognition of expected credit losses

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

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

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Share-based payment transactions

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

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

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Research and development costs

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

Key sources of estimation uncertainty

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

Accrual of research and development costs

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

Income taxes

As at 31 December 2023, 2024 and 2025, and 30 June 2026, no deferred tax asset has been recognised on the tax losses of RMB3,390,216,000, RMB3,572,199,000, RMB4,038,900,000 and RMB3,194,422,000 due to the unpredictability of future profit streams for the Company and its certain subsidiaries. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

Impairment of trade and bills receivables

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

As at 31 December 2023, 2024 and 2025, and 30 June 2026, the carrying amounts of trade and bills receivables were approximately RMB101,140,000, RMB143,628,000, RMB154,252,000 and RMB204,288,000, respectively, net of allowance for impairment loss of approximately RMB5,323,000, RMB7,542,000, RMB7,959,000 and RMB10,752,000, respectively.

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

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

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

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant of share options. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant dates, the Group uses a Black-Scholes option pricing model and Back-solved model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 34 to the Historical Financial Information.

6. REVENUE

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue from contracts with customers	383,557	531,529	810,188	375,542	1,204,390

Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Types of goods or services					
Sales of pharmaceuticals products	383,557	531,529	802,641	375,542	549,628
Licensing revenue	–	–	7,547	–	654,762
Total	383,557	531,529	810,188	375,542	1,204,390
Geographical markets					
Chinese Mainland	383,557	531,529	802,641	375,542	549,628
Other countries/regions	–	–	7,547	–	654,762
Total	383,557	531,529	810,188	375,542	1,204,390
Timing of revenue recognition					
At a point of time	383,557	531,529	810,188	375,542	1,195,581
Over time	–	–	–	–	8,809
	383,557	531,529	810,188	375,542	1,204,390

Performance obligations for contracts with customers

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

Sale of goods

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

Licensing revenue comprises income from product sales licensing, intellectual property licensing and research and development services.

Product sales licensing

During the year ended 31 December 2025, the Group entered into a license agreement with third party (the "Licensee A"), pursuant to which the Licensee A shall obtain exclusive licenses for commercialising certain innovative therapies developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied on acceptance of a good or a service. The Group usually receives non-refundable upfront payments in accordance with the license agreements and is eligible to receive milestone payments and tiered royalty payments based on net sales of the related products in the territories.

Intellectual property licensing

During the six months ended 30 June 2026, the Group entered into license agreement with a third party (the"Licensee B"), pursuant to which the Licensee B shall obtain exclusive licenses for developing, manufacture, and commercializing certain innovative therapies developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a good or a service. The Group receives non-refundable upfront payments in accordance with license agreements and is eligible to receive milestone payments and tiered royalty payments based on net sales in the territories. For such intellectual property licenses determined to be a distinct performance obligation, revenue is recognised at the point in time when the license is transferred and the licensee is able to use and derive economic benefits from the license.

Research and development services

The Group enters into collaboration agreements to provide R&D services in connection with licensed compounds and products, including preclinical research, clinical trial conduct, combination study execution, technical transfer and data delivery.

In accordance with the accounting policy set out in Note 4, the Group assesses whether R&D services are distinct from intellectual property licenses on a contract-by-contract basis. Revenue from R&D services is recognised over time using an input method, measured by incurred full-time equivalent labour hours and completed research deliverables. Variable consideration tied to clinical progress milestones follows the same constraint assessment framework as other milestone payments. Prepayments for undelivered R&D services are recorded as contract liabilities.

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

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

For licensing contracts with an original expected duration of more than one year, the practical expedients under IFRS 15 do not apply. As at 30 June 2026, the aggregate amount of the transaction price allocated to the remaining performance obligations under such contracts is RMB37,830,000, which is expected to be recognised within one year from the end of the reporting period.

Contract liabilities

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Advance received on sale of goods or provision of service from customers	–	–	1,248	39,293

The Group receives certain portions of contract consideration from customers upon the signing of sales contracts or licensing agreements, including under intellectual property ("IP") out-licensing arrangements. Such receipts are recognised as contract liabilities at contract inception when the Group has a corresponding obligation to transfer goods or grant licensed rights in exchange for the consideration received. Contract liabilities mainly represent unsatisfied performance obligations arising from pre-sales of the Group's pharmaceutical products, as well as upfront, milestone or other pre-received payments under IP out-licensing contracts for which the relevant licensed rights, clinical data packages, chemistry, manufacturing and controls technology packages or other required deliverables have not yet been transferred to the licensee. Contract liabilities are derecognised and reclassified to revenue when the Group transfers control of the underlying goods to customers for product sales, or satisfies the relevant performance obligations under IP out-licensing arrangements at the point in time when control of the licensed intellectual property and supporting deliverables is transferred to and accepted by the licensee.

As at 30 June 2026, contract assets of RMB8,809,000 recognised in respect of R&D services under the same out-licensing contract have been offset against the contract liabilities arising from the upfront payment under the contract, resulting in a net contract liability of RMB39,293,000.

Revenue amounting to RMB1,248,000 recognised during the six months ended 30 June 2026 was derived from opening contract liabilities.

7. SEGMENT INFORMATION

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

Geographical information

The Group's location of non-current assets are substantially in Chinese Mainland. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Non-current assets based on their locations are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Geographical region				
Chinese Mainland	325,765	407,271	515,764	564,270
USA	35,119	21,444	10,317	–
Total	360,884	428,715	526,081	564,270

Note: Non-current assets excluded equity instrument designated at FVTOCI.

Information about major customers

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Customer A	111,973	182,953	236,304	104,818	184,859
Customer B	139,082	165,543	259,369	128,926	153,363
Customer C	N/A*	N/A*	81,688	N/A*	N/A*
Customer D	–	–	–	–	662,309

* The revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the corresponding period.

8. OTHER INCOME AND GAINS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Bank interest income	39,355	58,288	55,125	28,161	27,944
Government grants*	81,455	35,801	49,691	27,082	21,252
Gain on derecognition of financial assets at FVTPL	3,694	812	359	–	1,981
Gain from changes in fair value of financial assets at FVTPL	10,991	6,046	841	801	576
Sales of pharmaceutical intermediates and raw materials	2,805	1,333	273	93	943
Others	80	96	24	16	26
Total	138,380	102,376	106,313	56,153	52,722

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

9. OTHER EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Exchange loss, net	30	13	901	46	12,156
Loss on disposal and write off of property, plant and equipment	280	–	–	–	2
Donation	1,010	–	5	–	77
Cost of sales of pharmaceutical intermediates and raw materials	984	2,690	126	37	130
Impairment losses on trade and bills receivables	640	2,219	417	1,689	2,793
Impairment losses recognised/(reversed) on other receivables and deposits	980	1,540	(299)	49	30
Bank charges	135	205	382	216	273
Others	35	32	637	688	(55)
Total	4,094	6,699	2,169	2,725	15,406

10. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Interest on bank borrowings	22,553	26,839	23,411	13,480	11,017
Interest on lease liabilities	1,764	2,054	790	392	286
Total	24,317	28,893	24,201	13,872	11,303

11. INCOME TAX CREDIT

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Current tax					
Charge for the year	80	47	476	172	246
Overprovision in prior years	(84)	(813)	(7)	(7)	–
Deferred tax credit *(note 21)*	(3,946)	(3,983)	(3,997)	(2,010)	(1,611)
Total	(3,950)	(4,749)	(3,528)	(1,845)	(1,365)

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

Chinese Mainland

The Company were eligible for a preferential income tax rate of 15% for a qualification of "High and New Technology Enterprise" during the Track Record Period and the six months ended 30 June 2025 and 2026.

The Company's subsidiary, Zhejiang Zelgen was eligible for a preferential income tax rate of 20% for a qualification of "Small and Low-profit Enterprises" during the Track Record Period and the six months ended 30 June 2025 and 2026. The Company's subsidiaries, Suzhou Zelgen and Shanghai Zelgen were eligible for a preferential income tax rate of 20% for a qualification of "Small and Low-profit Enterprises" during the year ended 31 December 2023 and 2024.

According to the relevant laws and regulations promulgated by the State Council of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year. The State Taxation Administration of The People's Republic of China ("STA") further announced in March 2021 that manufacturing enterprises engaging in research and development activities would entitle to claim 200% of their research and development expenses ("Accelerated Deduction") since 1 January 2021. The STA further announced in March 2023 that eligible enterprises would entitle to claim 200% of their research and development expenses ("Additional Deduction") since 1 January 2023. The Group has made its best estimate for the Accelerated Deduction and Additional Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the Track Record Period and the six months ended 30 June 2025 and 2026.

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No Hong Kong profits tax were provided for as the Group did not generate any assessable profits arising in Hong Kong during the Track Record Period and the six months ended 30 June 2025 and 2026.

USA

The subsidiary incorporated in USA is subject to federal income tax at 21% and state and local income taxes (generally ranges from 1% to 12%) where it operates.

The income tax credit for the Track Record Period and the six months ended 30 June 2025 and 2026 can be reconciled to the loss/profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
(Loss)/profit before tax	(299,085)	(155,048)	(168,655)	(69,934)	638,645
Tax at the domestic income tax rate of 25%	(74,771)	(38,762)	(42,164)	(17,484)	159,661
Tax effect of different tax rates of subsidiaries	23,563	7,844	10,812	2,375	(64,888)
Overprovision in respect of prior years	(84)	(813)	(7)	(7)	–
Tax effect of non-deductible expenses	262	822	2,673	8,678	1,875
Tax effect of utilisation of deductible temporary differences not recognised	–	–	–	–	(99,779)
Deductible temporary differences and tax losses not recognised	112,658	62,885	79,633	28,260	28,300
Additional cost deduction for qualified research and development expenses	(65,578)	(36,725)	(54,475)	(23,667)	(26,534)
Income tax credit	(3,950)	(4,749)	(3,528)	(1,845)	(1,365)

12. LOSS/PROFIT BEFORE TAX

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
(Loss)/profit before tax has been arrived at after charging (crediting):					
Directors' emoluments (excluded share-based payments)	10,795	11,128	9,958	4,068	4,026
Other staffs' salaries	269,297	269,954	310,108	156,889	186,698
Other staffs' retirement benefit scheme contributions	20,995	23,545	26,805	12,216	14,190
Share-based payments expense	2,534	1,617	2,132	2,132	–
Reversal of share-based payments expense	(36,683)	–	–	–	–
Total staff costs	266,938	306,244	349,003	175,305	204,914
Cost of inventories sold	28,209	34,278	77,508	15,489	22,694
Auditor's remuneration	880	880	980	–	462
[**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Write-down of inventories	–	–	5,644	3,358	5,321
Expense relating to short-term leases	1,320	1,405	1,890	903	778
Depreciation of property, plant and equipment	33,375	33,258	33,400	17,328	12,509
Depreciation of right-of-use assets	12,169	12,900	8,463	4,854	4,290
Amortisation of intangible assets	13,687	14,046	13,742	6,995	5,565

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

(a) Directors', chief executive's and supervisors' emoluments

Details of the emoluments paid to the individuals including emoluments for services as senior management of the group entities prior to becoming the directors of the Company, during the Track Record Period and the six months ended 30 June 2025 and 2026 are as follows:

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2023					
Executive director:					
Mr. Sheng Zelin	–	2,759	–	(7,476)	(4,717)
Ms. Lu Huiping	–	1,603	70	(1,191)	482
Mr. Lyu Binhua	–	1,986	70	(711)	1,345
Mr. Wu Jisheng	–	2,350	–	(521)	1,829
	–	8,698	140	(9,899)	(1,061)
Non-executive director:					
Mr. Zhang Mengheng	–	–	–	–	–
Ms. Li Deyu	–	–	–	–	–
	–	–	–	–	–
Independent non-executive director:					
Mr. He Ruyi	264	–	–	–	264
Mr. Zhang Binghui	132	–	–	–	132
Mr. Huang Fanzhi	132	–	–	–	132
	528	–	–	–	528
Supervisors					
Mr. Yi Bihui	–	486	42	–	528
Mr. Zhang Junchao	–	592	44	–	636
Mr. Ren Yuanqi	–	237	28	–	265
	–	1,315	114	–	1,429
	528	10,013	254	(9,899)	896

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2024				
Executive director:				
Mr. Sheng Zelin	–	2,888	–	2,888
Ms. Lu Huiping	–	1,678	73	1,751
Mr. Lyu Binhua	–	2,081	73	2,154
Mr. Wu Jisheng	–	2,350	–	2,350
	–	8,997	146	9,143
Non-executive director:				
Mr. Zhang Mengheng	–	–	–	–
Ms. Li Deyu	–	–	–	–
	–	–	–	–
Independent non-executive director:				
Mr. He Ruyi	264	–	–	264
Mr. Zhang Binghui	132	–	–	132
Mr. Huang Fanzhi	132	–	–	132
	528	–	–	528
Supervisors				
Mr. Yi Bihui	–	493	43	536
Mr. Zhang Junchao	–	607	44	651
Mr. Ren Yuanqi	–	242	28	270
	–	1,342	115	1,457
	528	10,339	261	11,128

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2025				
Executive director:				
Mr. Sheng Zelin	–	3,352	–	3,352
Ms. Lu Huiping	–	1,854	73	1,927
Mr. Lyu Binhua	–	2,350	73	2,423
Mr. Wu Jisheng *(Note ii)*	–	485	–	485
	–	8,041	146	8,187
Non-executive director:				
Ms. Li Deyu	–	–	–	–
Mr. Yi Bihui *(Note i)*	–	362	28	390
Mr. Zhang Junchao *(Note i)*	–	391	29	420
Mr. Zhang Mengheng *(Note ii)*	–	–	–	–
	–	753	57	810
Independent non-executive director:				
Mr. Cheng Zengjiang *(Note iii)*	83	–	–	83
Ms. Guan Yamei *(Note iii)*	83	–	–	83
Mr. Guo Bing *(Note iv)*	7	–	–	7
Mr. Yuan Hongchang *(Note vi)*	83	–	–	83
Mr. He Ruyi *(Note v)*	99	–	–	99
Mr. Zhang Binghui *(Note v)*	50	–	–	50
Mr. Huang Fanzhi *(Note v)*	50	–	–	50
	455	–	–	455
Supervisors				
Mr. Yi Bihui *(Note i)*	–	169	17	186
Mr. Zhang Junchao *(Note i)*	–	209	17	226
Mr. Ren Yuanqi *(Note vii)*	–	83	11	94
	–	461	45	506
	455	9,255	248	9,958

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Total
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
For the six month ended 30 June 2025 (Unaudited)				
Mr. Sheng Zelin	–	1,075	–	1,075
Ms. Lu Huiping	–	563	37	600
Mr. Lyu Binhua	–	997	37	1,034
Mr. Wu Jisheng *(Note ii)*	–	485	–	485
	–	3,120	74	3,194
Non-executive director				
Ms. Li Deyu	–	–	–	–
Mr. Yi Bihui *(Note i)*	–	58	6	64
Mr. Zhang Junchao *(Note i)*	–	70	6	76
Mr. Zhang Mengheng *(Note ii)*	–	–	–	–
	–	128	12	140
Independent non-executive director:				
Mr. Cheng Zengjiang *(Note iii)*	17	–	–	17
Ms. Guan Yamei *(Note iii)*	17	–	–	17
Mr. Yuan Hongchang *(Note vi)*	17	–	–	17
Mr. He Ruyi *(Note v)*	99	–	–	99
Mr. Zhang Binghui *(Note v)*	50	–	–	50
Mr. Huang Fanzhi *(Note v)*	50	–	–	50
	250	–	–	250
Supervisors				
Mr. Yi Bihui *(Note i)*	–	169	17	186
Mr. Zhang Junchao *(Note i)*	–	209	17	226
Mr. Ren Yuanqi *(Note vii)*	–	61	11	72
	–	439	45	484
	250	3,687	131	4,068

	Fees	Salaries, bonuses and allowances	Retirement benefit scheme contributions	Total
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
For the six month ended 30 June 2026				
Executive director:				
Mr. Sheng Zelin	–	1,362	–	1,362
Ms. Lu Huiping	–	747	37	784
Mr. Lyu Binhua	–	1,064	37	1,101
	–	3,173	74	3,247
Non-executive director				
Ms. Li Deyu	–	–	–	–
Mr. Yi Bihui *(Note i)*	–	246	24	270
Mr. Zhang Junchao *(Note i)*		286	25	311
	–	532	49	581
Independent non-executive director:				
Mr. Cheng Zengjiang *(Note iii)*	66	–	–	66
Ms. Guan Yamei *(Note iii)*	66	–	–	66
Mr. Guo Bing *(Note iv)*	66	–	–	66
	198	–	–	198
	198	3,705	123	4,026

Notes:

(i) Mr. Yi Bihui and Mr. Zhang Junchao resigned as supervisors on 16 May 2025 and were appointed as non-executive directors on 16 May 2025.

(ii) Mr. Wu Jisheng and Mr. Zhang Mengheng resigned as an executive director and a non-executive director, respectively, on 16 May 2025.

(iii) Mr. Cheng Zengjiang and Ms. Guan Yamei were appointed as independent non-executive directors on 16 May 2025.

(iv) Mr. Guobing was appointed as an independent non-executive director on 12 December 2025.

(v) Mr. He Ruyi, Mr. Zhang Binghui and Mr. Huang Fanzhi resigned as independent non-executive directors on 16 May 2025.

(vi) Mr.Yuan Hongchang was appointed as an independent non-executive director on 16 May 2025 and resigned as independent non-executive director on 12 December 2025.

(vii) Mr. Ren Yuanqi resigned as a supervisor on 16 May 2025.

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

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

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

Mr. Sheng Zelin is also the Chief Executive of the Company and his remuneration disclosed above includes those for services rendered by him as the Chief Executive.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period and the six months ended 30 June 2025 and 2026.

(b) Five highest paid employees

The five highest paid individuals of the Group included 2, 2, 2, 2 and 2 directors whose emoluments for the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, respectively are included in the disclosure above. The remuneration of the remaining 3, 3, 3, 3 and 3 individuals during the years ended 31 December 2023, 2024, 2025 and six months ended 30 June 2025 and 2026, respectively were as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Salaries, bonuses and other allowances	8,715	8,656	8,697	3,008	3,771
Retirement benefit scheme contributions	205	145	220	110	74
	8,920	8,801	8,917	3,118	3,845

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	No. of employees	No. of employees	No. of employees	No. of employees *(Unaudited)*	No. of employees *(Unaudited)*
HKD1,000,001 to HKD1,500,000	–	–	–	2	2
HKD1,500,001 to HKD2,000,000	–	–	–	1	1
HKD2,000,001 to HKD2,500,000	–	–	–	–	–
HKD2,500,001 to HKD3,000,000	2	2	2	–	–
HKD4,000,001 to HKD4,500,000	1	1	1	–	–
	3	3	3	3	3

During the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, no emolument was paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period and the six months ended 30 June 2025 and 2026.

15. LOSS/EARNING PER SHARE

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
(Loss)/profit					
(Loss)/profit for the year/period attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earning per share (RMB'000)	(278,583)	(137,831)	(162,946)	(65,908)	640,010
Number of shares					
Weighted average number of ordinary shares in issue used in the basic and diluted loss/earning per share calculations	257,208,632	264,708,186	264,708,186	264,708,186	264,708,186

Basic loss/earning per share is calculated by dividing the loss/profit for the year/period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period and the six months ended 30 June 2025 and 2026.

The calculation of the diluted loss/earning per share is based on the loss/profit for the year/period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation of the diluted loss/earning per share is the weighted average number of ordinary shares outstanding during the Track Record Period and the six months ended 30 June 2025 and 2026, as used in the calculation of the basic loss/earning per share.

No adjustment has been made to the basic loss/earning per share amounts presented for the Track Record Periods and the six months ended 30 June 2025 in respect of a dilution as the assumed exercise of the Company's outstanding share options would result in a decrease in loss/earning per share.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 January 2023	41,933	199,438	6,765	1,511	30,127	86,673	366,447
Additions	–	5,147	4,006	240	1,009	49,154	59,556
Disposals and write-off	–	(5,929)	(321)	(475)	–	–	(6,725)
Exchange adjustment	–	944	71	–	–	–	1,015
At 31 December 2023	41,933	199,600	10,521	1,276	31,136	135,827	420,293
Additions	–	3,389	4	–	730	85,993	90,116
Transfer from construction in progress	108,809	17,160	–	–	–	(125,969)	–
Exchange adjustment	–	88	2	–	–	–	90
At 31 December 2024	150,742	220,237	10,527	1,276	31,866	95,851	510,499
Additions	–	6,960	293	235	216	124,832	132,536
Transfer from construction in progress	3,080	–	–	–	–	(3,080)	–
Exchange adjustment	–	(133)	(3)	–	–	–	(136)
At 31 December 2025	153,822	227,064	10,817	1,511	32,082	217,603	642,899
Additions	–	42,029	70	730	–	3,738	46,567
Disposals	–	(5,932)	(110)	–	–	–	(6,042)
Transfer from construction in progress	203,412	15,829	–	–	–	(219,241)	–
Exchange adjustment	–	(181)	(6)	–	–	–	(187)
At 30 June 2026 *(Unaudited)*	357,234	278,809	10,771	2,241	32,082	2,100	683,237
DEPRECIATION							
At 1 January 2023	10,845	105,828	2,323	1,156	9,169	–	129,321
Provided for the year	1,985	24,776	914	123	5,577	–	33,375
Disposals and write-off	–	(1,925)	(249)	(451)	–	–	(2,625)
Exchange adjustment	–	54	1	–	–	–	55
At 31 December 2023	12,830	128,733	2,989	828	14,746	–	160,126
Provided for the year	6,788	19,921	667	155	5,727	–	33,258
Exchange adjustment	–	74	1	–	–	–	75
At 31 December 2024	19,618	148,728	3,657	983	20,473	–	193,459
Provided for the year	8,238	18,103	1,324	106	5,629	–	33,400
Exchange adjustment	–	(121)	(2)	–	–	–	(123)
At 31 December 2025	27,856	166,710	4,979	1,089	26,102	–	226,736
Provided for the period	4,149	5,943	278	38	2,101	–	12,509
Disposals	–	(5,913)	(96)	–	–	–	(6,009)
Exchange adjustment	–	(181)	(4)	–	–	–	(185)
At 30 June 2026 *(Unaudited)*	32,005	166,559	5,157	1,127	28,203	–	233,051
CARRYING VALUES							
At 31 December 2023	29,103	70,867	7,532	448	16,390	135,827	260,167
At 31 December 2024	131,124	71,509	6,870	293	11,393	95,851	317,040
At 31 December 2025	125,966	60,354	5,838	422	5,980	217,603	416,163
At 30 June 2026 *(Unaudited)*	325,229	112,250	5,614	1,114	3,879	2,100	450,186

The Company

	Plant and buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Leasehold Improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At 1 January 2023	41,933	191,554	6,468	1,037	20,333	86,673	347,998
Additions	–	5,147	3,988	61	1,009	49,154	59,359
Disposals and write-off	–	(3,009)	(162)	(475)	–	–	(3,646)
At 31 December 2023	41,933	193,692	10,294	623	21,342	135,827	403,711
Additions	–	3,389	4	–	730	85,993	90,116
Transfer from construction in progress	108,809	17,160	–	–	–	(125,969)	–
At 31 December 2024	150,742	214,241	10,298	623	22,072	95,851	493,827
Additions	–	6,960	282	235	216	124,832	132,525
Transfer from construction in progress	3,080	–	–	–	–	(3,080)	–
At 31 December 2025	153,822	221,201	10,580	858	22,288	217,603	626,352
Additions	–	42,029	70	14	–	3,738	45,851
Disposals	–	(268)	(1)	–	–	–	(269)
Transfer from construction in progress	203,412	15,829	–	–	–	(219,241)	–
At 30 June 2026 *(Unaudited)*	357,234	278,791	10,649	872	22,288	2,100	671,934
DEPRECIATION							
At 1 January 2023	10,845	99,815	2,116	938	8,360	–	122,074
Provided for the year	1,985	25,030	864	22	3,717	–	31,618
Disposals and write-off	–	(1,082)	(149)	(451)	–	–	(1,682)
At 31 December 2023	12,830	123,763	2,831	509	12,077	–	152,010
Provided for the year	6,788	19,442	631	31	3,868	–	30,760
At 31 December 2024	19,618	143,205	3,462	540	15,945	–	182,770
Provided for the year	8,238	17,649	1,313	19	3,770	–	30,989
At 31 December 2025	27,856	160,854	4,775	559	19,715	–	213,759
Provided for the period	4,149	5,942	267	11	1,173	–	11,542
Disposals	–	(255)	(1)	–	–	–	(256)
At 30 June 2026 *(Unaudited)*	32,005	166,541	5,041	570	20,888	–	225,045
CARRYING VALUES							
At 31 December 2023	29,103	69,929	7,463	114	9,265	135,827	251,701
At 31 December 2024	131,124	71,036	6,836	83	6,127	95,851	311,057
At 31 December 2025	125,966	60,347	5,805	299	2,573	217,603	412,593
At 30 June 2026 *(Unaudited)*	325,229	112,250	5,608	302	1,400	2,100	446,889

17. RIGHT-OF-USE ASSETS

The Group

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023	27,969	70,615	98,584
Additions	–	1,512	1,512
Lease modification	–	(3,488)	(3,488)
At 31 December 2023	27,969	68,639	96,608
Additions	–	9,902	9,902

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024	27,969	78,541	106,510
Additions	–	2,614	2,614
Lease modification	–	(10,634)	(10,634)
Termination of leases	–	(1,627)	(1,627)
At 31 December 2025	27,969	68,894	96,863
Additions	–	30	30
At 30 June 2026 *(Unaudited)*	27,969	68,924	96,893
DEPRECIATION			
At 1 January 2023	2,800	20,387	23,187
Provided for the year	785	11,384	12,169
At 31 December 2023	3,585	31,771	35,356
Provided for the year	785	12,115	12,900
At 31 December 2024	4,370	43,886	48,256
Provided for the year	785	7,678	8,463
Termination of leases	–	(44)	(44)
At 31 December 2025	5,155	51,520	56,675
Provided for the period	393	3,897	4,290
At 30 June 2026 *(Unaudited)*	5,548	55,417	60,965
CARRYING VALUES			
At 31 December 2023	24,384	36,868	61,252
At 31 December 2024	23,599	34,655	58,254
At 31 December 2025	22,814	17,374	40,188
At 30 June 2026 *(Unaudited)*	22,421	13,507	35,928

The Company

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023	27,969	8,847	36,816
Additions	–	1,486	1,486
At 31 December 2023	27,969	10,333	38,302
Additions	–	9,879	9,879
At 31 December 2024	27,969	20,212	48,181
Additions	–	2,614	2,614
Termination of leases	–	(88)	(88)
At 31 December 2025	27,969	22,738	50,707
Additions	–	30	30
At 30 June 2026 *(Unaudited)*	27,969	22,768	50,737
DEPRECIATION			
At 1 January 2023	2,800	5,323	8,123
Provided for the year	785	2,793	3,578
At 31 December 2023	3,585	8,116	11,701
Provided for the year	785	2,653	3,438
At 31 December 2024	4,370	10,769	15,139
Provided for the year	785	2,463	3,248
Termination of leases	–	(44)	(44)
At 31 December 2025	5,155	13,188	18,343
Provided for the period	393	1,288	1,681
At 30 June 2026 *(Unaudited)*	5,548	14,476	20,024

	Land use right	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
CARRYING VALUES			
At 31 December 2023	24,384	2,217	26,601
At 31 December 2024	23,599	9,443	33,042
At 31 December 2025	22,814	9,550	32,364
At 30 June 2026 *(Unaudited)*	22,421	8,292	30,713

18. INTANGIBLE ASSETS

The Group

	Software	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023	1,546	139,982	141,528
Additions	1,811	–	1,811
Exchange adjustment	–	1,716	1,716
At 31 December 2023	3,357	141,698	145,055
Additions	30	–	30
Exchange adjustment	–	1,536	1,536
At 31 December 2024	3,387	143,234	146,621
Additions	31	–	31
Exchange adjustment	–	(2,319)	(2,319)
At 31 December 2025	3,418	140,915	144,333
Exchange adjustment	–	(3,166)	(3,166)
At 30 June 2026 *(Unaudited)*	3,418	137,749	141,167
AMORTISATION			
At 1 January 2023	334	94,640	94,974
Provided for the year	185	13,502	13,687
Exchange adjustment	–	947	947
At 31 December 2023	519	109,089	109,608
Provided for the year	343	13,703	14,046
Exchange adjustment	–	1,049	1,049
At 31 December 2024	862	123,841	124,703
Provided for the year	345	13,397	13,742
Exchange adjustment	–	(1,888)	(1,888)
At 31 December 2025	1,207	135,350	136,557
Provided for the period	173	5,392	5,565
Exchange adjustment	–	(2,993)	(2,993)
At 30 June 2026 *(Unaudited)*	1,380	137,749	139,129
CARRYING VALUES			
At 31 December 2023	2,838	32,609	35,447
At 31 December 2024	2,525	19,393	21,918
At 31 December 2025	2,211	5,565	7,776
At 30 June 2026 *(Unaudited)*	2,038	–	2,038

The Company

	Software	Non-patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023 and 31 December 2023	3,357	38,800	42,157
Additions	30	–	30
At 31 December 2024	3,387	38,800	42,187
Additions	31	–	31
At 31 December 2025 and 30 June 2026 (Unaudited)	3,418	38,800	42,218
AMORTISATION			
At 1 January 2023	334	38,800	39,134
Provided for the year	185	–	185
At 31 December 2023	519	38,800	39,319
Provided for the year	343	–	343
At 31 December 2024	862	38,800	39,662
Provided for the year	345	–	345
At 31 December 2025	1,207	38,800	40,007
Provided for the period	173	–	173
At 30 June 2026 (Unaudited)	1,380	38,800	40,180
CARRYING VALUES			
At 31 December 2023	2,838	–	2,838
At 31 December 2024	2,525	–	2,525
At 31 December 2025	2,211	–	2,211
At 30 June 2026 (Unaudited)	2,038	–	2,038

The useful lives are as follows:

Software	3 years to 10 years
Non-patent technology	5 years to 15 years

19. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Cost of investments	103,301	339,859	339,859	339,859
Impairment losses recognized	–	–	(310,070)	(310,070)
	103,301	339,859	29,789	29,789

20. EQUITY INSTRUMENT DESIGNATED AT FVTOCI

Equity instrument designated at FVTOCI represents the Group's equity interest in an unlisted entity established in the PRC. The management of the Company have elected to designate the investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in fair value of this investment in profit or loss would not be consistent with the Group's strategy of holding the investment for long-term purpose and realising their performance potential in the long run. The fair value of equity instrument as at FVTOCI was written down to zero during the year ended 31 December 2024 as the investee has been suffering from continuous losses. For the details of fair value measurement of the equity instrument designated at FVTOCI, please refer to note 37(c).

21. DEFERRED TAXATION

The Group

The deferred tax liabilities recognised by the Group and movements thereon during the Track Record Period and the six months ended 30 June 2026 are as follows:

	Fair value adjustment arising from business combination
	RMB'000 *(Unaudited)*
At 1 January 2023	13,322
Credit to profit or loss for the year	(3,946)
Exchange adjustment	207
At 31 December 2023	9,583
Credit to profit or loss for the year	(3,983)
Exchange adjustment	101
At 31 December 2024	5,701
Credit to profit or loss for the year	(3,997)
Exchange adjustment	(64)
At 31 December 2025	1,640
Credit to profit or loss for the period	(1,611)
Exchange adjustment	(29)
At 30 June 2026	–

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

As at 31 December 2023, 2024, 2025, and 30 June 2026, the Group has deductible temporary differences of RMB56,604,000, RMB264,151,000, RMB292,405,000 and RMB469,554,000, respectively. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at 31 December 2023, 2024, 2025, and 30 June 2026, the Group has unused tax losses available for offset against future profits, no deferred tax asset has been recognised due to the unpredictability of future profit streams.

The unrecognised tax losses will expire in the follow years/period:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
2023	–	–	–	–
2024	205	–	–	–
2025	1,540	1,540	–	–
2026	2,616	2,616	2,616	–
2027	39,500	39,500	39,500	5,981
2028	212,090	211,620	211,650	7,371
2029	386,971	387,943	387,913	942
2030	533,854	533,854	534,075	502,132
2031	796,995	796,995	796,995	798,611
2032	713,571	713,571	713,571	713,571
2033	608,292	608,292	608,292	608,292
2034	–	146,745	146,745	146,745
2035 and beyond	94,582	129,523	597,543	410,777
	3,390,216	3,572,199	4,038,900	3,194,422

22. INVENTORIES

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Raw materials for production purpose	38,304	86,634	90,863	72,301
Raw materials for research purpose	53,883	46,523	40,379	87,633
Work in progress	2,037	20,629	11,375	17,694
Finished goods	6,535	19,954	28,902	13,646
Turnover materials	10,093	8,984	1,748	1,532
Others	–	137	–	67
	110,852	182,861	173,267	192,873

The movements in provision for impairment of inventories are as follows:

	As at 31 December	As at 30 June
	2025	2026
	RMB'000	*RMB'000 (Unaudited)*
At the beginning of the year/period	–	–
Impairment losses recognised	(5,644)	(5,321)
Write off of inventories	3,499	–
Transfer to cost of sales upon sale of goods	2,145	–
At the end of the year/period	–	(5,321)

Impairment recognised in the year ended 31 December 2025 arose from finished goods produced for regulatory listing compliance purposes. Such inventories expired after prolonged storage and had nil net realisable value.

Impairment recognised in the six months ended 30 June 2026 arose from certain raw materials and finished goods produced for regulatory listing compliance purposes. The inventories expired with no alternative use and nil net realisable value.

23. TRADE AND BILLS RECEIVABLES

The Group

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade receivables	*(a)*	106,463	150,847	159,182	215,033
Bills receivables	*(b)*	–	323	3,029	7
Less: Expected credit losses		(5,323)	(7,542)	(7,959)	(10,752)
		101,140	143,628	154,252	204,288

The Company

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade receivables	*(a)*	135,301	201,601	216,154	272,005
Bills receivables	*(b)*	–	323	3,029	7
Less: Expected credit losses		(5,323)	(7,542)	(64,931)	(67,724)
		129,978	194,382	154,252	204,288

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

The Group

As at 31 December 2023, 2024, 2025, and 30 June 2026, The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	101,140	143,628	154,252	204,288

The Company

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as at 31 December 2023, 2024, 2025 and 30 June 2026:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	129,978	194,382	154,252	204,288

(a) The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the Track Record Period and the six months ended 30 June 2025 and 2026.

The Group

The Group recognised lifetime ECL for trade receivables based on individually significant customer or the aging of customers collectively that are not individually significant as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Weighted average expected loss rate	5.0%	5.0%	5.0%	5.0%
Gross carrying amount	106,463	150,847	159,182	215,033
Credit loss allowance	5,323	7,542	7,959	10,752

There has been no material change in historical default payment history and no significant change in forward looking factors during the Track Record Period and the six months ended 30 June 2025 and 2026, the weighted average expected credit loss rates are the same across all the time bands during the Track Record Period and the six months ended 30 June 2025 and 2026.

The Company

The Company recognised lifetime ECL for trade receivables based on individually significant customer or the aging of customers collectively that are not individually significant as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Weighted average expected loss rate	3.9%	3.7%	30.0%	24.9%
Gross carrying amount	135,301	201,601	216,154	272,005
Credit loss allowance	5,323	7,542	64,931	67,724

(b) All the bills receivables are with a maturity period of less than 6 months.

The carrying amounts of the bills receivables include receivables which are transferred to banks or suppliers by discounting or endorsing those receivables on a full recourse basis. Under these arrangements, the Group and the Company have not transferred the significant risks and rewards relating to these receivables, including the default risk of discounting and endorsing bills. The Group and the Company therefore continue to recognise the transferred the discounted and endorsed bills in their entirety and related liabilities.

As at 31 December 2025, bills receivables of RMB19,000,000 were discounted to banks on a full recourse basis (note 29).

(c) The movements in the allowance for impairment of trade and bills receivables of the Group and the Company are set out below:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
At the beginning of the year/period	4,683	5,323	7,542	7,959
Impairment losses recognised	640	2,219	417	2,793
At the end of the year/period	5,323	7,542	7,959	10,752

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
At the beginning of the year/period	4,683	5,323	7,542	64,931
Impairment losses recognised	640	2,219	57,389	2,793
At the end of the year/period	5,323	7,542	64,931	67,724

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current				
Prepaid technical service fee	–	27,621	58,328	62,801
Prepayments on construction and acquisition of property, plant and equipment	4,018	3,882	3,626	13,317
	4,018	31,503	61,954	76,118
Current				
Prepayments to suppliers	46,251	41,282	44,992	63,882
Deposits	11,694	11,687	11,748	8,546
Interest receivable	31,863	74,413	124,523	37,504
Staff advances	120	60	40	84
Deferred and prepaid issue costs	–	–	15,520	17,029
Value-added tax credit refund	4,538	4,567	13,524	6,512
Other receivables	1,377	1,470	2,116	2,609
Less: Expected credit losses	(2,295)	(3,835)	(3,535)	(3,565)
	93,548	129,644	208,928	132,601

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
At the beginning of the year/period	1,315	2,295	3,835	3,535
Impairment losses recognised (reversed)	980	1,540	(299)	30
Write off	–	–	(1)	–
At the end of the year/period	2,295	3,835	3,535	3,565

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current				
Prepaid technical service fee	–	27,621	58,328	62,801
Prepayment on construction and acquisition of property, plant and equipment	4,018	3,882	3,626	13,317
	4,018	31,503	61,954	76,118
Current				
Prepayments to suppliers	46,251	41,279	44,955	63,870
Deposits	8,881	8,874	8,935	5,734
Interest receivable	28,103	64,762	96,013	26,027
Staff advances	120	60	40	85
Deferred issue costs	–	–	15,520	17,029
Value-added tax credit refund	4,168	3,587	12,093	4,910
Amounts due from related parties *(note)*	228,495	216,863	508,159	497,315
Others	1,339	1,396	2,015	2,505
Less: Expected credit losses	(886)	(1,018)	(721)	(752)
	316,471	335,803	687,009	616,723

Note: The balances mainly represented interest-free loans granted to the subsidiaries, which were unsecured and repayable on demand.

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
At the beginning of the year/period	750	886	1,018	721
Impairment losses recognised (reversed)	136	132	(297)	31
At the end of the year/period	886	1,018	721	752

25. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Debt investments	3,485	40,501	–	–
Wealth management plans	133,534	–	–	375,576
	137,019	40,501	–	375,576

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Wealth management plans	85,034	–	–	375,576

The Group invested in financial products managed by banks in the Chinese Mainland which can be redeemed at any time or at maturity, and US Treasuries Bills issued by United States Federal Government. There is no predetermined or guaranteed return for each product. Such financial products are accounted for as financial assets at FVTPL under IFRS 9.

26. BANK BALANCES AND CASH

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Cash and bank balances	799,777	217,265	124,658	1,002,631
Non-pledged time deposits	1,278,000	1,862,000	1,782,000	1,054,000
	2,077,777	2,079,265	1,906,658	2,056,631
Denominated in				
RMB	2,072,543	2,072,531	1,892,811	1,919,671
United States dollars ("USD")	5,234	6,734	13,847	136,960
	2,077,777	2,079,265	1,906,658	2,056,631

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Cash and bank balances	717,095	202,813	90,227	761,770
Non-pledged time deposits	1,148,000	1,692,000	1,353,000	840,000
	1,865,095	1,894,813	1,443,227	1,601,770
Denominated in				
RMB	1,864,926	1,894,742	1,443,169	1,475,143
USD	169	71	58	126,627
	1,865,095	1,894,813	1,443,227	1,601,770

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

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

Non-pledged time deposits represent time deposits with original maturity of over three months, resulting in the time deposits no longer meeting the definition of cash and cash equivalents in the consolidated statement of cash flow.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the internal credit rating of time deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the time deposits and cash and cash equivalents and considered its credit risks have not increased significantly since initial recognition. The Group has measured the impairment based on the 12-month ECL, and has assessed that the expected credit losses are immaterial.

27. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade payables	123,719	157,523	208,385	228,984
Bills payables	–	10,208	22,469	39,224
	123,719	167,731	230,854	268,208

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade payables *(note a)*	152,832	193,848	242,878	266,006
Bills payables *(note b)*	–	10,208	41,469	39,224
	152,832	204,056	284,347	305,230

Notes:

(a): Included in the balances are payables due to subsidiaries of RMB29,401,000, RMB36,744,000, RMB34,555,000 and RMB37,130,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively, which are interest-free and repayable on demand.

(b): Included in the balance as at 31 December 2025 are bills payable issued to a subsidiary of RMB19,000,000.

The trade and bills payables of the Group and the Company are non-interest-bearing and are normally settled ranged from 30 days to 180 days. The fair value of trade and bills payables approximates to their carrying amount.

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

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	91,181	110,281	185,531	207,208
1 to 2 year	26,720	51,209	36,655	37,936
2 to 3 year	2,541	4,827	3,829	15,836
Over 3 years	3,277	1,414	4,839	7,228
	123,719	167,731	230,854	268,208

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	119,924	146,221	238,640	244,230
1 to 2 year	27,090	51,222	36,655	37,936
2 to 3 year	2,541	5,199	4,213	15,836
Over 3 years	3,277	1,414	4,839	7,228
	152,832	204,056	284,347	305,230

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Construction costs payables	14,321	29,677	13,471	25,839
Amounts due to related parties (note)	5,293	76,218	–	–
Other taxes payables	12,377	12,500	9,446	13,235
Payable for patent usage fees	16,326	17,582	17,903	7,879
Payroll and welfare payables	65,251	68,506	77,149	74,093
Accruals	7,059	7,916	7,505	3,417
[**REDACTED**] costs payables	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other payables	11,300	7,411	6,023	13,606
	131,927	219,810	141,707	142,245

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Construction costs payables	14,321	29,677	13,471	25,839
Amounts due to related parties *(note)*	5,293	75,683	–	–
Other taxes payables	7,349	6,760	2,706	7,463
Payable for patent usage fees	16,326	17,582	17,903	7,879
Payroll and welfare payables	45,828	47,287	53,349	56,334
Accruals	7,059	7,916	7,505	3,417
[**REDACTED**] costs payables	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other payables	11,300	7,411	6,024	13,606
	107,476	192,316	111,168	118,714

Note: The balance as at 31 December 2023 represented amounts payable in respect of the purchase of plant and equipment. The balance as at 31 December 2024 also included the remaining balances of the consideration payable in respect of the acquisition of 36.43% equity interest in Gensun during the year ended 31 December 2024 of approximately RMB70,925,000. Both balances were fully settled during the year ended 31 December 2025.

29. BANK BORROWINGS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Discounted bills receivables *(note 23(b))*	–	–	19,000	–
Bank borrowings – unsecured	843,800	997,279	1,095,400	800,200
Interest payables	1,929	828	746	450
	845,729	998,107	1,115,146	800,650
– Amounts shown under current liabilities	845,729	953,756	1,031,146	717,150
– Amounts shown under non-current liabilities	–	44,351	84,000	83,500

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Bank borrowings – unsecured	843,800	997,279	1,095,400	800,200
Interest payables	1,929	828	746	450
	845,729	998,107	1,096,146	800,650
– Amounts shown under current liabilities	845,729	953,756	1,012,146	717,150
– Amounts shown under non-current liabilities	–	44,351	84,000	83,500

(a) The effective interest rates and maturities of the Group's and the Company's bank borrowings are as follows:

	As at 31 December 2023		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank loans-unsecured	2.7%-3.5%	2024	843,800

	As at 31 December 2024		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank loans-unsecured	2.4%-2.6%	2025	952,928
Non-current			
Bank loans-unsecured	2.5%	2026-2027	44,351
Total			997,279

	As at 31 December 2025		
	Effective interest rate	Maturity	
	(%)		RMB'000
Current			
Bank loans-unsecured	2.1%-2.6%	2026	1,011,400
Non-current			
Bank loans-unsecured	2.4%-2.5%	2027	84,000
Total			1,095,400

	As at 30 June 2026		
	Effective interest rate	Maturity	
	(%)		RMB'000 (Unaudited)
Current			
Bank loans-unsecured	2.1%-2.6%	2027	716,700
Non-current			
Bank loans-unsecured	2.4%-2.5%	2027	83,500
Total			800,200

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Within one year	843,800	952,928	1,011,400	716,700
Within a period of more than one year but not more than two years	–	14,784	84,000	42,286
Within a period of more than two years but not more than five years	–	29,567	–	41,214
	843,800	997,279	1,095,400	800,200

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

	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025		As at 30 June 2026	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000 (Unaudited)
Fixed rate	–	–	2.5%	44,351	2.4%-2.5%	84,000	2.4%-2.5%	83,500
Floating rate	2.7%-3.5%	843,800	2.4%-2.6%	952,928	2.1%-2.6%	1,011,400	2.1%-2.6%	716,700
		843,800		997,279		1,095,400		800,200

(d) The Group's and the Company's bank loans are unsecured and denominated in RMB.

30. LEASE LIABILITIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities payable:				
Within one year	13,169	11,201	9,012	6,571
Within a period of more than one year but not more than two years	16,301	11,816	2,463	663
Within a period of more than two years but not more than five years	13,155	7,349	1,806	1,796
Within a period of more than five years	–	7,696	4,328	3,257
Total	42,625	38,062	17,609	12,287
Less: Amount due for settlement with 12 months shown under current liabilities	13,169	11,201	9,012	6,571
Amount due for settlement after 12 months shown under non-current liabilities	29,456	26,861	8,597	5,716

The weighted average incremental borrowing rates applied to lease liabilities as at 31 December 2023, 2024, 2025, and 30 June 2026 range from 2.5% to 4.25% per annum, 2.5% to 4.25% per annum, 2.5% to 4.25% per annum and 2.5% to 4.25% per annum, respectively.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities payable:				
Within one year	3,799	1,876	2,631	1,682
Within a period of more than one year but not more than two years	429	709	703	663
Within a period of more than two years but not more than five years	820	1,872	1,806	1,796
Within a period of more than five years	–	5,313	4,328	3,257
Total	5,048	9,770	9,468	7,398
Less: Amount due for settlement with 12 months shown under current liabilities	3,799	1,876	2,631	1,682
Amount due for settlement after 12 months shown under non-current liabilities	1,249	7,894	6,837	5,716

The weighted average incremental borrowing rates applied to lease liabilities as at 31 December 2023, 2024, 2025, and 30 June 2026 range from 2.5% to 4.25% per annum, 2.5% to 4.25% per annum, 2.5% to 4.25% per annum and 2.5% to 4.25% per annum, respectively.

31. DEFERRED INCOME

The Group and the Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Receipts in advance for exclusive marketing license *(note)*	56,604	292,453	358,490	523,690
Government grants	11,546	9,202	8,070	7,683
	68,150	301,655	366,560	531,373

Note: It represents the receipts in advance from independent parties for exclusive marketing license to promote the sales of products of the Group for a term of 10 years and 15 years, respectively.

32. SHARE CAPITAL

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
A shares of RMB1.00 each	264,708	264,708	264,708	264,708

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

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

	Number of ordinary shares	Nominal value of ordinary shares
		RMB'000
As at 1 January 2023	240,000,000	240,000
Issue of new shares *(note (a))*	24,489,795	24,490
Share options exercised *(note (b))*	218,391	218
As at 31 December 2023, 2024, 2025 and 30 June 2026 (Unaudited)	264,708,186	264,708

Notes:

(a) On 21 April 2023, the Company allotted and issued an aggregate of 24,489,795 new ordinary shares to 11 specific targets funder at the subscription price of RMB49 per subscription share. The net proceeds from the subscription were RMB1,181,933,000 after deducting share issue expenses of RMB18,067,000, of which RMB24,490,000 and RMB1,157,443,000 were credited to the share capital and share premium of the Company, respectively. Particulars of the above were set out in the Company's announcements dated 5 November 2022, 20 April 2023 and 25 April 2023.

(b) The subscription rights attaching to 218,391 share options under the 2021 A Share Stock Ownership Scheme (as defined in note 34) were exercised at the subscription price of RMB33.76 per share, resulting in the issue of 218,391 shares for a total cash consideration of RMB7,373,000 during the year ended 31 December 2023.

33. RESERVES

The Group

The amounts of the Group's reserves and the movements therein during the Track Record Period and the six months ended 30 June 2026 are presented in the consolidated statements of changes in equity.

(a) Share premium

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

(b) Capital reserve

Capital reserve mainly represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity.

(c) Share options reserve

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

(d) Translation reserve

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

(e) Revaluation reserve

Revaluation reserve represents cumulative revaluation deficit arising from fair value changes on equity instrument designated at FVTOCI.

The Company

	Share premium	Revaluation reserve	Share options reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,124,081	–	119,706	(1,659,424)	584,363
Changes in fair value of equity instrument designated at FVTOCI	–	(4,012)	–	–	(4,012)
Loss for the year	–	–	–	(253,422)	(253,422)
Total comprehensive expense for the year	–	(4,012)	–	(253,422)	(257,434)
Issue of shares	1,175,510	–	–	–	1,175,510
Share issue cost	(18,067)	–	–	–	(18,067)
Recognition of equity-settled share-based payments	–	–	2,192	–	2,192
Exercise of share options	20,441	–	(13,286)	–	7,155
Forfeitures of share options	–	–	(35,785)	–	(35,785)
At 31 December 2023 and 1 January 2024	3,301,965	(4,012)	72,827	(1,912,846)	1,457,934
Changes in fair value of equity instrument designated at FVTOCI	–	(5,988)	–	–	(5,988)
Loss for the year	–	–	–	(96,791)	(96,791)
Total comprehensive expense for the year	–	(5,988)	–	(96,791)	(102,779)
Recognition of equity-settled share-based payments	–	–	78	–	78
At 31 December 2024 and 1 January 2025	3,301,965	(10,000)	72,905	(2,009,637)	1,355,233
Loss and total comprehensive expense for the year	–	–	–	(492,212)	(492,212)
At 31 December 2025	3,301,965	(10,000)	72,905	(2,501,849)	863,021
At 1 January 2025	3,301,965	(10,000)	72,905	(2,009,637)	1,355,233
Loss and total comprehensive expense for the period	–	–	–	(37,050)	(37,050)
At 30 June 2025	3,301,965	(10,000)	72,905	(2,046,687)	1,318,183
At 1 January 2026	3,301,965	(10,000)	72,905	(2,501,849)	863,021
Profit and total comprehensive expense for the period	–	–	–	646,390	646,390
At 30 June 2026 (Unaudited)	3,301,965	(10,000)	72,905	(1,855,459)	1,509,411

34. SHARE-BASED PAYMENTS

Pre-[REDACTED] Share Option Scheme

On 15 January 2019, the Company adopted a pre-[**REDACTED**] share option scheme (the "Pre-[**REDACTED**] Share Option Scheme") to recognise and reward the contributions of certain eligible employees of the Group, and incentivise them for their future contribution to the continual operation and development of the Company. Restricted shares units under the Pre-[**REDACTED**] Share Option Scheme were granted to the employees who promote the success of the Group's operations. Under the Pre-[**REDACTED**] Share Option Scheme, eligible directors, supervisors and employees shall subscribe for partnership interest of three employee stock ownership platforms, in aggregate holding 8.38% of the Company's shares.

The restricted share units granted to grantees shall vest and become exercisable as to 40% of the total number of restricted share units granted after completing a 2-years period of service since vesting commencement date and the remaining restricted share units shall vest and become exercisable equally on every month from the date of completing a 2-years period of service since vesting commencement date for 5 years. As at 30 June 2026, all granted restricted share units had been fully vested.

The fair value of services received in return for the restricted shares units granted is measured by reference to the fair value of the restricted shares units less the subscription price. The fair value of the restricted shares units is measured by reference to the Company's recent transaction prices with external investors near the grant dates.

2021 A Share Stock Ownership Schemes

Pursuant to the A Share incentive scheme for 2021 approved at the extraordinary shareholders' meeting on 1 June 2021 (the "2021 A Share Stock Ownership Scheme"), the Company granted 1,920,000 and 480,000 shares to certain eligible participants during the years ended 31 December 2021 and 2022, respectively. These granted restricted share units will be vested in accordance with certain service conditions and non-market performance conditions. The subscription price for the restricted share units is RMB33.76. The vesting periods for restricted share units granted are 24 months, 36 months and 48 months from the date of completion of registration of the granted shares. Based on the Company's performance review and individual performance appraisal, 30%, 30% and 40% of shares will be vested respectively.

The following restricted share units in 2021 A Share Stock Ownership Scheme were outstanding during the Track Record Period and the six months ended 30 June 2025 and 2026:

	2023
	Number of shares
At 1 January	2,400,000
Exercised during the year	(218,391)
Forfeited during the year	(2,181,609)
At 31 December	–
Exercisable at the end of the year	N/A
Weighted average exercise price per share	N/A

The fair values of restricted share units granted under 2021 A Share Stock Ownership Schemes were estimated and valued by independent professional valuers as at the dates of grant, using the Black-Scholes option pricing model and Back-solved model, on the basis of the single-day closing price of the circulating shares on the date when the restricted share units are granted taking into account the terms and conditions upon which the restricted share units were granted.

The following table lists the major inputs to the model used:

	2021 A Share Stock Ownership Schemes
Dividend yield *(%)*	4.03%-4.73%
Expected volatility *(%)*	20.07%-20.15%
Risk-free interest rate *(%)*	2.1%-2.75%

During the year ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, share-based payment expenses of RMB2,534,000, RMB1,617,000 and RMB2,132,000, RMB2,132,000 and nil were charged to profit or loss, respectively.

During the year ended 31 December 2023, share-based payment expenses of RMB36,683,000 were reversed and credited to profit or loss mainly due to forfeiture of restricted share units under 2021 A Share Stock Ownership Schemes for resigned employees and failure to meet the non-market performance conditions.

35. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2023

There was no acquisitions of additional interests in subsidiaries for the year ended 31 December 2023.

For the year ended 31 December 2024

During the year, the Group acquired 36.43% equity interest in the Group's subsidiary Gensun Biopharma Inc, the equity interest held by the Group before and after transaction was 55.74% and 92.17%, respectively.

The acquisition has been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid amounting to RMB233,897,000 had been charged directly in capital reserve for the year ended 31 December 2024.

For the year ended 31 December 2025

During the year, the Group acquired 7.83% equity interest in the Group's subsidiary Gensun, including interests held by the certain non-controlling shareholders and shares acquired by other employees of Gensun which were granted pursuant to the share option plan, the equity interest held by the Group before and after transaction was 92.17% and 100%, respectively.

The acquisition has been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid amounting to RMB12,854,000 had been charged directly in capital reserve for the year ended 31 December 2025.

For the six months ended 30 June 2025

During the period, the Group acquired 7.83% equity interest in the Group's subsidiary Gensun, including interests held by the certain non-controlling shareholders and shares acquired by other employees of Gensun which were granted pursuant to the share option plan, the equity interest held by the Group before and after transaction was 92.17% and 100%, respectively.

The acquisition has been accounted for as equity transactions and the total difference between the carrying amounts of the attributable non-controlling interests acquired and the consideration paid amounting to RMB12,854,000 had been charged directly in capital reserve for the six months ended 30 June 2025.

36. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which include interest-bearing bank borrowings disclosed in note 29, net of bank balances and cash, and equity attributable to owners of the Company, comprising share capital and reserves.

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

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Financial assets				
Financial assets at amortised cost	2,221,676	2,306,688	2,195,705	2,306,097
Equity instrument designated at FVTOCI	5,988	–	–	–
Financial assets at FVTPL	137,019	40,501	–	375,576
Financial liabilities				
Financial liabilities at amortised cost	1,088,998	1,373,148	1,478,261	1,197,868

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Financial assets				
Financial assets at amortised cost	2,261,125	2,380,132	2,211,920	2,336,972
Equity instrument designated at FVTOCI	5,988	–	–	–
Financial assets at FVTPL	85,034	–	–	375,576
Financial liabilities				
Financial liabilities at amortised cost	1,098,688	1,387,719	1,488,954	1,217,121

(b) Financial risk management objectives and policies

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

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

Market risk

(i) Interest rate risk

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

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank borrowings at the end of the reporting period. The non-pledged time deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50, 50, 50, 50 and 50 basis points increase or decrease is used for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively, when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

The Group and the Company

If interest rates had been 50, 50, 50, 50 and 50 basis points higher/lower with all other variables were held constant for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively, the Group's and the Company's pre-tax loss for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026 would increase/decrease by RMB4,219,000, RMB4,765,000, RMB5,057,000, RMB4,931,000 and RMB3,584,000, respectively.

(ii) Foreign currency risk

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

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Assets				
USD	5,234	6,734	13,847	136,960
Liabilities				
USD	152	73,155	1,848	–

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Assets				
USD	169	71	58	126,627
Liabilities				
USD	1,386	72,465	1,429	–

Sensitivity analysis

The Group

The following table details the Group's sensitivity to a 5%, 5%, 5%, 5% and 5% increase and decrease in RMB against the relevant foreign currencies including intra-group balances for the years ended 31 December 2023, 2024, 2025, and six months ended 30 June 2025 and 2026, respectively. The sensitivity rates used represent management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates an increase in pre-tax loss (a decrease in pre-tax loss) where RMB strengthens 5%, 5%, 5%, 5% and 5% against the relevant foreign currency for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively. For a 5%, 5%, 5%, 5% and 5% weakening of RMB against the relevant foreign currency for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2026 respectively, there would be an equal and opposite impact on the pre-tax loss.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Loss for the year/ period					
USD	254	(3,321)	600	313	6,848

The Company

The following table details the Company's sensitivity to a 5%, 5%, 5%, 5% and 5% increase and decrease in RMB against the relevant foreign currencies including intra-group balances for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively. The sensitivity rates used represent management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates an increase in pre-tax loss (a decrease in pre-tax loss) where RMB strengthens 5%, 5%, 5%, 5% and 5% against the relevant foreign currency for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively. For a 5%, 5% , 5% , 5% and 5% weakening of RMB against the relevant foreign currency for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively, there would be an equal and opposite impact on the pre-tax loss.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Loss for the year/ period					
USD . .	(61)	(3,620)	(69)	3	6,331

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instrument measured at FVTOCI and financial assets at FVTPL. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI. In addition, the Group invested in wealth management plans and debt instruments which were classified as financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Credit risk and impairment assessment

In order to minimise the credit risk of trade and bills receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade and bills receivables, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The Group has provided the lifetime ECL for trade and bills receivables amounting to RMB640,000, RMB2,219,000, RMB417,000, RMB1,689,000 and RMB2,793,000 for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively, based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort. The loss rates of 5% are applied for the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, respectively, to reflect the current conditions and forecasts of future economic conditions, as appropriate.

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

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

Where applicable, an impairment analysis on other receivables and deposits is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0% to 2.7% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group has provided ECL for other receivables amounting to RMB980,000, RMB1,540,000, RMB49,000 and RMB30,000 for the years ended 31 December 2023, 2024 and the six months ended 30 June 2025 and 2026, respectively. A reversal of ECL for other receivables amounting to RMB299,000 was recognised during the year ended 31 December 2025.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026.

There has been no significant changes to estimation techniques or assumptions made during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

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

Liquidity risk

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

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

The Group

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023						
Trade and other payables	243,269	–	–	–	243,269	243,269
Bank borrowings	858,120	–	–	–	858,120	845,729
	1,101,389	–	–	–	1,101,389	1,088,998
Lease liabilities	13,504	17,301	14,227	–	45,032	42,625

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024						
Trade and other payables	375,041	–	–	–	375,041	375,041
Bank borrowings	971,471	15,928	30,314	–	1,017,713	998,107
	1,346,512	15,928	30,314	–	1,392,754	1,373,148
Lease liabilities	13,276	12,171	7,796	8,414	41,657	38,062

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025						
Trade and other payables	363,115	–	–	–	363,115	363,115
Bank borrowings	1,059,400	86,717	–	–	1,146,117	1,115,146
	1,422,515	86,717	–	–	1,509,232	1,478,261
Lease liabilities	12,906	4,588	2,195	5,293	24,982	17,609

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
As at 30 June 2026						
Trade and other payables	397,218	–	–	–	397,218	397,218
Bank borrowings	725,026	42,614	41,929	–	809,569	800,650
	1,122,244	42,614	41,929	–	1,206,787	1,197,868
Lease liabilities	6,843	777	2,241	4,594	14,455	12,287

The Company

	On demand or within 1 year	1-2 years	2-5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023					
Trade and other payables	252,959	–	–	252,959	252,959
Bank borrowings	858,120	–	–	858,120	845,729
	1,111,079	–	–	1,111,079	1,098,688
Lease liabilities	4,014	505	895	5,414	5,048

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024						
Trade and other payables	389,612	–	–	–	389,612	389,612
Bank borrowings	971,471	15,928	30,314	–	1,017,713	998,107
	1,361,083	15,928	30,314	–	1,407,325	1,387,719
Lease liabilities	2,030	789	2,241	6,857	11,917	9,770

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025						
Trade and other payables	392,808	–	–	–	392,808	392,808
Bank borrowings	1,059,400	86,717	–	–	1,146,117	1,096,146
	1,452,208	86,717	–	–	1,538,925	1,488,954
Lease liabilities	3,019	812	2,329	5,860	12,020	9,468

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
As at 30 June 2026						
Trade and other payables	416,480	–	–	–	416,480	416,481
Bank borrowings	725,026	42,614	41,929	–	809,569	800,650
	1,141,506	42,614	41,929	–	1,226,049	1,217,131
Lease liabilities	1,805	777	2,241	4,594	9,417	7,398

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

(c) Fair value measurement of financial instruments

The Group

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

Financial instruments	Fair value				Fair value hierarchy	Valuation techniques and key inputs
	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*		
Equity instrument designated at FVTOCI – unlisted investment . .	5,988	–	–	–	Level 3	Market approach based on comparable company enterprise value with adjustment to discount for lack of marketability.
Financial assets at FVTPL – wealth management plans – debt investments .	137,019	40,501	–	375,576	Level 2	The fair values of wealth management plans and debt investments were determined with reference to the fair values of underlying investments of the plans and the debt investments, which are provided by the counterparty financial institutions.

The Group

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

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

The Company

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

Financial instruments	Fair value				Fair value hierarchy	Valuation techniques and key inputs
	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 30 June 2026		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*		
Equity instrument designated at FVTOCI – unlisted investment . .	5,988	–	–	–	Level 3	Market approach based on comparable company enterprise value with adjustment to discount for lack of marketability.
Financial assets at FVTPL – wealth management plans	85,034	–	–	375,576	Level 2	The fair value of wealth management plans was determined with reference to the fair value of underlying investments of the plans which are provided by the counterparty financial institutions.

The Company

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

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

The Group and the Company

The following table presents the reconciliation of Level 3 measurements of financial assets throughout the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2026:

	Equity instrument designated at FVTOCI-unlisted investment
	RMB'000
At 1 January 2023	10,000
Changes in fair value of equity instrument designated at FVTOCI, net of tax	(4,012)
At 31 December 2023	5,988
Changes in fair value of equity instrument designated at FVTOCI, net of tax	(5,988)
At 31 December 2024 and 31 December 2025 and 30 June 2026 (Unaudited)	–

The fair value measurement hierarchy of the equity instrument designated at FVTOCI requires significant unobservable inputs (Level 3). The significant unobservable input used in the fair value measurement is the price-to-sales multiples rate. As at 31 December 2023, it is estimated that with all other variables held constant, an increase/(an decrease) in the estimated price-to-sales multiples rate by 10% would result in an increase/(a decrease) in the fair value of the equity instrument designated at FVTOCI by RMB461,000 (RMB46,000).

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, the Group entered into new lease agreements and recognised right-of-use assets for buildings of approximately RMB1,512,000, RMB9,902,000 and RMB2,614,000, RMB1,164,000 and RMB30,000 and lease liabilities for buildings of approximately RMB1,512,000, RMB9,902,000 and RMB2,614,000, RMB1,164,000 and RMB30,000 respectively.

(ii) During the years ended 31 December 2023, 2024, 2025, and the six months ended 30 June 2025 and 2026, the Group modified lease agreements and decognised right-of-use assets for buildings of approximately RMB3,488,000, RMB Nil, RMB10,634,000, RMB10,634,000 and RMB Nil and lease liabilities for buildings of approximately RMB3,488,000, RMB Nil, RMB10,634,000, RMB10,634,000 and RMB Nil, respectively.

(iii) During the year ended 31 December 2025 and the six months ended 30 June 2025, the Group early terminated a lease of buildings and derecognised right-of-use assets for buildings of approximately RMB1,583,000 and RMB1,583,000, and lease liabilities for buildings of approximately RMB1,583,000 and RMB1,583,000, respectively.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	490,927	56,870	547,797
Changes from financing cashflows	332,249	(14,033)	318,216
New lease	–	1,512	1,512
Lease modification	–	(3,488)	(3,488)
Accretion of interest	22,553	1,764	24,317
At 31 December 2023	845,729	42,625	888,354
Changes from financing cashflows	125,539	(16,519)	109,020
New lease	–	9,902	9,902
Accretion of interest	26,839	2,054	28,893

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2024	998,107	38,062	1,036,169
Changes from financing cashflows	93,628	(11,640)	81,988
New lease	–	2,614	2,614
Termination of lease	–	(1,583)	(1,583)
Lease modification	–	(10,634)	(10,634)
Accretion of interest	23,411	790	24,201
At 31 December 2025	1,115,146	17,609	1,132,755
Changes from financing cashflows	(325,513)	(5,638)	(331,151)
New lease	–	30	30
Accretion of interest	11,017	286	11,303
At 30 June 2026 (unaudited)	800,650	12,287	812,937

(c) Total cash outflow for leases:

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Within operating activities	1,320	1,405	1,890	903	778
Within financing activities	14,033	16,519	11,640	5,211	5,638

39. CONTINGENT LIABILITIES

At the end of 31 December 2023, 2024, 2025 and 30 June 2026, the Group and the Company did not have any significant contingent liabilities.

40. RETIREMENT BENEFITS PLANS

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

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

The Group recognised the retirement benefit contributions of RMB21,249,000, RMB23,806,000, RMB27,053,000, RMB12,347,000 and RMB14,313,000 for the years ended 31 December 2023, 2024, 2025 and the six months ended 30 June 2025 and 2026, respectively.

41. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Name of entity	Relationship
Kunshan Industrial Technology Research Institute Small Nucleic Acid Biotechnology Research Institute Co., Ltd ("Kunsha Research") (昆山市工業技術研究院小核酸生物技術研究所有限責任公司)	the non-controlling shareholder of the Company
Jackie Zegi Sheng (盛澤琪)	the non-controlling shareholder of the Company
Mike C Sheng	the close family of the controlling shareholder of the Company

Other than as disclosed elsewhere in the Historical Financial Information and Interim Financial Information, the Group had material transactions during the Track Record Period and the six months ended 30 June 2025 and 2026, with related parties as follows:

Related party	Nature of transaction	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Kunsha Research . .	Purchases of raw materials	7,261	7,472	6,760	3,072	3,816
Kunsha Research . .	Lease paid	1,826	1,487	1,608	727	778

(b) Outstanding balances with related parties:

The Group

Amounts due from related parties included in other receivables.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Amounts due from related parties	78	78	352	195
Less: Expected credit losses . .	(11)	(21)	(24)	(17)
	67	57	328	178

The amounts due from related parties were unsecured, non-interest-bearing and repayable on demand.

Amounts due to related parties included in trade and other payables.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade-related	1,446	1,460	747	950
Non-trade related	5,293	76,218	–	–
	6,739	77,678	747	950

The amounts due to related parties were unsecured, non-interest-bearing and repayable on demand. As at 31 December 2023, 2024, 2025, and 30 June 2026, the aging of trade-related amounts due to related parties are within one year.

Amounts due to related parties included in lease liabilities.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities	2,091	8,941	8,301	7,036

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

The Company

Amounts due from subsidiaries included in trade receivables.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Amounts due from subsidiaries	28,838	50,754	56,972	56,972
Less: Expected credit losses	–	–	(56,972)	(56,972)
	28,838	50,754	–	–

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

The Company performs impairment assessment under ECL model on amounts due from subsidiaries, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. As at 31 December 2025, impairment losses amounted to RMB56,972,000 were recognised in respect of the amounts due from subsidiaries included in trade receivables.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the date of revenue recognition as:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Within 1 year	28,838	21,916	–	–
1 to 2 year	–	28,838	–	–
2 to 3 year	–	–	–	–
Over 3 year	–	–	–	–
	28,838	50,754	–	–

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Amounts due from subsidiaries	228,495	216,863	508,159	497,314

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

Amounts due to subsidiaries included in trade and bills payables and other payables.

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Trade-related	29,401	36,744	53,555	37,130
Non-trade related	5,293	75,683	–	–
	34,694	112,427	53,555	37,130

Except for bills payable due to subsidiaries, the amounts due to subsidiaries were unsecured, non-interest-bearing and repayable on demand. As at 31 December 2023, 2024, 2025, and 30 June 2026, the aging of trade-related amounts due to subsidiaries is within one year.

Amounts due to related parties included in lease liabilities

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities	2,091	8,941	8,301	7,036

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

(c) The remuneration of key management personnel during the Track Record Period and the six months ended 30 June 2025 and 2026, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Short-term benefits	13,551	13,336	13,697	4,952	5,688
Retirement benefit scheme contributions	394	406	397	203	196
Share-based payments expense	331	–	–	–	–
Reversal of share-based payments expense	(10,799)	–	–	–	–
	3,477	13,742	14,094	5,155	5,884

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

42. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of a non-wholly owned subsidiary of the Group as at 31 December 2023, 2024, 2025, 30 June 2025 and 2026 that has material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests				Total comprehensive income/(expenses) allocated to non-controlling interests					Accumulated non-controlling interests			
		As at 31 December			As at 30 June	Year ended 31 December			Six months ended 30 June		As at 31 December			As at 30 June
		2023	2024	2025	2026	2023	2024	2025	2025	2026	2023	2024	2025	2026
		%	%	%	% (Unaudited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Gensun . . .	USA	44.26%	7.83%	–	–	(16,115)	(12,693)	(2,241)	(2,241)	–	11,984	(1,257)	–	–

The summarised financial information in respect of a non-wholly owned subsidiary of the Group that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

Gensun

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current assets	35,119	21,444	N/A	N/A
Current assets	124,848	116,001	N/A	N/A
Current liabilities	121,772	146,246	N/A	N/A
Non-current liabilities	11,117	7,259	N/A	N/A
Equity attributable to the owners of the Company	15,094	(14,803)	N/A	N/A
Equity attributable to the non-controlling interests of Gensun	11,984	(1,257)	N/A	N/A

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Revenue	–	–	–	–	–
Expenses	(36,410)	(43,567)	(31,381)	(31,381)	–
Loss and total comprehensive expense for the year	(36,410)	(43,567)	(31,381)	(31,381)	–
Loss and total comprehensive expense attributable to owners of the Company	(20,295)	(30,874)	(29,140)	(29,140)	–
Loss and total comprehensive expense attributable to the non-controlling interests of Gensun	(16,115)	(12,693)	(2,241)	(2,241)	–
Net cash outflow from operating activities	(10,825)	(11,580)	(12,173)	(12,173)	–
Net cash (outflow)/inflow from investing activities	–	14,227	25,064	25,064	–
Net cash outflow from financing activities	–	(1,113)	(9,920)	(9,920)	–
Net cash (outflow)/inflow	(10,825)	1,534	2,971	2,971	–

43. COMMITMENTS

The Group

The Group had the following contracted commitments as at 31 December 2023, 2024, 2025 and 30 June 2026:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Property, plant and equipment	106,398	60,224	119,327	991

The Company

The Company had the following contracted commitments as at 31 December 2023, 2024, 2025 and 30 June 2026:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Property, plant and equipment	106,398	60,224	119,327	991

44. SUBSEQUENT EVENTS

There were no other significant events that require additional disclosure or adjustments occurred after the 30 June 2026.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2026 and up to the date of this report.