

APPENDIX I

ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN SALUBRIS PHARMACEUTICALS CO., LTD., GOLDMAN SACHS (ASIA) L.L.C., CITIGROUP GLOBAL MARKETS ASIA LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of Shenzhen Salubris Pharmaceuticals Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-4] to [I-87], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-4] to [I-87] 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 initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

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

REPORTING ACCOUNTANTS’ RESPONSIBILITY

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

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

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

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OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025, and 30 June 2026, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative 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* as 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 Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[Date]

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I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i>
REVENUE	5	3,365,343	4,012,232	4,352,661	2,130,968	2,479,136
Cost of sales		(1,065,462)	(1,138,057)	(1,105,077)	(522,903)	(630,861)
Gross profit		2,299,881	2,874,175	3,247,584	1,608,065	1,848,275
Other income and gains, net . .	5	201,993	178,067	301,026	85,360	63,510
Selling and distribution expenses		(1,015,589)	(1,472,870)	(1,762,546)	(836,375)	(1,019,523)
Administrative expenses		(330,644)	(323,155)	(329,042)	(169,339)	(166,533)
Research and development costs		(409,194)	(421,240)	(539,332)	(235,264)	(270,957)
(Provision)/reversal of impairment losses on financial assets, net		(2,417)	(6,443)	(4,807)	(13,842)	2,035
Other expenses		(67,221)	(173,590)	(193,471)	(9,680)	(43,283)
Finance costs	6	(19,591)	(17,287)	(22,219)	(9,646)	(9,369)
Share of losses of associates . .		(15,457)	(5,141)	(41,285)	(2,668)	(6,310)
PROFIT BEFORE TAX	7	641,761	632,516	655,908	416,611	397,845
Income tax expense	10	(60,932)	(27,360)	(3,124)	(41,241)	(7,368)
PROFIT FOR THE YEAR/PERIOD		<u>580,829</u>	<u>605,156</u>	<u>652,784</u>	<u>375,370</u>	<u>390,477</u>
Attributable to:						
Owners of the parent		580,066	601,569	651,505	365,079	387,092
Non-controlling interests . . .		<u>763</u>	<u>3,587</u>	<u>1,279</u>	<u>10,291</u>	<u>3,385</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB per share)	12	<u>0.52</u>	<u>0.54</u>	<u>0.58</u>	<u>0.33</u>	<u>0.35</u>

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	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
PROFIT FOR THE YEAR/PERIOD . . .	<u>580,829</u>	<u>605,156</u>	<u>652,784</u>	<u>375,370</u>	<u>390,477</u>
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit and loss in subsequent periods:					
Exchange differences on translation of foreign operations	<u>8,979</u>	<u>6,587</u>	<u>(17,345)</u>	<u>(5,505)</u>	<u>(25,522)</u>
Other comprehensive income/(loss) that may be reclassified to profit and loss in subsequent periods	<u>8,979</u>	<u>6,587</u>	<u>(17,345)</u>	<u>(5,505)</u>	<u>(25,522)</u>
Other comprehensive income that may not be reclassified to profit and loss in subsequent periods:					
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	<u>1,568</u>	<u>547</u>	<u>(8,098)</u>	<u>9,456</u>	<u>—</u>
Other comprehensive income/(loss) that may not be reclassified to profit and loss in subsequent periods	<u>1,568</u>	<u>547</u>	<u>(8,098)</u>	<u>9,456</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	<u>10,547</u>	<u>7,134</u>	<u>(25,443)</u>	<u>3,951</u>	<u>(25,522)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>591,376</u>	<u>612,290</u>	<u>627,341</u>	<u>379,321</u>	<u>364,955</u>
Attributable to:					
Owners of the parent	<u>590,452</u>	<u>608,647</u>	<u>625,623</u>	<u>368,060</u>	<u>361,570</u>
Non-controlling interests	<u>924</u>	<u>3,643</u>	<u>1,718</u>	<u>11,261</u>	<u>3,385</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	1,554,581	1,531,938	1,614,542	1,635,036
Investment properties	14	32,345	30,102	6,742	11,544
Right-of-use assets	15(a)	144,256	135,308	185,842	182,783
Goodwill	16	10,912	10,912	219,487	219,487
Other intangible assets	17	2,492,356	2,694,726	3,138,502	3,359,644
Investments in associates	18	290,739	289,685	282,491	269,547
Financial assets at fair value through profit or loss	19	276,380	347,505	318,583	352,796
Financial assets at fair value through other comprehensive income (“FVOCI”)	20	234,799	265,347	217,307	217,307
Time deposits	26	898,715	937,065	407,212	538,180
Deferred tax assets	21	87,401	151,242	215,637	251,980
Other non-current assets	22	60,967	47,162	108,471	112,307
Total non-current assets		6,083,451	6,440,992	6,714,816	7,150,611
CURRENT ASSETS					
Inventories	23	490,857	506,756	548,193	567,719
Trade and bills receivables	24	467,399	516,752	721,387	807,457
Prepayments, other receivables and other assets	25	73,441	103,873	93,402	119,876
Financial assets at fair value through profit or loss	19	718,239	1,419,597	1,224,701	1,042,962
Financial assets at fair value through other comprehensive income	20	77,984	49,114	129,159	121,265
Restricted bank deposits	26	1,612	17,203	21,666	25,054
Time deposits	26	163,327	303,110	897,713	329,932
Cash and cash equivalents	26	1,320,363	1,108,207	946,766	910,244
Total current assets		3,313,222	4,024,612	4,582,987	3,924,509
CURRENT LIABILITIES					
Trade and bills payables	27	118,413	93,524	146,995	121,754
Contract liabilities	30	29,414	38,220	48,145	45,514
Other payables and accruals	28	605,838	844,373	1,523,735	1,593,732
Interest-bearing bank loans	29	40,000	120,000	263,341	155,183
Lease liabilities	15(b)	10,927	9,704	5,864	7,129
Income tax payable		10,492	7,146	25,963	12,936
Total current liabilities		815,084	1,112,967	2,014,043	1,936,248
NET CURRENT ASSETS		2,498,138	2,911,645	2,568,944	1,988,261
TOTAL ASSETS LESS CURRENT LIABILITIES					
		8,581,589	9,352,637	9,283,760	9,138,872
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	29	—	—	—	246,841
Deferred income	31	84,114	142,038	149,122	151,219
Lease liabilities	15(b)	12,539	4,175	20,980	19,089
Deferred tax liabilities	21	13,036	20,972	32,163	30,366
Other non-current liabilities	32	416,474	433,136	27,539	—
Total non-current liabilities		526,163	600,321	229,804	447,515
Net assets		8,055,426	8,752,316	9,053,956	8,691,357
EQUITY					
Equity attributable to owners of the parent					
Share capital	33	1,114,817	1,114,817	1,114,817	1,114,817
Treasury shares	34	(602,164)	—	—	(113,689)
Reserves	35	7,506,340	7,597,328	7,818,296	7,565,608
		8,018,993	8,712,145	8,933,113	8,566,736
Non-controlling interests		36,433	40,171	120,843	124,621
Total equity		8,055,426	8,752,316	9,053,956	8,691,357

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Other reserve	Surplus reserve	Retained profits		
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000	RMB'000
As at 1 January 2023	1,114,817	(602,164)	1,923,661	(24,837)	526,364	5,003,041	35,811	7,976,693
Profit for the year	–	–	–	–	–	580,066	763	580,829
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	8,979	–	–	–	8,979
Changes in fair value of equity investments designated at fair value through other comprehensive income	–	–	–	1,407	–	–	161	1,568
Total comprehensive income for the year	–	–	–	10,386	–	580,066	924	591,376
Cash dividends	–	–	–	–	–	(545,680)	–	(545,680)
Capital injection from non-controlling interests	–	–	–	31	–	–	–	31
Share of other changes in net assets of associates	–	–	–	8,591	–	–	–	8,591
Recognition of share-based payment expenses (note 36)	–	–	–	25,945	–	–	–	25,945
Others**	–	–	–	(1,228)	–	–	(302)	(1,530)
As at 31 December 2023	1,114,817	(602,164)	1,923,661*	18,888*	526,364*	5,037,427*	36,433	8,055,426

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Year ended 31 December 2024

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Other reserve	Surplus reserve	Retained profits	Total		
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	1,114,817	(602,164)	1,923,661	18,888	526,364	5,037,427	8,018,993	36,433	8,055,426
Profit for the year	–	–	–	–	–	601,569	601,569	3,587	605,156
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	6,587	–	–	6,587	–	6,587
Changes in fair value of equity investments designated at fair value through other comprehensive income	–	–	–	491	–	–	491	56	547
Total comprehensive income for the year	–	–	–	7,078	–	601,569	608,647	3,643	612,290
Grant and vesting of shares	–	602,164	–	–	–	–	602,164	–	602,164
Cash dividends	–	–	–	–	–	(545,680)	(545,680)	–	(545,680)
Capital injection from non-controlling interests	–	–	–	773	–	–	773	1	774
Share of other changes in net assets of associates	–	–	–	4,345	–	–	4,345	–	4,345
Recognition of share-based payment expenses (note 36)	–	–	–	22,803	–	–	22,803	–	22,803
Others**	–	–	–	100	–	–	100	94	194
As at 31 December 2024	1,114,817	–	1,923,661*	53,987*	526,364*	5,093,316*	8,712,145	40,171	8,752,316

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Year ended 31 December 2025

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Surplus reserve	Retained profits	Total		
	RMB'000 (note 33)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	1,114,817	1,923,661	53,987	526,364	5,093,316	8,712,145	40,171	8,752,316
Profit for the year	–	–	–	–	651,505	651,505	1,279	652,784
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	(17,345)	–	–	(17,345)	–	(17,345)
Changes in fair value of equity investments designated at fair value through other comprehensive income	–	–	(8,537)	–	–	(8,537)	439	(8,098)
Total comprehensive income for the year	–	–	(25,882)	–	651,505	625,623	1,718	627,341
Cash dividends	–	–	–	–	(557,408)	(557,408)	–	(557,408)
Capital injection from non-controlling interests	–	–	116	–	–	116	–	116
Transfer of fair value reserve upon the deemed disposal of financial assets at FVOCI	–	–	(6,575)	–	6,575	–	–	–
Issue of shares of a subsidiary for business combination (note 38)	–	–	91,247	–	–	91,247	38,529	129,776
Non-controlling interests arising from acquisition of subsidiaries (note 38)	–	–	–	–	–	–	38,410	38,410
Recognition of share-based payment expenses (note 36)	–	–	27,493	–	–	27,493	–	27,493
Share of other changes in net assets of associates	–	–	44,819	–	–	44,819	–	44,819
Transfer of share of other changes in net assets of associates to profit or loss upon disposal	–	–	(8,907)	–	–	(8,907)	–	(8,907)
Capital contribution to non-wholly owned subsidiaries	–	–	(2,015)	–	–	(2,015)	2,015	–
As at 31 December 2025	1,114,817	1,923,661*	174,283*	526,364*	5,193,988*	8,933,113	120,843	9,053,956

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Six months ended 30 June 2026

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Other reserve	Surplus reserve	Retained profits	Total		
	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2026	1,114,817	–	1,923,661	174,283	526,364	5,193,988	8,933,113	120,843	9,053,956
Profit for the period	–	–	–	–	–	387,092	387,092	3,385	390,477
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	(25,522)	–	–	(25,522)	–	(25,522)
Total comprehensive income for the period	–	–	–	(25,522)	–	387,092	361,570	3,385	364,955
Repurchase of ordinary shares	–	(113,689)	–	–	–	–	(113,689)	–	(113,689)
Cash dividends	–	–	–	–	–	(613,149)	(613,149)	–	(613,149)
Capital injection from non-controlling interests	–	–	–	86	–	–	86	–	86
Recognition of share-based payment expenses	–	–	–	–	–	–	–	–	–
(note 36)	–	–	–	5,831	–	–	5,831	–	5,831
Share of other changes in net assets of associates	–	–	–	(6,633)	–	–	(6,633)	–	(6,633)
Capital contribution to non-wholly owned subsidiaries	–	–	–	(393)	–	–	(393)	393	–
As at 30 June 2026	1,114,817	(113,689)	1,923,661*	147,652*	526,364*	4,967,931*	8,566,736	124,621	8,691,357

* The reserve accounts comprised the consolidated reserves of RMB7,506,340,000, RMB7,597,328,000 and RMB7,818,296,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026, respectively.

** Others mainly represented the adjustment for the distribution to the non-controlling shareholders of Ningbo Meishan LP, a subsidiary of the Group.

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Six months ended 30 June 2025 (Unaudited)

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Surplus reserve	Retained profits	Total		
	RMB'000 (note 33)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 35)	RMB'000	RMB'000		
As at 1 January 2025	1,114,817	1,923,661	53,987	526,364	5,093,316	8,712,145	40,171	8,752,316
Profit for the period	–	–	–	–	365,079	365,079	10,291	375,370
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	(5,505)	–	–	(5,505)	–	(5,505)
Changes in fair value of equity investments designated at fair value through other comprehensive income	–	–	8,486	–	–	8,486	970	9,456
Total comprehensive income for the period	–	–	2,981	–	365,079	368,060	11,261	379,321
Cash dividends	–	–	–	–	(557,408)	(557,408)	–	(557,408)
Transfer of fair value reserve upon the deemed disposal of financial assets at FVOCI	–	–	(6,575)	–	6,575	–	–	–
Issue of shares of a subsidiary for business combination (note 38)	–	–	91,247	–	–	91,247	38,529	129,776
Non-controlling interests arising from acquisition of subsidiaries (note 38)	–	–	–	–	–	–	38,410	38,410
Recognition of share-based payment expenses (note 36)	–	–	14,619	–	–	14,619	–	14,619
Share of other changes in net assets of associates	–	–	2,180	–	–	2,180	–	2,180
Capital contribution to non-wholly owned subsidiaries	–	–	(638)	–	–	(638)	638	–
As at 30 June 2025 (Unaudited)	1,114,817	1,923,661	157,801	526,364	4,907,562	8,630,205	129,009	8,759,214

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Profit before tax		641,761	632,516	655,908	416,611	397,845
Adjustments for:						
Finance costs	6	19,591	17,287	22,219	9,646	9,369
Share of losses of associates . . .		15,457	5,141	41,285	2,668	6,310
Interest income	5	(68,644)	(52,608)	(58,676)	(30,422)	(20,674)
Loss on disposal of items of property, plant and equipment .	7	2,337	2,302	3,743	1,398	201
Gains on partial disposal of investments in an associate . .	5	—	—	(54,178)	—	—
Fair value gains on financial assets at fair value through profit or loss	5	(8,093)	(14,513)	(36,718)	(5,734)	(9,681)
Investment income on financial assets at fair value through profit or loss	5	(29,973)	(33,737)	(34,901)	(13,882)	(13,204)
Depreciation of property, plant and equipment	7	143,353	151,539	157,290	79,026	78,203
Amortisation of other intangible assets	7	205,903	238,807	260,279	125,728	134,625
Depreciation of right-of-use assets	7	20,924	17,050	17,346	11,701	6,491
Depreciation of investment properties	14	3,687	1,195	713	497	217
Impairment of property, plant and equipment	7	—	194	—	—	—
Impairment of goodwill	7	49,615	—	—	—	—
Impairment of other intangible assets	7	1,029	157,294	151,149	—	—
Provision/(reversal) of impairment losses on financial assets, net	7	2,417	6,443	4,807	13,842	(2,035)
Write-down of inventories to net realisable value	7	7,911	40,503	6,303	(3,155)	13,291
Equity-settled share-based payment expenses	36	25,945	22,803	27,493	14,619	5,831
		<u>1,033,220</u>	<u>1,192,216</u>	<u>1,164,062</u>	<u>622,543</u>	<u>606,789</u>
(Increase)/decrease in other non- current assets		6,082	(310)	22	(41)	9
(Increase)/decrease in inventories		51,233	(40,302)	(27,307)	(21,184)	(22,739)
(Increase)/decrease in trade and bills receivables		30,141	(54,856)	(208,389)	(198,573)	(84,432)
(Increase)/decrease in prepayments, other receivables and other assets		2,713	(25,174)	(3,924)	18,554	7,025
(Increase)/decrease in financial assets at fair value through other comprehensive income .		(20,239)	28,870	(80,045)	(14,147)	7,894
(Increase)/decrease in restricted deposits		89,204	(15,591)	15,537	15,986	(688)
Increase/(decrease) in trade and bills payables		(56,987)	(24,889)	53,471	14,557	(25,241)
Increase/(decrease) in other payables and accruals		(220,669)	125,599	138,269	12,449	41,313
Increase/(decrease) in contract liabilities		(13,251)	8,806	9,925	1,342	(2,631)
Increase/(decrease) in deferred income		(14,421)	57,924	7,084	(19,580)	2,097
Cash generated from operations .		<u>887,026</u>	<u>1,252,293</u>	<u>1,068,705</u>	<u>431,906</u>	<u>529,396</u>
Interest received		56,250	28,417	28,906	12,186	8,603
Income tax paid		(103,833)	(94,452)	(45,173)	(18,664)	(71,651)
Net cash flows from operating activities		<u>839,443</u>	<u>1,186,258</u>	<u>1,052,438</u>	<u>425,428</u>	<u>466,348</u>

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	Notes	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
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property and equipment		(97,066)	(140,753)	(252,719)	(111,690)	(110,036)
Proceeds from disposal of items of property and equipment . . .		584	642	1,166	742	498
Additions to leasehold land . . .		—	—	(43,246)	(43,246)	—
Additions to other intangible assets		(573,933)	(484,060)	(678,135)	(267,875)	(346,318)
Acquisition of subsidiaries	38	—	—	(44,172)	(44,172)	(30,000)
Proceeds from disposal of investments in an associate . .		—	—	56,000	—	—
Payment for acquisition of financial assets at FVOCI . . .		(33,232)	(30,000)	(25,000)	—	—
Additions of time deposits		(790,000)	(326,599)	(264,753)	(140,753)	(342,356)
Proceeds from maturity of time deposits		—	165,975	321,936	—	792,521
Payment for acquisition of financial assets at fair value through profit or loss (“FVTPL”).		(1,317,749)	(3,003,765)	(3,036,199)	(1,298,000)	(1,405,469)
Proceeds from disposal of financial assets at FVTPL . . .		1,440,452	2,292,751	3,240,300	1,756,478	1,595,537
Dividends received from associates		123	257	—	—	—
Increase in restricted deposits . .		—	—	(20,000)	—	(22,700)
Net cash flows (used in)/from investing activities		(1,370,821)	(1,525,552)	(744,822)	(148,516)	131,677
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from grant and vesting of shares		—	601,923	—	—	—
New bank loans		223,731	119,297	311,739	162,852	302,606
Repayment of bank loans		(358,627)	(39,838)	(187,000)	(120,000)	(161,200)
Payment for repurchase of own shares		—	—	—	—	(113,689)
Interest paid		(3,690)	(356)	(813)	(251)	(2,044)
Lease payments	37(c)	(19,963)	(14,279)	(13,991)	(7,874)	(4,561)
[REDACTED].		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Capital injections from non-controlling shareholders of subsidiaries		31	774	117	—	86
Dividends paid to equity shareholders		(545,680)	(545,680)	(557,408)	(557,408)	(613,149)
Payment for other non-current liabilities		(1,306)	—	(6,503)	(54)	—
Net cash flows from/(used in) financing activities		(705,504)	121,841	(453,859)	(522,735)	(618,553)
NET DECREASE IN CASH AND CASH EQUIVALENTS . .		(1,236,882)	(217,453)	(146,243)	(245,823)	(20,528)
Cash and cash equivalents at beginning of year/period		2,550,976	1,318,161	1,104,655	1,104,655	944,307
Effect of foreign exchange rate changes, net		4,067	3,947	(14,105)	(4,490)	(14,712)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		1,318,161	1,104,655	944,307	854,342	909,067
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents		1,318,161	1,104,655	944,307	854,342	909,067
Interest receivable		2,202	3,552	2,459	1,505	1,177
Cash and cash equivalents as stated in the consolidated statements of financial position	26	1,320,363	1,108,207	946,766	855,847	910,244

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	892,179	872,715	877,094	871,417
Investment properties	14	127,046	122,583	93,679	103,627
Right-of-use assets	15(a)	77,289	65,905	110,814	106,998
Other intangible assets	17	1,900,088	2,011,238	2,191,301	2,257,187
Investments in subsidiaries	47	3,830,359	3,726,451	4,077,038	4,146,809
Investments in associates	18	57,561	55,728	54,320	53,952
Financial assets at fair value through profit or loss	19	104,978	174,730	188,672	222,017
Financial assets at fair value through other comprehensive income	20	200,000	200,000	179,349	179,349
Time deposits	26	506,808	517,495	233,090	151,759
Deferred tax assets	21	56,934	87,489	109,273	122,498
Other non-current assets	22	46,080	25,030	87,691	392,974
Total non-current assets		7,799,322	7,859,364	8,202,321	8,608,587
CURRENT ASSETS					
Inventories	23	343,694	365,579	356,855	366,331
Trade and bills receivables	24	419,099	465,854	613,585	681,231
Prepayments, other receivables and other assets	25	44,693	285,645	513,058	473,788
Financial assets at fair value through profit or loss	19	633,113	1,289,236	1,077,974	879,939
Financial assets at fair value through other comprehensive income	20	70,428	36,916	99,730	66,850
Restricted bank deposits	26	1,612	15,002	–	22,700
Time deposits	26	–	216,572	569,257	255,908
Cash and cash equivalents	26	680,369	530,397	410,807	450,739
Total current assets		2,193,008	3,205,201	3,641,266	3,197,486
CURRENT LIABILITIES					
Trade and bills payables	27	622,264	689,578	383,222	449,843
Contract liabilities	30	14,937	12,278	12,488	4,495
Other payables and accruals	28	626,318	776,879	1,299,919	1,713,164
Interest-bearing bank loans	29	–	–	73,341	3,782
Lease liabilities	15(b)	10,684	7,034	5,001	5,267
Income tax payable		–	–	1,731	–
Total current liabilities		1,274,203	1,485,769	1,775,702	2,176,551
NET CURRENT ASSETS		918,805	1,719,432	1,865,564	1,020,935
TOTAL ASSETS LESS CURRENT LIABILITIES					
		8,718,127	9,578,796	10,067,885	9,629,522
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	29	–	–	–	178,200
Deferred income	31	77,688	135,133	138,903	134,894
Lease liabilities	15(b)	13,186	6,971	12,498	9,920
Other non-current liabilities	32	55,408	55,408	–	–
Total non-current liabilities		146,282	197,512	151,401	323,014
Net assets		8,571,845	9,381,284	9,916,484	9,306,508
EQUITY					
Share capital	33	1,114,817	1,114,817	1,114,817	1,114,817
Treasury shares	34	(602,164)	–	–	(113,689)
Reserves	35	8,059,192	8,266,467	8,801,667	8,305,380
Total equity		8,571,845	9,381,284	9,916,484	9,306,508

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in the People’s Republic of China (“PRC”) on 29 June 2007. The Company completed its initial public offering and was listed on the Main Board of the Shenzhen Stock Exchange (stock code: 002294) on 10 September 2009. The registered office of the Company is located at Zone A, 4th floor, digital Peninsula, No. 289, Hongliu Road, Fubao community, Fubao street, Futian District, Shenzhen, Guangdong Province, China.

During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the research, development, production, and sales of pharmaceuticals and medical devices.

In the opinion of the directors, Salubris Pharmaceuticals Limited, Mei Zhou, Mr. Ye Chen Hai and Ms. Liu De Ye Ching constituted a group of controlling shareholders of the Group as at the end of the Relevant Periods.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of the principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration	Registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Huizhou Salubris Pharmaceutical Co., Ltd.* (“Huizhou Salubris”) 惠州信立泰藥業有限公司	(a)	3 March 2011 PRC/Chinese mainland	RMB45,000,000	100.00%	–	Manufacturing of pharmaceutical products and related pharmaceutical preparations
Genekey Biotech (Chengdu) Co. Ltd.* (“Chengdu Salubris”) 信立泰(成都)生物技術有限公司	(a)	18 January 2011 PRC/Chinese mainland	RMB435,830,000	100.00%	–	Research, development and manufacturing of biopharmaceutical products and related biotechnology products
Shandong Salubris Pharmaceuticals Co., Ltd.* (“Shandong Salubris”) 山東信立泰藥業有限公司	(a)	9 April 2009 PRC/Chinese mainland	RMB106,000,000	100.00%	–	Manufacturing of pharmaceutical products and import and export of pharmaceutical products
Salubris (Suzhou) Pharmaceuticals Co., Ltd.* (“Suzhou Salubris”) 信立泰(蘇州)藥業有限公司	(a)	20 September 2010 PRC/Chinese mainland	RMB212,430,446	100.00%	–	Manufacturing and development of pharmaceutical products
Shenzhen Salubris Medtech Co., Ltd.* (“Salubris Medtech”) 深圳信立泰醫療器械股份有限公司	(b)	13 March 2009 PRC/Chinese mainland	RMB115,565,265	87.36%	–	Research, development, manufacturing and sale of medical devices
Salubris Biotherapeutics, Inc.	(c)	11 August 2016 Massachusetts, United States	N/A	–	99.55%	R&D of biotherapeutic and biopharmaceutical products

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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

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Notes:

- (a) The statutory financial statements of the entities for the years ended 31 December 2023, 2024 and 2025, prepared in accordance with China Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “PRC GAAP”), were audited by Wuyige Certified Public Accountants LLP. (大信會計師事務所(特殊普通合伙)), certified public accountants registered in the PRC.
- (b) The statutory financial statements of the entity for the years ended 31 December 2023, 2024 and 2025, prepared in accordance with China Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “PRC GAAP”), were audited by Shenzhen Hengrui Certified Public Accountants (深圳恒瑞會計師事務所(普通合伙)), certified public accountants registered in the PRC.
- (c) As at the date of this report, no audited financial statements have been prepared for the entity.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standard Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information.

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

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements¹</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures¹</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to IAS 28	<i>Fair Value Option for Investments in Associates and Joint Ventures¹</i>
IFRS 20	<i>Regulatory Assets and Regulatory Liabilities³</i>

APPENDIX I

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- ¹ Effective for annual/reporting periods beginning on or after 1 January 2027
- ² No mandatory effective date yet determined but available for adoption
- ³ Effective for annual periods beginning on or after 1 January 2029

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment

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testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

Fair value measurement

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

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

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Related parties

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

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Leasehold improvements and renovation costs	Shorter of remaining lease terms and estimated useful lives
Buildings	2.25% to 9%
Machinery equipment	9%
Motor vehicles	18%
Other equipment	18%

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

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

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

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Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

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

Buildings	2.66% to 5.19%
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Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its carrying amount at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment” up to the date of change in use.

Intangible assets (other than goodwill)

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

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Patent right	5 to 20 years
Non-patent technology	5 to 10 years
Software	5 to 10 years
Trademark	10 years
Licenses	10 years

Research and development costs

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

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

For the pharmaceuticals and medical products, expenditures on research phase are all the expenditures incurred before the commencement of clinical trials. Expenditures on the development phase are all the expenditures incurred after the commencement of clinical trials. Development expenditures are capitalised when all of the above criteria has been met.

Deferred development costs are stated at cost less any impairment losses and will be transferred to non-patent technology when the products are put into commercial production.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate

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of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	45 to 50 years
Buildings	2 to 10 years

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

(b) Lease liabilities

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

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

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

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

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

Financial assets designated at fair value through other comprehensive income (equity investments)

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

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

Financial assets at fair value through profit or loss

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

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

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General approach

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

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition based on ageing migration rates. The Group analyses historical experience of migration between different ageing buckets to higher delinquency stages and incorporates reasonable and supportable forward-looking information to determine significant changes in credit risk. When receivables migrate from current ageing buckets to higher delinquency stages (e.g., 30 days past due), the Group considers that a significant increase in credit risk has occurred.

The Group determines default based on ageing migration patterns. Receivables migrating to specific delinquency stages (e.g., over 90 days past due) are considered to be in default. Additionally, if internal or external information indicates that the Group is unlikely to recover the outstanding contractual amounts in full, even after considering credit enhancements, the financial asset may be deemed in default. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group’s financial liabilities include trade and bills payables, other payables and accruals, and interest-bearing bank loans.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Income tax

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

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

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

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

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

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

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

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

(a) Sale of goods

Revenue is generated by the Group through the sale of other pharmaceuticals, innovative drugs and medical devices to distributors. Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon acceptance of the goods as agreed in the sales contracts.

Some contracts for the sale of products provide customers with rights of return and volume rebates, giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. During the Relevant Periods, the refund liabilities arising from the sales return were immaterial.

(ii) Sales rebates

Retrospective sales rebates may be provided to certain customers under certain conditions as agreed in the sales contract. Rebates are either settled by offsetting against amounts payable by the customer or used as the consideration paid for future sales. Rebates that will be settled by offsetting against amounts payable by the customer are recorded as other payables. Rebates that are used as the consideration paid for future sales are recorded as contract liabilities. To estimate the variable consideration for the expected future rebates, the

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most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of thresholds contained in the contract.

(b) Licences of intellectual property

The Group grants intellectual property licences of certain products to customers. As the intellectual property licences only grant the customer a right to use the licence, the revenue is recognised at a point of time, when the control of the licence is transferred to the customer and the customer is able to consume and benefit from the licence.

(c) Rendering of services

Rendering of services included research and development service and pharmaceuticals processing services. As the customer cannot control the service or consume the benefit or have no enforceable obligation to pay for the service provided, the Group recognised revenue from the research and development service and pharmaceuticals processing services at point in time when the services are completed and accepted by the customer.

Revenue from other sources

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

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.

Dividend income is recognised when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards are measured by reference to the recent transaction price or the valuations using a binomial model. Further details are included in note 36 to the Historical Financial Information.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any

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other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

Other employee benefits

Pension scheme

Chinese mainland

The employees of the Company and the Group’s subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and the subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

Housing fund and other social insurances—Chinese mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

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

Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

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

Research and development expenses

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

Estimation uncertainty

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

Variable consideration for returns and sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of return and sales rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group’s expected sales rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer’s historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected sales rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

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The Group updates its assessment of expected returns and sales rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and sales rebates are sensitive to changes in circumstances and the Group’s past experience regarding returns and rebate entitlements may not be representative of customers’ actual returns and rebate entitlements in the future.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 16 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 24 to the Historical Financial Information.

Leases—Estimating the incremental borrowing rate

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

Useful lives of intangible assets

The Group reviews the useful life of intangible assets at least at the end of each year. If there is evidence that the useful lives of intangible assets are different from the previous estimate, the amortisation period of intangible assets with limited useful lives will be changed. The difference between the actual result and the original estimate will affect the book value of intangible assets and the provision for impairment of intangible assets in the current and subsequent periods when the estimate is changed.

Impairment of non-financial assets (other than goodwill)

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

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Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple, make estimates about the discount for lack of marketability, and/or adjust quoted prices in active markets. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as level 3. Further details are included in note 44 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on its services and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purposes of resource allocation and performance assessment does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) *Revenue from external customers*

	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
Within China:					
North China Region	662,080	729,845	699,804	331,946	418,516
East China Region	1,165,690	1,533,136	1,924,818	942,654	1,087,277
South China Region	777,740	538,979	642,395	320,900	390,146
Other Regions in China . . .	668,648	1,082,200	998,871	490,138	539,742
Subtotal	3,274,158	3,884,160	4,265,888	2,085,638	2,435,681
Outside China	91,185	128,072	86,773	45,330	43,455
Total	3,365,343	4,012,232	4,352,661	2,130,968	2,479,136

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Chinese mainland	4,349,182	4,321,716	4,917,674	5,000,642
America	236,974	418,117	638,403	789,706
Total	4,586,156	4,739,833	5,556,077	5,790,348

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from major customers that individually accounted for 10% or more of the Group’s revenue during the Relevant Periods and the six months ended 30 June 2025 are set out below:

	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
Customer A	676,965	710,349	754,729	371,916	467,900
Customer B	418,675	499,909	772,542	304,594	427,365
Total	1,095,640	1,210,258	1,527,271	676,510	895,265

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5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue

An analysis of revenue 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
Revenue from contracts with customers	3,362,629	4,009,185	4,350,914	2,129,963	2,478,376
Revenue from other sources					
Rental income	2,714	3,047	1,747	1,005	760
Total	<u>3,365,343</u>	<u>4,012,232</u>	<u>4,352,661</u>	<u>2,130,968</u>	<u>2,479,136</u>

Revenue from contracts with customers

(a) 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
Types of goods or services					
Other Pharmaceuticals	2,142,081	2,246,815	1,837,776	936,575	1,000,022
Innovative drugs	922,025	1,357,280	1,998,579	957,072	1,213,952
Medical devices	215,563	305,407	379,939	182,034	203,076
Others*	82,960	99,683	134,620	54,282	61,326
Total revenue from contracts with customers	<u>3,362,629</u>	<u>4,009,185</u>	<u>4,350,914</u>	<u>2,129,963</u>	<u>2,478,376</u>
Timing of revenue recognition					
Goods transferred at a point in time	3,320,803	3,994,820	4,340,424	2,128,157	2,471,012
Licenses transferred at a point in time	33,838	2,547	—	—	—
Services transferred at a point in time	7,988	11,818	10,490	1,806	7,364
Total revenue from contracts with customers	<u>3,362,629</u>	<u>4,009,185</u>	<u>4,350,914</u>	<u>2,129,963</u>	<u>2,478,376</u>

* Others primarily include the revenue generated from the licence of intellectual property, pharmaceuticals processing services and research and development services.

The following table shows the amounts of revenue recognised in the Relevant Periods and the six months ended 30 June 2025 that were included in the contract liabilities at the beginning of the reporting period:

	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
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:					
Sale of products	34,042	26,678	36,556	29,334	38,409
Rendering of services	7,988	2,736	1,664	232	6,183
Total	<u>42,030</u>	<u>29,414</u>	<u>38,220</u>	<u>29,566</u>	<u>44,592</u>

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(b) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon delivery and acceptance of products. Payment is generally due between 1 month and 3 months from customers from delivery.

Licenses

The performance obligation of intellectual property licences is satisfied at a point in time and payment is billed based on the milestones achieved.

Rendering of services

The performance obligation of rendering services is satisfied at a point in time when the services are completed and accepted. Payment is billed in accordance with the payment schedules set out in the contracts.

As the contracts with customers are rendered in a short period of time, which is generally less than one year, the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

Other income and gains, net

An analysis of other income and gains, net 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
Other income					
Interest income	68,644	52,608	58,676	30,422	20,674
Government grants*	79,198	53,855	102,909	27,345	15,331
Additional deduction of value added tax	11,748	19,617	11,844	7,451	3,681
Investment income on financial assets at FVTPL	29,973	33,737	34,901	13,882	13,204
Total other income	189,563	159,817	208,330	79,100	52,890
Gains					
Fair value gains on financial assets at FVTPL	8,093	14,513	36,718	5,734	9,681
Gain on partial disposal of investment in an associate**	—	—	54,178	—	—
Foreign exchange differences, net	3,006	1,685	—	—	—
Others	1,331	2,052	1,800	526	939
Total gains	12,430	18,250	92,696	6,260	10,620
Total	201,993	178,067	301,026	85,360	63,510

* Government grants have been received from local government authorities as subsidies to the Group. There were no unfulfilled conditions or contingencies relating to these grants.

** During the year ended 31 December 2025, the Group partially disposed of its equity interest in an associate for a total cash consideration of RMB56,000,000 over which the Group still has significant influence, resulting in a gain on partial disposal of RMB54,178,000.

6. FINANCE COSTS

An analysis of finance costs 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
Interest on bank loans and discounted bills	4,232	1,468	4,650	1,759	1,189
Interest on put option liabilities	14,096	14,672	16,772	7,460	7,740
Interest on lease liabilities	1,263	1,147	797	427	440
Total	19,591	17,287	22,219	9,646	9,369

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7. PROFIT BEFORE TAX

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

	Notes	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
Cost of inventories sold* . . .		1,048,032	1,125,814	1,098,476	521,564	626,541
Cost of license transferred . . .		11,733	1,676	—	—	—
Cost of services provided . . .		5,697	10,567	6,601	1,339	4,320
Depreciation of property, plant and equipment . . .		143,353	151,539	157,290	79,026	78,203
Depreciation of right-of-use assets		20,924	17,050	17,346	11,701	6,491
Amortisation of other intangible assets excluding deferred expenditures		205,903	238,807	260,279	125,728	134,625
Depreciation of investment properties	14	3,687	1,195	713	497	217
Research and development costs						
Current year expenditure . . .		1,046,907	1,017,123	1,266,441	541,982	619,912
Less: Development expenditures		(637,713)	(595,883)	(727,109)	(306,718)	(348,955)
Net current year expenditure		409,194	421,240	539,332	235,264	270,957
Lease payments in respect of short-term leases . . .	15(c)	4,504	3,154	3,533	2,227	1,736
Auditor’s remuneration . . .		1,100	950	1,100	550	550
Employee benefit expenses (excluding directors’ and supervisors’ remuneration (note 8))						
– Wages and salaries . . .		738,341	824,977	904,434	430,768	499,645
– Pension scheme contributions		134,512	154,185	174,934	82,066	103,311
– Share-based payment expenses		25,814	18,537	27,416	14,580	5,794
Total		898,667	997,699	1,106,784	527,414	608,750
Foreign exchange differences, net***		(3,006)	(1,685)	10,480	3,405	10,088
Loss on disposal of items of property, plant and equipment***		2,337	2,302	3,743	1,398	201
Gain on partial disposal of investment in an associate***		—	—	(54,178)	—	—
Impairment losses of:						
Property, plant and equipment**	13	—	194	—	—	—
Other intangible assets** . . .	17	1,029	157,294	151,149	—	—
Goodwill**	16	49,615	—	—	—	—
Total		50,644	157,488	151,149	—	—
Impairment losses of financial assets, net:						
Trade receivables	24	2,483	5,492	4,460	14,108	(1,672)
Other receivables	25	(70)	924	354	(266)	(363)
Non-current assets	22	4	27	(7)	—	—
Total		2,417	6,443	4,807	13,842	(2,035)
Write-down of inventories to net realisable value* . . .		7,911	40,503	6,303	(3,155)	13,291

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- * The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.
- ** Impairment losses of property, plant and equipment, other intangible assets and goodwill included in “other expenses” in profit or loss.
- *** The amounts included in “other income and gains” and “other expenses” in profit or loss.

8. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

Directors’ and supervisors’ remuneration as recorded during the Relevant Periods and the six months ended 30 June 2025 is set out below:

	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
Fees	360	360	360	180	256
Other emoluments:					
Salaries, wages and benefits in kind	3,910	4,221	4,710	2,250	1,822
Bonuses	3,001	3,849	3,439	1,930	1,740
Pension scheme contributions	636	553	685	350	286
Share-based payment expenses	—	109	77	39	37
Subtotal	7,547	8,732	8,911	4,569	3,885
Total	7,907	9,092	9,271	4,749	4,141

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025 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
Mr. Liu Laiping (i)	120	120	120	60	13
Mr. Wang Xuegong (ii)	120	120	120	60	13
Mr. Zhu Houjia (iii)	120	120	120	60	72
Mr. Chen Youhai (iv)	—	—	—	—	59
Ms. Chen Cong (v)	—	—	—	—	99
Total	360	360	360	180	256

Notes:

- (i) Mr. Liu Laiping was appointed on 10 January 2020 and resigned on 6 February 2026.
- (ii) Mr. Wang Xuegong was appointed on 17 December 2021 and resigned on 6 February 2026.
- (iii) Mr. Zhu Houjia was appointed on 19 April 2021.
- (iv) Mr. Chen Youhai was appointed on 6 February 2026.
- (v) Ms. Chen Cong was appointed on 6 February 2026.

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(b) *Executive directors, chief executive and supervisors*

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Kevin Sing Ye (i) . . .	808	711	34	—	1,553
Mr. Yan Jie (ii)	723	893	128	—	1,744
Mr. Yang Jianfeng (iii) . . .	332	488	117	—	937
Mr. Ye Chen Hai (iv)	—	—	—	—	—
Mr. Shen Qing (v)	—	—	—	—	—
Ms. Eastine Chen (vi)	399	60	22	—	481
Ms. Yang Ling (vii)	—	—	—	—	—
Subtotal	2,262	2,152	301	—	4,715
Supervisors					
Ms. Li Aizhen (viii)	563	357	—	—	920
Ms. Xu Ying (ix)	488	—	120	—	608
Mr. Li Yangbing (x)	362	359	117	—	838
Ms. Tang Ji (xi)	235	133	98	—	466
Subtotal	1,648	849	335	—	2,832
Total	3,910	3,001	636	—	7,547

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Kevin Sing Ye (i) . . .	807	433	34	—	1,274
Mr. Yan Jie (ii)	719	1,179	132	—	2,030
Mr. Yang Jianfeng (iii) . . .	330	557	119	—	1,006
Mr. Ye Chen Hai (iv)	—	—	—	—	—
Mr. Shen Qing (v)	—	—	—	—	—
Ms. Eastine Chen (vi)	1,087	137	22	109	1,355
Subtotal	2,943	2,306	307	109	5,665
Supervisors					
Ms. Li Aizhen (viii)	563	600	—	—	1,163
Ms. Xu Ying (ix)	358	370	123	—	851
Mr. Li Yangbing (x)	357	573	123	—	1,053
Subtotal	1,278	1,543	246	—	3,067
Total	4,221	3,849	553	109	8,732

Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Kevin Sing Ye (i) . . .	842	462	82	—	1,386
Mr. Yan Jie (ii)	852	1,181	142	—	2,175
Mr. Yang Jianfeng (iii) . . .	449	560	127	—	1,136
Mr. Ye Chen Hai (iv)	—	—	—	—	—
Mr. Shen Qing (v)	—	—	—	—	—
Ms. Eastine Chen (vi)	1,042	143	72	77	1,334
Subtotal	3,185	2,346	423	77	6,031
Supervisors					
Ms. Li Aizhen (viii)	563	574	—	—	1,137
Ms. Xu Ying (ix)	482	127	131	—	740
Mr. Li Yangbing (x)	480	392	131	—	1,003
Subtotal	1,525	1,093	262	—	2,880
Total	4,710	3,439	685	77	8,911

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Six months ended 30 June 2026

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Kevin Sing Ye (i) . . .	421	230	42	—	693
Mr. Yan Jie (ii)	393	590	73	—	1,056
Mr. Yang Jianfeng (iii) . .	207	280	65	—	552
Mr. Ye Chen Hai (iv) . . .	—	—	—	—	—
Mr. Shen Qing (v)	—	—	—	—	—
Ms. Eastine Chen (vi) . . .	439	70	34	37	580
Mr. Xu Wenjie (xii)	362	570	72	—	1,004
Total	1,822	1,740	286	37	3,885

Six months ended 30 June 2025 (Unaudited)

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Kevin Sing Ye (i) . . .	421	220	41	—	682
Mr. Yan Jie (ii)	393	590	71	—	1,054
Mr. Yang Jianfeng (iii) . .	207	280	64	—	551
Mr. Ye Chen Hai (iv) . . .	—	—	—	—	—
Mr. Shen Qing (v)	—	—	—	—	—
Ms. Eastine Chen (vi) . . .	526	70	42	39	677
Subtotal	1,547	1,160	218	39	2,964
Supervisors					
Ms. Li Aizhen (viii)	260	300	—	—	560
Ms. Xu Ying (ix)	222	180	66	—	468
Mr. Li Yangbing (x)	221	290	66	—	577
Subtotal	703	770	132	—	1,605
Total	2,250	1,930	350	39	4,569

Notes:

- (i) Mr. Kevin Sing Ye was appointed as an executive director on 28 June 2007, and chairman of the board on 23 September 2022.
- (ii) Mr. Yan Jie is the chief executive officer. Mr. Yan Jie was appointed as an executive director on 9 February 2018, and general manager on 23 September 2022.
- (iii) Mr. Yang Jianfeng was appointed as a secretary of the board on 21 October 2007, and executive director on 20 August 2010.
- (iv) Mr. Ye Chen Hai was appointed as an executive director on 28 June 2007.
- (v) Mr. Shen Qing was appointed as an executive director on 28 December 2023.
- (vi) Ms. Eastine Chen was appointed as an executive director on 28 December 2023.
- (vii) Ms. Yang Ling was appointed as a director on 30 October 2020, resigned on 28 December 2023.
- (viii) Ms. Li Aizhen was appointed as a chairperson of the supervisory committee on 13 December 2016.
- (ix) Ms. Xu Ying was appointed as a supervisor of the Company on 28 December 2023.
- (x) Mr. Li Yangbing was appointed as a supervisor of the Company on 3 March 2017.
- (xi) Ms. Tang Ji was appointed as a supervisor of the Company on 13 December 2016, resigned on 28 December 2023.
- (xii) Mr. Xu Wenjie was appointed as an executive director on 16 January 2026.
- (xiii) On 25 December 2025, the shareholders’ meeting of the Group has made a resolution to dissolve the supervisory committee. Ms. Li Aizhen, Ms. Xu Ying and Mr. Li Yangbing ceased to serve as supervisors thereafter.

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ACCOUNTANTS’ REPORT

No emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, certain directors were granted share awards in respect of the services to the Group, further details of which are set out in note 36 to the Historical Financial Information. The fair value of such awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 is included in the above directors’ and chief executive’s remuneration disclosures.

Save for the disclosed above, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

9. FIVE HIGHEST PAID EMPLOYEES

None of the five highest paid employees during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 included directors of the Company. Details of the remuneration for the five highest paid employees who are not directors of the Company during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 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
Salaries, allowances and benefits in kind	7,804	13,054	13,499	7,670	7,576
Bonuses	4,013	4,866	5,037	2,291	2,263
Pension scheme contributions	416	382	444	365	284
Share-based payment expenses	7,256	6,820	7,537	3,707	1,860
Total	<u>19,489</u>	<u>25,122</u>	<u>26,517</u>	<u>14,033</u>	<u>11,983</u>

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	Numbers of employees			Numbers of employees (Unaudited)	
HK\$1,500,001 to HK\$2,000,000	—	—	—	1	1
HK\$2,000,001 to HK\$2,500,000	—	—	—	1	1
HK\$2,500,001 to HK\$3,000,000	—	—	—	1	1
HK\$3,000,001 to HK\$3,500,000	1	—	—	1	1
HK\$3,500,001 to HK\$4,000,000	1	—	—	—	1
HK\$4,000,001 to HK\$4,500,000	1	1	1	—	—
HK\$4,500,001 to HK\$5,000,000	1	1	1	—	—
HK\$5,000,001 to HK\$5,500,000	1	—	1	1	—
HK\$5,500,001 to HK\$6,000,000	—	1	1	—	—
HK\$6,000,001 to HK\$7,000,000	—	2	—	—	—
HK\$8,500,001 to HK\$9,000,000	—	—	1	—	—
Total	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

APPENDIX I

ACCOUNTANTS’ REPORT

During the Relevant Periods and the six months ended 30 June 2025, share awards were granted to five non-director highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 36 to the Historical Financial Information. The fair value of such shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information are included in the above non-director highest paid employees’ remuneration disclosures.

10. INCOME TAX

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

Hong Kong

During the years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2025 and 2026, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Group, Splendris International Limited, which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Chinese mainland

The provision for corporate income tax in the Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

The Company was qualified as a High and New Technology Enterprise and enjoyed a preferential income tax rate of 15% from 2023 to 2025. The qualification is subject to review by the relevant tax authority in the Chinese mainland every three years. The Company is expected to obtain the renewal of the above qualification for 2026 to 2028 in December 2026.

Shandong Salubris (山東信立泰藥業有限公司) was qualified as a High and New Technology Enterprise and enjoys a preferential income tax rate of 15% from 2024 to 2026.

Huizhou Salubris (惠州信立泰藥業有限公司) was qualified as a High and New Technology Enterprise and enjoys a preferential income tax rate of 15% from 2025 to 2027.

Suzhou Salubris (信立泰(蘇州)藥業有限公司) was qualified as a High and New Technology Enterprise and enjoyed a preferential income tax rate of 15% from 2023 to 2025. The qualification is subject to review by the relevant tax authority in the Chinese mainland every three years. The entity is expected to obtain the renewal of the above qualification for 2026 to 2028 in December 2026.

Chengdu Salubris (信立泰(成都)生物技術有限公司) was qualified as a High and New Technology Enterprise and enjoyed a preferential income tax rate of 15% from 2023 to 2025. The qualification is subject to review by the relevant tax authority in the Chinese mainland every three years. The entity is expected to obtain the renewal of the above qualification for 2026 to 2028 in December 2026.

Beijing Salubris Pharmaceuticals Limited (北京信立泰醫療器械有限公司) was qualified as a High and New Technology Enterprise and enjoys a preferential income tax rate of 15% from 2025 to 2027.

ShenZhen KYD Biomedical Technology Co., Ltd. (深圳市科奕頓生物醫療科技有限公司) was qualified as a High and New Technology Enterprise and enjoys a preferential income tax rate of 15% from 2025 to 2027.

Shenzhen Jianshankang Pharmaceutical Co., Ltd. (“Shenzhen Jianshankang”) (深圳市健善康醫藥有限公司), Butler Biotechnology (Suzhou) Co Limited (巴特勒生物科技(蘇州)有限公司) and Leland Biotechnology (Suzhou) Co Limited (利蘭生物科技(蘇州)有限公司) were qualified as Micro and Small Enterprises and enjoyed a preferential income tax rate of 20% from 2023 to 2026.

The income tax expense of the Group for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 is analysed 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
Current income tax	74,059	83,265	69,403	32,494	45,508
Deferred income tax	(13,127)	(55,905)	(66,279)	8,747	(38,140)
Total tax charge for the year	<u>60,932</u>	<u>27,360</u>	<u>3,124</u>	<u>41,241</u>	<u>7,368</u>

APPENDIX I

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A reconciliation of the expected income tax, calculated at the preferential tax rate on profit before income tax, to the actual income tax at the effective tax rate 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
Profit before tax	641,761	632,516	655,908	416,611	397,845
Tax charge at the preferential tax rate of 15%	96,264	94,877	98,386	62,492	59,677
Effect of different tax rates	2,279	708	8,815	5,512	6,880
Adjustments in respect of current tax of previous periods	2,037	222	252	252	2,350
Losses attributable to associates	2,319	771	10,180	539	1,541
Income not subject to tax	(1,803)	(352)	(1,175)	(185)	(358)
Tax losses utilised from previous periods	(30,135)	(3,649)	(69,414)	(6,904)	(43,404)
Additional deductible allowance for qualified research and development expenses	(42,968)	(83,569)	(84,659)	(35,160)	(41,787)
Temporary differences and tax losses not recognised	19,621	13,231	31,123	11,943	16,677
Expenses not deductible for tax	13,318	5,121	9,616	2,752	5,792
Tax charge at the Group’s effective tax rate	60,932	27,360	3,124	41,241	7,368

According to the Corporate Income Tax Law, the Company and its subsidiaries are entitled to additional deduction of qualified research and development expenses from the taxable income. The additional deduction percentage was 100% for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

The share of tax expense/(credit) attributable to associates amounting to RMB(769,000), RMB586,000 and RMB(120,000), and nil and nil, during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 respectively, is included in “Share of losses of associates” in the profit or loss.

11. DIVIDENDS

	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
Final dividends in respect of the previous year, declared or paid during the year/period (tax inclusive)	545,680	545,680	557,408	557,408	613,149

Final dividends of RMB5.00, RMB5.00, RMB5.00 and RMB5.50 per 10 shares (tax inclusive) in respect of the years ended 31 December 2022, 2023, 2024 and 2025 were approved by the annual general meeting of the Company in April 2023, 2024, 2025 and May 2026, respectively, and were paid in May 2023, June 2024, May 2025 and May 2026, respectively.

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

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares outstanding (excluding treasury shares) during the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 in respect of a dilution as the stock options outstanding, issued by a subsidiary of the Company, had an anti-dilutive effect on the basic earnings per share amounts presented.

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The calculations of basic and diluted earnings 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
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation (RMB'000)	580,066	601,569	651,505	365,079	387,092
Shares					
Weighted average number of ordinary shares outstanding during the year, used in the basic and diluted earnings per share calculation	1,091,359,012	1,102,575,041	1,114,816,535	1,114,816,535	1,114,637,605

13 PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023							
Cost	1,207,672	894,439	9,722	238,849	195,258	37,595	2,583,535
Accumulated depreciation and impairment	(294,529)	(446,328)	(6,768)	(164,052)	(70,503)	–	(982,180)
Net carrying amount	913,143	448,111	2,954	74,797	124,755	37,595	1,601,355
At 1 January 2023, net of accumulated depreciation and impairment	913,143	448,111	2,954	74,797	124,755	37,595	1,601,355
Additions	–	22,782	397	28,566	2,432	57,038	111,215
Transfer	10,147	23,246	–	4,941	20,646	(58,980)	–
Transfer to investment properties	–	–	–	–	–	(1,299)	(1,299)
Disposals	(81)	(2,690)	(3)	(584)	–	–	(3,358)
Depreciation provided during the year	(38,674)	(64,004)	(588)	(20,538)	(29,848)	–	(153,652)
Exchange realignment	–	306	–	14	–	–	320
At 31 December 2023, net of accumulated depreciation and impairment	884,535	427,751	2,760	87,196	117,985	34,354	1,554,581
At 31 December 2023							
Cost	1,217,603	930,470	10,087	267,226	212,897	34,354	2,672,637
Accumulated depreciation and impairment	(333,068)	(502,719)	(7,327)	(180,030)	(94,912)	–	(1,118,056)
Net carrying amount	884,535	427,751	2,760	87,196	117,985	34,354	1,554,581

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31 December 2024	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024							
Cost	1,217,603	930,470	10,087	267,226	212,897	34,354	2,672,637
Accumulated depreciation and impairment	(333,068)	(502,719)	(7,327)	(180,030)	(94,912)	—	(1,118,056)
Net carrying amount	884,535	427,751	2,760	87,196	117,985	34,354	1,554,581
At 1 January 2024, net of accumulated depreciation and impairment	884,535	427,751	2,760	87,196	117,985	34,354	1,554,581
Additions	181	15,514	956	41,803	165	80,470	139,089
Transfer	965	8,653	—	11,119	31,755	(52,492)	—
Transfer from investment properties	1,048	—	—	—	—	—	1,048
Disposals	—	(1,353)	(84)	(1,245)	—	—	(2,682)
Depreciation provided during the year	(41,305)	(61,749)	(655)	(23,682)	(32,719)	—	(160,110)
Impairment provided during the year (note 7)	—	(194)	—	—	—	—	(194)
Exchange realignment	—	193	—	13	—	—	206
At 31 December 2024, net of accumulated depreciation and impairment	845,424	388,815	2,977	115,204	117,186	62,332	1,531,938
At 31 December 2024							
Cost	1,222,022	944,066	10,196	308,219	243,969	62,332	2,790,804
Accumulated depreciation and impairment	(376,598)	(555,251)	(7,219)	(193,015)	(126,783)	—	(1,258,866)
Net carrying amount	845,424	388,815	2,977	115,204	117,186	62,332	1,531,938
31 December 2025	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025							
Cost	1,222,022	944,066	10,196	308,219	243,969	62,332	2,790,804
Accumulated depreciation and impairment	(376,598)	(555,251)	(7,219)	(193,015)	(126,783)	—	(1,258,866)
Net carrying amount	845,424	388,815	2,977	115,204	117,186	62,332	1,531,938
At 1 January 2025, net of accumulated depreciation and impairment	845,424	388,815	2,977	115,204	117,186	62,332	1,531,938
Additions	—	9,924	296	36,054	—	173,691	219,965
Transfer	13,922	21,028	—	6,066	21,685	(62,701)	—
Acquisition of subsidiaries (note 38)	—	5,309	—	47	1,082	—	6,438
Transfer from/to investment properties	22,647	—	—	—	—	—	22,647
Disposals	—	(3,164)	(28)	—	—	—	(3,192)
Depreciation provided during the year	(41,871)	(59,196)	(787)	(30,347)	(30,800)	—	(163,001)
Exchange realignment	—	(234)	—	(19)	—	—	(253)
At 31 December 2025, net of accumulated depreciation and impairment	840,122	362,482	2,458	127,005	109,153	173,322	1,614,542
At 31 December 2025							
Cost	1,265,839	968,052	10,218	344,834	216,615	173,322	2,978,880
Accumulated depreciation and impairment	(425,717)	(605,570)	(7,760)	(217,829)	(107,462)	—	(1,364,338)
Net carrying amount	840,122	362,482	2,458	127,005	109,153	173,322	1,614,542

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30 June 2026	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026							
Cost	1,265,839	968,052	10,218	344,834	216,615	173,322	2,978,880
Accumulated depreciation and impairment	(425,717)	(605,570)	(7,760)	(217,829)	(107,462)	–	(1,364,338)
Net carrying amount	<u>840,122</u>	<u>362,482</u>	<u>2,458</u>	<u>127,005</u>	<u>109,153</u>	<u>173,322</u>	<u>1,614,542</u>
At 1 January 2026, net of accumulated depreciation and impairment	840,122	362,482	2,458	127,005	109,153	173,322	1,614,542
Additions	–	16,314	5	9,324	–	81,077	106,720
Transfer	–	536	–	568	3,031	(4,135)	–
Transfer from/to investment properties	(5,019)	–	–	–	–	–	(5,019)
Disposals	–	(292)	–	(244)	–	–	(536)
Depreciation provided during the period	(21,024)	(27,885)	(356)	(16,713)	(14,391)	–	(80,369)
Exchange realignment	–	(280)	–	(22)	–	–	(302)
At 30 June 2026, net of accumulated depreciation and impairment	<u>814,079</u>	<u>350,875</u>	<u>2,107</u>	<u>119,918</u>	<u>97,793</u>	<u>250,264</u>	<u>1,635,036</u>
At 30 June 2026							
Cost	1,259,251	982,200	10,223	352,390	218,507	250,264	3,072,835
Accumulated depreciation and impairment	(445,172)	(631,325)	(8,116)	(232,472)	(120,714)	–	(1,437,799)
Net carrying amount	<u>814,079</u>	<u>350,875</u>	<u>2,107</u>	<u>119,918</u>	<u>97,793</u>	<u>250,264</u>	<u>1,635,036</u>

The Company

31 December 2023	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023							
Cost	805,619	475,913	7,494	134,008	92,865	25,935	1,541,834
Accumulated depreciation and impairment	(177,467)	(239,123)	(5,378)	(91,685)	(36,310)	–	(549,963)
Net carrying amount	<u>628,152</u>	<u>236,790</u>	<u>2,116</u>	<u>42,323</u>	<u>56,555</u>	<u>25,935</u>	<u>991,871</u>
At 1 January 2023, net of accumulated depreciation and impairment	628,152	236,790	2,116	42,323	56,555	25,935	991,871
Additions	–	11,333	24	22,560	–	18,569	52,486
Transfer	10,147	1,988	–	2,661	6,218	(21,014)	–
Transfer to investment properties	(71,058)	–	–	–	–	(1,299)	(72,357)
Disposals	–	(726)	–	(516)	–	–	(1,242)
Depreciation provided during the year	(22,726)	(32,347)	(360)	(11,347)	(11,799)	–	(78,579)
At 31 December 2023, net of accumulated depreciation and impairment	<u>544,515</u>	<u>217,038</u>	<u>1,780</u>	<u>55,681</u>	<u>50,974</u>	<u>22,191</u>	<u>892,179</u>
At 31 December 2023							
Cost	726,335	487,764	7,518	155,171	94,699	22,191	1,493,678
Accumulated depreciation and impairment	(181,820)	(270,726)	(5,738)	(99,490)	(43,725)	–	(601,499)
Net carrying amount	<u>544,515</u>	<u>217,038</u>	<u>1,780</u>	<u>55,681</u>	<u>50,974</u>	<u>22,191</u>	<u>892,179</u>

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31 December 2024	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024							
Cost	726,335	487,764	7,518	155,171	94,699	22,191	1,493,678
Accumulated depreciation and impairment	(181,820)	(270,726)	(5,738)	(99,490)	(43,725)	—	(601,499)
Net carrying amount . . .	<u>544,515</u>	<u>217,038</u>	<u>1,780</u>	<u>55,681</u>	<u>50,974</u>	<u>22,191</u>	<u>892,179</u>
At 1 January 2024, net of accumulated depreciation and impairment	544,515	217,038	1,780	55,681	50,974	22,191	892,179
Additions	—	3,771	732	35,158	—	21,707	61,368
Transfer	824	1,876	—	9,499	22,078	(34,277)	—
Transfer to investment properties	(431)	—	—	—	—	—	(431)
Disposals	—	(1,305)	(90)	(834)	—	—	(2,229)
Depreciation provided during the year	<u>(20,816)</u>	<u>(27,887)</u>	<u>(381)</u>	<u>(15,505)</u>	<u>(13,583)</u>	<u>—</u>	<u>(78,172)</u>
At 31 December 2024, net of accumulated depreciation and impairment	<u>524,092</u>	<u>193,493</u>	<u>2,041</u>	<u>83,999</u>	<u>59,469</u>	<u>9,621</u>	<u>872,715</u>
At 31 December 2024							
Cost	728,334	485,579	7,350	191,544	116,778	9,621	1,539,206
Accumulated depreciation and impairment	(204,242)	(292,086)	(5,309)	(107,545)	(57,309)	—	(666,491)
Net carrying amount . . .	<u>524,092</u>	<u>193,493</u>	<u>2,041</u>	<u>83,999</u>	<u>59,469</u>	<u>9,621</u>	<u>872,715</u>
31 December 2025	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025							
Cost	728,334	485,579	7,350	191,544	116,778	9,621	1,539,206
Accumulated depreciation and impairment	(204,242)	(292,086)	(5,309)	(107,545)	(57,309)	—	(666,491)
Net carrying amount . . .	<u>524,092</u>	<u>193,493</u>	<u>2,041</u>	<u>83,999</u>	<u>59,469</u>	<u>9,621</u>	<u>872,715</u>
At 1 January 2025, net of accumulated depreciation and impairment	524,092	193,493	2,041	83,999	59,469	9,621	872,715
Additions	—	4,203	296	26,832	—	31,327	62,658
Transfer	967	798	—	2,335	5,505	(9,605)	—
Transfer from investment properties	24,441	—	—	—	—	—	24,441
Disposals	—	(1,648)	(27)	—	—	—	(1,675)
Depreciation provided during the year	<u>(21,276)</u>	<u>(25,913)</u>	<u>(489)</u>	<u>(20,728)</u>	<u>(12,639)</u>	<u>—</u>	<u>(81,045)</u>
At 31 December 2025, net of accumulated depreciation and impairment	<u>528,224</u>	<u>170,933</u>	<u>1,821</u>	<u>92,438</u>	<u>52,335</u>	<u>31,343</u>	<u>877,094</u>
At 31 December 2025							
Cost	758,611	484,530	7,375	217,262	92,996	31,343	1,592,117
Accumulated depreciation and impairment	(230,387)	(313,597)	(5,554)	(124,824)	(40,661)	—	(715,023)
Net carrying amount . . .	<u>528,224</u>	<u>170,933</u>	<u>1,821</u>	<u>92,438</u>	<u>52,335</u>	<u>31,343</u>	<u>877,094</u>

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30 June 2026	Buildings	Machinery equipment	Motor vehicles	Other equipment	Leasehold improvements and renovation costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026							
Cost	758,611	484,530	7,375	217,262	92,996	31,343	1,592,117
Accumulated depreciation and impairment	(230,387)	(313,597)	(5,554)	(124,824)	(40,661)	—	(715,023)
Net carrying amount	<u>528,224</u>	<u>170,933</u>	<u>1,821</u>	<u>92,438</u>	<u>52,335</u>	<u>31,343</u>	<u>877,094</u>
At 1 January 2026, net of accumulated depreciation and impairment	528,224	170,933	1,821	92,438	52,335	31,343	877,094
Additions	—	9,798	5	5,784	—	31,164	46,751
Transfer	—	285	—	448	(177)	(556)	—
Transfer to investment properties	(12,059)	—	—	—	—	—	(12,059)
Disposals	—	(90)	—	(110)	—	—	(200)
Depreciation provided during the period	<u>(10,777)</u>	<u>(12,469)</u>	<u>(230)</u>	<u>(11,469)</u>	<u>(5,224)</u>	<u>—</u>	<u>(40,169)</u>
At 30 June 2026, net of accumulated depreciation and impairment	<u>505,388</u>	<u>168,457</u>	<u>1,596</u>	<u>87,091</u>	<u>46,934</u>	<u>61,951</u>	<u>871,417</u>
At 30 June 2026							
Cost	741,716	494,169	7,380	222,430	91,933	61,951	1,619,579
Accumulated depreciation and impairment	(236,328)	(325,712)	(5,784)	(135,339)	(44,999)	—	(748,162)
Net carrying amount	<u>505,388</u>	<u>168,457</u>	<u>1,596</u>	<u>87,091</u>	<u>46,934</u>	<u>61,951</u>	<u>871,417</u>

14. INVESTMENT PROPERTIES

The Group

Buildings	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January				
Cost	44,585	45,883	42,609	12,715
Accumulated depreciation	(9,852)	(13,538)	(12,507)	(5,973)
Net carrying amount	<u>34,733</u>	<u>32,345</u>	<u>30,102</u>	<u>6,742</u>
At 1 January, net of accumulated depreciation	34,733	32,345	30,102	6,742
Transfer from/(to) owner-occupied property	1,299	(1,048)	(22,647)	5,019
Depreciation provided during the year/period	<u>(3,687)</u>	<u>(1,195)</u>	<u>(713)</u>	<u>(217)</u>
At 31 December/30 June, net of accumulated depreciation	<u>32,345</u>	<u>30,102</u>	<u>6,742</u>	<u>11,544</u>
At 31 December/30 June				
Cost	45,883	42,609	12,715	19,303
Accumulated depreciation	(13,538)	(12,507)	(5,973)	(7,759)
Net carrying amount	<u>32,345</u>	<u>30,102</u>	<u>6,742</u>	<u>11,544</u>

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the Historical Financial Information.

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The Company

Buildings	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January				
Cost	74,222	164,950	163,775	134,465
Accumulated depreciation	(16,685)	(37,904)	(41,192)	(40,786)
Net carrying amount	<u>57,537</u>	<u>127,046</u>	<u>122,583</u>	<u>93,679</u>
At 1 January, net of accumulated depreciation	57,537	127,046	122,583	93,679
Transfer from/(to) owner-occupied property	72,357	431	(24,441)	12,059
Depreciation provided during the year/period	(2,848)	(4,894)	(4,463)	(2,111)
At 31 December/30 June, net of accumulated depreciation	<u>127,046</u>	<u>122,583</u>	<u>93,679</u>	<u>103,627</u>
At 31 December/30 June				
Cost	164,950	163,775	134,465	151,360
Accumulated depreciation	(37,904)	(41,192)	(40,786)	(47,733)
Net carrying amount	<u>127,046</u>	<u>122,583</u>	<u>93,679</u>	<u>103,627</u>

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 45 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 10 years.

(a) Right-of-use assets

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

The Group

	Buildings	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	29,303	126,747	156,050
Additions	9,108	–	9,108
Depreciation charge	(17,601)	(3,323)	(20,924)
Termination	(49)	–	(49)
Exchange realignment	71	–	71
As at 31 December 2023 and 1 January 2024	<u>20,832</u>	<u>123,424</u>	<u>144,256</u>
Additions	7,399	–	7,399
Depreciation charge	(13,727)	(3,323)	(17,050)
Termination	(2,239)	–	(2,239)
Exchange realignment	2,942	–	2,942
As at 31 December 2024 and 1 January 2025	<u>15,207</u>	<u>120,101</u>	<u>135,308</u>
Additions	24,693	43,246	67,939
Acquisition of subsidiaries (note 38)	571	–	571
Depreciation charge	(13,862)	(4,047)	(17,909)
Termination	(51)	–	(51)
Exchange realignment	(16)	–	(16)
As at 31 December 2025 and 1 January 2026	<u>26,542</u>	<u>159,300</u>	<u>185,842</u>
Additions	3,602	–	3,602
Depreciation charge	(4,363)	(2,281)	(6,644)
Exchange realignment	(17)	–	(17)
As at 30 June 2026	<u>25,764</u>	<u>157,019</u>	<u>182,783</u>

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The Company

	Buildings	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	20,758	55,747	76,505
Additions	13,756	—	13,756
Depreciation charge	(11,294)	(1,605)	(12,899)
Termination	(73)	—	(73)
As at 31 December 2023 and 1 January 2024	<u>23,147</u>	<u>54,142</u>	<u>77,289</u>
Additions	2,416	—	2,416
Depreciation charge	(11,080)	(1,607)	(12,687)
Termination	(1,113)	—	(1,113)
As at 31 December 2024 and 1 January 2025	<u>13,370</u>	<u>52,535</u>	<u>65,905</u>
Additions	12,744	43,246	55,990
Depreciation charge	(8,703)	(2,327)	(11,030)
Termination	(51)	—	(51)
As at 31 December 2025 and 1 January 2026	<u>17,360</u>	<u>93,454</u>	<u>110,814</u>
Additions	778	—	778
Depreciation charge	(3,172)	(1,422)	(4,594)
As at 30 June 2026	<u>14,966</u>	<u>92,032</u>	<u>106,998</u>

(b) Lease liabilities

The Group

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	31,047	23,466	13,879	26,844
Additions	9,108	7,399	24,693	3,602
Acquisition of subsidiaries (note 38)	—	—	565	—
Accretion of interest recognised during the year/period	1,263	1,147	797	440
Termination	(49)	(2,239)	(51)	—
Lease payment	(19,963)	(14,279)	(13,991)	(4,561)
Exchange realignment	2,060	(1,615)	952	(107)
Carrying amount at 31 December/30 June	<u>23,466</u>	<u>13,879</u>	<u>26,844</u>	<u>26,218</u>
Analysed into:				
Current portion	10,927	9,704	5,864	7,129
Non-current portion	12,539	4,175	20,980	19,089

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	21,443	23,870	14,005	17,499
Additions	13,756	2,416	12,744	778
Accretion of interest recognised during the year/period	1,046	801	578	289
Termination	(73)	(1,113)	(51)	—
Lease payment	(12,302)	(11,969)	(9,777)	(3,379)
Carrying amount at 31 December/30 June	<u>23,870</u>	<u>14,005</u>	<u>17,499</u>	<u>15,187</u>

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	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Current portion	10,684	7,034	5,001	5,267
Non-current portion	13,186	6,971	12,498	9,920
	<u>23,870</u>	<u>14,005</u>	<u>17,499</u>	<u>15,187</u>

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

The Group

	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
Lease payments in respect of short-term leases	4,504	3,154	3,533	2,227	1,736
Interest on lease liabilities	1,263	1,147	797	427	440
Depreciation charge of right-of-use assets	20,924	17,050	17,346	11,701	6,491
Total amount recognised in profit or loss	<u>26,691</u>	<u>21,351</u>	<u>21,676</u>	<u>14,355</u>	<u>8,667</u>

The Company

	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
Lease payments in respect of short-term leases	655	366	282	278	321
Interest on lease liabilities	1,046	801	578	261	289
Depreciation charge of right-of-use assets	12,899	12,687	11,030	6,377	4,594
Total amount recognised in profit or loss	<u>14,600</u>	<u>13,854</u>	<u>11,890</u>	<u>6,916</u>	<u>5,204</u>

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

The Group as a lessor

The Group leases its investment properties (note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2025 and 2026 was RMB2,714,000, RMB3,047,000, RMB1,747,000, RMB1,005,000 and RMB760,000, respectively, details of which are included in note 5 to the Historical Financial Information.

At 31 December 2023, 2024 and 2025 and 30 June 2026, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	2,784	2,293	1,718	1,540
Over one year	6,372	4,692	4,447	4,504
Total	<u>9,156</u>	<u>6,985</u>	<u>6,165</u>	<u>6,044</u>

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The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	12,506	12,082	12,414	14,119
Over one year	43,683	32,214	21,878	17,387
Total	<u>56,189</u>	<u>44,296</u>	<u>34,292</u>	<u>31,506</u>

16. GOODWILL

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At beginning of year/period	380,846	380,846	380,846	589,421
Acquisition of subsidiaries (<i>note 38</i>)	—	—	208,575	—
Deregistration of a subsidiary	—	—	—	(293,708)
At end of year/period	<u>380,846</u>	<u>380,846</u>	<u>589,421</u>	<u>295,713</u>
Accumulated impairment:				
At beginning of year/period	320,319	369,934	369,934	369,934
Impairment loss recognised (<i>note 7</i>)	49,615	—	—	—
Deregistration of a subsidiary	—	—	—	(293,708)
At end of year/period	<u>369,934</u>	<u>369,934</u>	<u>369,934</u>	<u>76,226</u>
Net carrying amount:				
At beginning of year/period	<u>60,527</u>	<u>10,912</u>	<u>10,912</u>	<u>219,487</u>
At end of year/period	<u>10,912</u>	<u>10,912</u>	<u>219,487</u>	<u>219,487</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Suzhou Huanchen Medical Technology Co., Ltd. 蘇州恒晨醫療科技有限公司	293,708	293,708	293,708	—
PTH (1-34) (“Project BF34”)	76,226	76,226	76,226	76,226
ShenZhen KYD Biomedical Technology Co., Ltd. 深圳市科奕頓生物醫療科技有限公司	10,912	10,912	10,912	10,912
Butler Biotechnology (Shenzhen) Co., Ltd. 巴特勒生物科技(深圳)有限公司 (<i>note 38</i>)	—	—	208,575	208,575
Total	<u>380,846</u>	<u>380,846</u>	<u>589,421</u>	<u>295,713</u>

A CGU to which goodwill has been allocated is tested for impairment by the management annually, and whenever there is an indication that the unit may be impaired. As at 30 June 2026, management has considered and assessed all available internal and external sources of information and has not identified any indications that an impairment loss of goodwill may have occurred during the six months ended 30 June 2026. Therefore, goodwill will be tested for impairment at the end of 2026.

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Suzhou Huanchen Medical Technology Co., Ltd.

The recoverable amount of Suzhou Huanchen Medical Technology Co., Ltd. CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. Due to the failure to bid in government centralised procurement, the recoverable amount of Suzhou Huanchen Medical Technology Co., Ltd. was less than the carrying value and a full impairment of goodwill was recognised prior to the Relevant Periods.

In 2026, Suzhou Huanchen Medical Technology Co., Ltd. was deregistered and the corresponding goodwill was derecognised.

The pre-tax discount rate applied to the cash flow projections, the revenue growth rate, EBIT margin and the terminal growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period are as follows:

	As at 31 December
	2020
Compound revenue growth rate	18.00%
EBIT margin	36.00%
Pre-tax discount rate	13.79%
Terminal growth rate	0%

The values assigned to the key assumptions on EBIT margin, discount rates and growth rates are consistent with management’s past experience and external information sources.

Project BF34

The recoverable amount of Project BF34 CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. Due to the adjustment in the commercialisation of products, the recoverable amount of Project BF34 was less than the carrying value and an impairment of goodwill in the amount of RMB26,611,000 was recognised prior to the Relevant Periods.

As at 31 December 2023, due to the further decrease in revenue, the recoverable amount of Project BF34 was less than the carrying value and the additional impairment provision of RMB49,615,000 was recognised in 2023.

The pre-tax discount rate applied to the cash flow projections, the revenue growth rate, EBIT margin and the terminal growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period are as follows:

	As at 31 December
	2023
Compound revenue growth rate	(28.86%)
EBIT margin	53.24%
Pre-tax discount rate	13.41%
Terminal growth rate	0%

The values assigned to the key assumptions on EBIT margin, discount rates and growth rates are consistent with management’s past experience and external information sources.

ShenZhen KYD Biomedical Technology Co., Ltd.

The recoverable amount of ShenZhen KYD Biomedical Technology Co., Ltd CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. As the recoverable amount has exceeded the carrying value at the end of each of the Relevant Periods, no impairment was required.

The pre-tax discount rate applied to the cash flow projections, the revenue growth rate, EBIT margin and the terminal growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period are as follows:

	As at 31 December		
	2023	2024	2025
Compound revenue growth rate	35.92%	41.20%	34.36%
EBIT margin	11.65%	20.72%	19.59%
Pre-tax discount rate	14.84%	14.84%	14.06%
Terminal growth rate	0%	0%	0%

The values assigned to the key assumptions on EBIT margin, discount rates and growth rates are consistent with management’s past experience and external information sources.

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The headroom was RMB27,258,000, RMB22,809,000 and RMB26,060,000 as at 31 December 2023, 2024 and 2025, respectively.

Decrease in the revenue growth rate or increase in pre-tax discount rate as follows (with other assumptions remaining unchanged) would result in the ShenZhen KYD Biomedical Technology Co., Ltd’s recoverable amount equal to its carrying amount:

	As at 31 December		
	2023	2024	2025
	Increase/(decrease)	Increase/(decrease)	Increase/(decrease)
Compound revenue growth rate	(11.27%)	(7.33%)	(11.24%)
Pre-tax discount rate	4.32%	4.56%	9.97%

In the opinion of the directors, except for the above, any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount as at 31 December 2023, 2024 and 2025.

Butler Biotechnology (Shenzhen) Co., Ltd.

The recoverable amount of Butler Biotechnology (Shenzhen) Co., Ltd. CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. As the recoverable amount has exceeded the carrying value as at 31 December 2025, no impairment was required.

The pre-tax discount rate applied to the cash flow projections, the revenue growth rate, EBIT margin and the terminal growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period are as follows:

	As at 31 December
	2025
Compound revenue growth rate	51.54%
EBIT margin	44.31%
Pre-tax discount rate	12.54%
Terminal growth rate	0%

The values assigned to the key assumptions on EBIT margin, discount rates and growth rates are consistent with management’s past experience and external information sources.

The headroom was RMB14,196,000 as at 31 December 2025. Decrease in the revenue growth rate or increase in pre-tax discount rate as follows (with other assumptions remaining unchanged) would result in the Butler Biotechnology (Shenzhen) Co., Ltd’s recoverable amount equal to its carrying amount:

	As at 31 December
	2025
	Increase/(decrease)
Compound revenue growth rate	(7.38%)
Pre-tax discount rate	3.36%

In the opinion of the directors, except for the above, any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit’s carrying amount to exceed its recoverable amount as at 31 December 2025.

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17. OTHER INTANGIBLE ASSETS

The Group

31 December 2023	Patent right	Non-patent technology	Software	Trademark	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023							
Cost	106,766	1,570,367	23,197	27,268	–	1,219,075	2,946,673
Accumulated amortisation and impairment	(104,761)	(743,779)	(13,077)	(27,268)	–	–	(888,885)
Net carrying amount	2,005	826,588	10,120	–	–	1,219,075	2,057,788
At 1 January 2023, net of accumulated amortisation and impairment	2,005	826,588	10,120	–	–	1,219,075	2,057,788
Additions	–	–	3,807	–	–	637,713	641,520
Transfer	–	46,594	–	–	512,436	(559,030)	–
Amortisation provided during the year	(418)	(172,873)	(2,740)	–	(29,892)	–	(205,923)
Impairment provided during the year (note 7)	–	(1,029)	–	–	–	–	(1,029)
At 31 December 2023, net of accumulated amortisation and impairment	1,587	699,280	11,187	–	482,544	1,297,758	2,492,356
At 31 December 2023							
Cost	106,766	1,616,961	26,933	27,268	512,436	1,297,758	3,588,122
Accumulated amortisation and impairment	(105,179)	(917,681)	(15,746)	(27,268)	(29,892)	–	(1,095,766)
Net carrying amount	1,587	699,280	11,187	–	482,544	1,297,758	2,492,356
31 December 2024	Patent right	Non-patent technology	Software	Trademark	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024							
Cost	106,766	1,616,961	26,933	27,268	512,436	1,297,758	3,588,122
Accumulated amortisation and impairment	(105,179)	(917,681)	(15,746)	(27,268)	(29,892)	–	(1,095,766)
Net carrying amount	1,587	699,280	11,187	–	482,544	1,297,758	2,492,356
At 1 January 2024, net of accumulated amortisation and impairment	1,587	699,280	11,187	–	482,544	1,297,758	2,492,356
Additions	–	–	2,613	–	–	595,883	598,496
Transfer	–	276,688	–	–	–	(276,688)	–
Amortisation provided during the year	(419)	(184,073)	(3,096)	–	(51,244)	–	(238,832)
Impairment provided during the year (note 7)	–	(20,231)	–	–	–	(137,063)	(157,294)
At 31 December 2024, net of accumulated amortisation and impairment	1,168	771,664	10,704	–	431,300	1,479,890	2,694,726
At 31 December 2024							
Cost	106,766	1,893,649	29,552	27,268	512,436	1,479,890	4,049,561
Accumulated amortisation and impairment	(105,598)	(1,121,985)	(18,848)	(27,268)	(81,136)	–	(1,354,835)
Net carrying amount	1,168	771,664	10,704	–	431,300	1,479,890	2,694,726

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31 December 2025	Patent right	Non-patent technology	Software	Trademark	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025							
Cost	106,766	1,893,649	29,552	27,268	512,436	1,479,890	4,049,561
Accumulated amortisation and impairment	(105,598)	(1,121,985)	(18,848)	(27,268)	(81,136)	–	(1,354,835)
Net carrying amount	<u>1,168</u>	<u>771,664</u>	<u>10,704</u>	<u>–</u>	<u>431,300</u>	<u>1,479,890</u>	<u>2,694,726</u>
At 1 January 2025, net of accumulated amortisation and impairment	1,168	771,664	10,704	–	431,300	1,479,890	2,694,726
Additions	–	–	5,305	–	–	727,109	732,414
Transfer	–	244,709	–	–	39,901	(284,610)	–
Acquisition of subsidiaries (note 38)	–	7,070	–	12	–	115,723	122,805
Impairment provided during the year (note 7)	–	–	–	–	–	(151,149)	(151,149)
Amortisation provided during the year	<u>(417)</u>	<u>(203,307)</u>	<u>(3,598)</u>	<u>(12)</u>	<u>(52,960)</u>	<u>–</u>	<u>(260,294)</u>
At 31 December 2025, net of accumulated amortisation and impairment	<u>751</u>	<u>820,136</u>	<u>12,411</u>	<u>–</u>	<u>418,241</u>	<u>1,886,963</u>	<u>3,138,502</u>
At 31 December 2025							
Cost	106,766	2,145,427	34,326	27,280	552,337	1,886,963	4,753,099
Accumulated amortisation and impairment	(106,015)	(1,325,291)	(21,915)	(27,280)	(134,096)	–	(1,614,597)
Net carrying amount	<u>751</u>	<u>820,136</u>	<u>12,411</u>	<u>–</u>	<u>418,241</u>	<u>1,886,963</u>	<u>3,138,502</u>
30 June 2026	Patent right	Non-patent technology	Software	Trademark	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026							
Cost	106,766	2,145,427	34,326	27,280	552,337	1,886,963	4,753,099
Accumulated amortisation and impairment	(106,015)	(1,325,291)	(21,915)	(27,280)	(134,096)	–	(1,614,597)
Net carrying amount	<u>751</u>	<u>820,136</u>	<u>12,411</u>	<u>–</u>	<u>418,241</u>	<u>1,886,963</u>	<u>3,138,502</u>
At 1 January 2026, net of accumulated amortisation and impairment	751	820,136	12,411	–	418,241	1,886,963	3,138,502
Additions	–	–	853	–	5,961	348,955	355,769
Transfer	–	121,322	–	–	–	(121,322)	–
Amortisation provided during the period	<u>(207)</u>	<u>(103,986)</u>	<u>(2,039)</u>	<u>–</u>	<u>(28,395)</u>	<u>–</u>	<u>(134,627)</u>
At 30 June 2026, net of accumulated amortisation and impairment	<u>544</u>	<u>837,472</u>	<u>11,225</u>	<u>–</u>	<u>395,807</u>	<u>2,114,596</u>	<u>3,359,644</u>
At 30 June 2026							
Cost	20,165	2,218,712	35,179	12	558,298	2,114,596	4,946,962
Accumulated amortisation and impairment	(19,621)	(1,381,240)	(23,954)	(12)	(162,491)	–	(1,587,318)
Net carrying amount	<u>544</u>	<u>837,472</u>	<u>11,225</u>	<u>–</u>	<u>395,807</u>	<u>2,114,596</u>	<u>3,359,644</u>

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Impairment test of other intangible assets:

Non-patent technologies are transferred from deferred development costs and amortised over the estimated commercial lives of the underlying products. Deferred development costs are the capitalised expenditures incurred in the development phase of each project. The Group performed impairment test for non-patent technologies with impairment indicators and the deferred development costs which were not yet available for use annually by comparing their carrying amounts with the recoverable amounts.

Non-patent technologies

The recoverable amounts of non-patent technologies were determined based on the fair value less costs of disposal, which were determined using discounted cash flow valuation model based on financial budget approved by management. According to the impairment test, the Group recognised impairment loss of RMB1,029,000 and RMB20,231,000 for development projects during the years ended 31 December 2023 and 2024, respectively.

The key assumptions used in the valuation model are as follows:

	As at 31 December	
	2023	2024
Pre-tax discount rate	13.41%	13.00%
Compound revenue growth rate	(28.86)%	7.33%

The discount rate used reflect specific risks relating to non-patent technologies and the revenue growth rate used has considered the market where non-patent technologies are located and the profitability of the Group.

Deferred development costs

The recoverable amounts of the deferred development costs were determined based on the fair value less costs of disposal which were determined using discounted cash flow valuation model based on financial budget approved by management covering the estimated economic life of corresponding products. According to the impairment test, the Group recognised impairment loss of RMB137,063,000 and RMB151,149,000 during the years ended 31 December 2024 and 2025, respectively, due to the unsatisfactory clinical trial results.

The key assumptions used in the valuation model are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
Pre-tax discount rate	14.92%-16.36%	15.08%-16.41%	14.99%-16.76%	13.00%-15.59%
Compound revenue growth rate . . .	9.82%-68.84%	9.82%-52.83%	9.82%-65.82%	13.91%-70.77%

The discount rate used reflect specific risks relating to deferred development costs and the revenue growth rate used is consistent with management’s past experience and external information sources.

As at 31 December 2023, 2024 and 2025, and 30 June 2026, the headroom for deferred development costs in total was RMB673,478,000, RMB536,451,000, RMB824,309,000 and RMB1,217,813,000, respectively.

The Group have performed a sensitivity test with key assumptions of discount rate and expected revenue. Should the discount rate increase by 1% or expected revenue decrease by 5%, the headroom would decrease no more than 15% as at December 31, 2023, 2024 and 2025, and 30 June 2026.

In the opinion of the directors, no reasonably possible changes in any of the key assumptions would cause the recoverable amounts of non-patent technologies and deferred development costs to be materially lower than the carrying amounts.

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31 December 2023	Patent right	Non-patent technology	Software	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023						
Cost	20,099	975,203	22,116	—	1,129,051	2,146,469
Accumulated amortisation and impairment	(18,107)	(547,192)	(12,311)	—	—	(577,610)
Net carrying amount . .	<u>1,992</u>	<u>428,011</u>	<u>9,805</u>	<u>—</u>	<u>1,129,051</u>	<u>1,568,859</u>
At 1 January 2023, net of accumulated amortisation and impairment	1,992	428,011	9,805	—	1,129,051	1,568,859
Additions	—	—	3,736	—	477,174	480,910
Transfer	—	24,706	—	512,436	(537,142)	—
Amortisation provided during the year	<u>(414)</u>	<u>(116,735)</u>	<u>(2,640)</u>	<u>(29,892)</u>	<u>—</u>	<u>(149,681)</u>
At 31 December 2023, net of accumulated amortisation and impairment	<u>1,578</u>	<u>335,982</u>	<u>10,901</u>	<u>482,544</u>	<u>1,069,083</u>	<u>1,900,088</u>
At 31 December 2023						
Cost	20,099	999,909	25,772	512,436	1,069,083	2,627,299
Accumulated amortisation and impairment	(18,521)	(663,927)	(14,871)	(29,892)	—	(727,211)
Net carrying amount . .	<u>1,578</u>	<u>335,982</u>	<u>10,901</u>	<u>482,544</u>	<u>1,069,083</u>	<u>1,900,088</u>

31 December 2024	Patent right	Non-patent technology	Software	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024						
Cost	20,099	999,909	25,772	512,436	1,069,083	2,627,299
Accumulated amortisation and impairment	(18,521)	(663,927)	(14,871)	(29,892)	—	(727,211)
Net carrying amount . .	<u>1,578</u>	<u>335,982</u>	<u>10,901</u>	<u>482,544</u>	<u>1,069,083</u>	<u>1,900,088</u>
At 1 January 2024, net of accumulated amortisation and impairment	1,578	335,982	10,901	482,544	1,069,083	1,900,088
Additions	—	—	2,578	—	428,322	430,900
Transfer	—	282,162	—	—	(282,162)	—
Amortisation provided during the year	<u>(414)</u>	<u>(128,042)</u>	<u>(2,987)</u>	<u>(51,244)</u>	<u>—</u>	<u>(182,687)</u>
Impairment provided during the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(137,063)</u>	<u>(137,063)</u>
At 31 December 2024, net of accumulated amortisation and impairment	<u>1,164</u>	<u>490,102</u>	<u>10,492</u>	<u>431,300</u>	<u>1,078,180</u>	<u>2,011,238</u>
At 31 December 2024						
Cost	20,099	1,282,071	28,350	512,436	1,078,180	2,921,136
Accumulated amortisation and impairment	(18,935)	(791,969)	(17,858)	(81,136)	—	(909,898)
Net carrying amount . .	<u>1,164</u>	<u>490,102</u>	<u>10,492</u>	<u>431,300</u>	<u>1,078,180</u>	<u>2,011,238</u>

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31 December 2025	Patent right	Non-patent technology	Software	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025						
Cost	20,099	1,282,071	28,350	512,436	1,078,180	2,921,136
Accumulated amortisation and impairment	(18,935)	(791,969)	(17,858)	(81,136)	—	(909,898)
Net carrying amount . .	<u>1,164</u>	<u>490,102</u>	<u>10,492</u>	<u>431,300</u>	<u>1,078,180</u>	<u>2,011,238</u>
At 1 January 2025, net of accumulated amortisation and impairment	1,164	490,102	10,492	431,300	1,078,180	2,011,238
Additions	—	—	3,753	—	386,521	390,274
Transfer	—	244,709	—	39,901	(284,610)	—
Impairment provided during the year	—	—	—	—	(2,742)	(2,742)
Amortisation provided during the year	<u>(414)</u>	<u>(150,618)</u>	<u>(3,477)</u>	<u>(52,960)</u>	<u>—</u>	<u>(207,469)</u>
At 31 December 2025, net of accumulated amortisation and impairment	<u>750</u>	<u>584,193</u>	<u>10,768</u>	<u>418,241</u>	<u>1,177,349</u>	<u>2,191,301</u>
At 31 December 2025						
Cost	20,099	1,526,780	32,103	552,337	1,177,349	3,308,668
Accumulated amortisation and impairment	(19,349)	(942,587)	(21,335)	(134,096)	—	(1,117,367)
Net carrying amount . .	<u>750</u>	<u>584,193</u>	<u>10,768</u>	<u>418,241</u>	<u>1,177,349</u>	<u>2,191,301</u>
30 June 2026	Patent right	Non-patent technology	Software	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026						
Cost	20,099	1,526,780	32,103	552,337	1,177,349	3,308,668
Accumulated amortisation and impairment	(19,349)	(942,587)	(21,335)	(134,096)	—	(1,117,367)
Net carrying amount . .	<u>750</u>	<u>584,193</u>	<u>10,768</u>	<u>418,241</u>	<u>1,177,349</u>	<u>2,191,301</u>
At 1 January 2026, net of accumulated amortisation and impairment	750	584,193	10,768	418,241	1,177,349	2,191,301
Additions	—	—	567	—	170,910	171,477
Amortisation provided during the period . .	<u>(206)</u>	<u>(75,264)</u>	<u>(1,925)</u>	<u>(28,196)</u>	<u>—</u>	<u>(105,591)</u>
At 30 June 2026, net of accumulated amortisation and impairment	<u>544</u>	<u>508,929</u>	<u>9,410</u>	<u>390,045</u>	<u>1,348,259</u>	<u>2,257,187</u>
At 30 June 2026						
Cost	20,099	1,526,780	32,670	552,337	1,348,259	3,480,145
Accumulated amortisation and impairment	(19,555)	(1,017,851)	(23,260)	(162,292)	—	(1,222,958)
Net carrying amount . .	<u>544</u>	<u>508,929</u>	<u>9,410</u>	<u>390,045</u>	<u>1,348,259</u>	<u>2,257,187</u>

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18. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	154,290	153,236	152,116	139,172
Goodwill on acquisition	136,449	136,449	130,375	130,375
Total	<u>290,739</u>	<u>289,685</u>	<u>282,491</u>	<u>269,547</u>

The details of investments in associates are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
CASK Health Industry (Beijing) Co., Ltd. 中科健康產業(北京)有限公司	2,969	2,462	2,245	2,139
Pingtang Comprehensive Pilot Zone Wosheng Huijia Private Equity Partnership 平潭綜合實驗區沃生慧嘉股權投資合夥企業	54,592	53,267	52,075	51,813
Jinshi Biotechnology (Changshu) Co., Ltd. 金仕生物科技(常熟)有限公司	82,035	79,752	77,174	70,106
Sichuan Jinjiang Electronic Medical Device Technology Co., Ltd. 四川錦江電子醫療器械科技股份有限公司	131,711	134,757	131,460	125,903
Shanghai Yueguang Medical Technology Co., Ltd. 上海越光醫療科技有限公司	19,432	19,447	19,537	19,586
Total	<u>290,739</u>	<u>289,685</u>	<u>282,491</u>	<u>269,547</u>

Particulars of the principal associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration/ business	Percentage of ownership interest attributable to the Group	Principal activity
Pingtang Comprehensive Pilot Zone Wosheng Huijia Private Equity Partnership 平潭綜合實驗區沃生慧嘉股權投資合夥企業	Ordinary shares	Chinese mainland	As at 31 December 2023:29% As at 31 December 2024:29% As at 31 December 2025:29% As at 30 June 2026:29%	Investment
Jinshi Biotechnology (Changshu) Co., Ltd. 金仕生物科技(常熟)有限公司	Ordinary shares	Chinese mainland	As at 31 December 2023:7% As at 31 December 2024:7% As at 31 December 2025:7% As at 30 June 2026:7%	R&D and production of medical devices
Sichuan Jinjiang Electronic Medical Device Technology Co., Ltd. 四川錦江電子醫療器械科技股份有限公司	Ordinary shares	Chinese mainland	As at 31 December 2023:17% As at 31 December 2024:17% As at 31 December 2025:15% As at 30 June 2026:15%	R&D and production of medical devices

Although the Group’s equity interests in certain associates are less than 20%, the Group has significant influence over these entities as it has the power to participate in the financial and operating policy decisions of the entities by appointing a director in the board.

Certain of the associates incurred losses during the Relevant Periods as they are under the development of new products. Based on the recent capital injection transaction of the associates or the valuation results performed an independent valuer, the market price of the equity value has exceeded the carrying amount of the investment in the associates and the Group considers no impairment was required as at the end of the Relevant Periods.

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Share of associates’ loss for the year/period	(15,457)	(5,141)	(41,285)	(6,310)
Share of associates’ other equity adjustments	8,591	4,345	44,819	(6,633)
Cash dividends declared	(123)	(257)	–	–
Aggregate carrying amount of the Group’s investments in associates . .	<u>290,739</u>	<u>289,685</u>	<u>282,491</u>	<u>269,547</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Share of net assets	57,561	55,728	54,320	53,952
Goodwill on acquisition	–	–	–	–
Total	<u>57,561</u>	<u>55,728</u>	<u>54,320</u>	<u>53,952</u>

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
CASK Health Industry (Beijing) Co., Ltd. 中科健康產業(北京)有限公司 . .	2,969	2,461	2,245	2,139
Pingtian Comprehensive Pilot Zone Wosheng Huijia Private Equity Partnership 平潭綜合實驗區沃生慧嘉股權投資合夥企業	<u>54,592</u>	<u>53,267</u>	<u>52,075</u>	<u>51,813</u>
Total	<u>57,561</u>	<u>55,728</u>	<u>54,320</u>	<u>53,952</u>

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
<u>Current portion</u>				
Structured deposits	567,260	956,577	781,091	749,475
Wealth management products	150,979	463,020	443,610	293,487
Subtotal	<u>718,239</u>	<u>1,419,597</u>	<u>1,224,701</u>	<u>1,042,962</u>
<u>Non-current portion</u>				
Wealth management products	–	50,000	–	–
Unlisted equity investments, at fair value	<u>276,380</u>	<u>297,505</u>	<u>318,583</u>	<u>352,796</u>
Subtotal	<u>276,380</u>	<u>347,505</u>	<u>318,583</u>	<u>352,796</u>
Total	<u>994,619</u>	<u>1,767,102</u>	<u>1,543,284</u>	<u>1,395,758</u>

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The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current portion</u>				
Structured deposits	532,179	916,457	756,072	699,455
Wealth management products	100,934	372,779	321,902	180,484
Subtotal	<u>633,113</u>	<u>1,289,236</u>	<u>1,077,974</u>	<u>879,939</u>
<u>Non-current portion</u>				
Wealth management products	–	50,000	–	–
Unlisted equity investments, at fair value	104,978	124,730	188,672	222,017
Subtotal	<u>104,978</u>	<u>174,730</u>	<u>188,672</u>	<u>222,017</u>
Total	<u>738,091</u>	<u>1,463,966</u>	<u>1,266,646</u>	<u>1,101,956</u>

The above structured deposits and wealth management products were issued by certified financial institution in Chinese mainland with annual expected return rates ranging from 0.73% to 4.15%. They are mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The above unlisted equity investments are classified as financial assets at fair value through profit or loss as the Group had not irrevocably elected to classify at fair value through other comprehensive income and the purpose is mainly held for trading.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current portion</u>				
Bills receivable, at fair value	<u>77,984</u>	<u>49,114</u>	<u>129,159</u>	<u>121,265</u>
<u>Non-current portion</u>				
Unlisted equity investments, at fair value	<u>234,799</u>	<u>265,347</u>	<u>217,307</u>	<u>217,307</u>
Total	<u>312,783</u>	<u>314,461</u>	<u>346,466</u>	<u>338,572</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current portion</u>				
Bills receivable, at fair value	<u>70,428</u>	<u>36,916</u>	<u>99,730</u>	<u>66,850</u>
<u>Non-current portion</u>				
Unlisted equity investments, at fair value	<u>200,000</u>	<u>200,000</u>	<u>179,349</u>	<u>179,349</u>
Total	<u>270,428</u>	<u>236,916</u>	<u>279,079</u>	<u>246,199</u>

The above bills receivables were classified as financial assets at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling.

The above unlisted equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

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21. DEFERRED TAX

The Group

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

Deferred tax assets

	Provision for impairment of assets	Unrealised profit from internal transactions	Tax loss carry forwards	Credit impairment losses	Temporary differences arising from provisions	Deferred income	Accrued expenses and others	Differences in depreciation and amortisation periods for assets	Lease liabilities	Changes in fair value of financial assets at FVOCI	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	239	11,889	2,844	2,655	9,221	14,330	48,181	4,000	3,813	–	97,172
Deferred tax (charged)/credited to profit or loss during the year	400	5,222	19,238	319	(4,159)	(2,163)	(12,043)	2,223	(1,176)	–	7,861
As at 31 December 2023 and 1 January 2024	639	17,111	22,082	2,974	5,062	12,167	36,138	6,223	2,637	–	105,033
Deferred tax (charged)/credited to profit or loss during the year	1,412	16,017	5,145	842	(3,231)	8,689	28,350	1,402	(469)	–	58,157
As at 31 December 2024 and 1 January 2025	2,051	33,128	27,227	3,816	1,831	20,856	64,488	7,625	2,168	–	163,190
Deferred tax (charged)/credited to profit or loss during the year	1,068	(2,250)	20,218	723	11,837	1,062	41,167	1,517	2,098	–	77,440
Deferred tax credited to other comprehensive income during the year	–	–	–	–	–	–	–	–	–	3,097	3,097
As at 31 December 2025 and 1 January 2026	3,119	30,878	47,445	4,539	13,668	21,918	105,655	9,142	4,266	3,097	243,727
Deferred tax (charged)/credited to profit or loss during the period	(242)	2,152	11,489	(234)	3,536	315	12,420	(578)	(492)	–	28,366
As at 30 June 2026	2,877	33,030	58,934	4,305	17,204	22,233	118,075	8,564	3,774	3,097	272,093

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Deferred tax liabilities

	Fair value adjustments in business combinations not under common control	Fair value changes of trading financial assets	Temporary differences due to tax deductions permitted in advance under tax legislation and others	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	27,115	4,361	792	3,666	35,934
Deferred tax credited to profit or loss during the year	(3,546)	(382)	(82)	(1,256)	(5,266)
As at 31 December 2023 and 1 January 2024	23,569	3,979	710	2,410	30,668
Deferred tax (credited)/charged to profit or loss during the year	(3,774)	5,509	(95)	612	2,252
As at 31 December 2024 and 1 January 2025	19,795	9,488	615	3,022	32,920
Deferred tax (credited)/ charged to profit or loss during the year	(3,804)	13,573	(101)	1,493	11,161
Acquisition of subsidiaries (note 38)	16,172	—	—	—	16,172
As at 31 December 2025 and 1 January 2026	32,163	23,061	514	4,515	60,253
Deferred tax (credited)/ charged to profit or loss during the period	(1,797)	(7,461)	(45)	(471)	(9,774)
As at 30 June 2026	30,366	15,600	469	4,044	50,479

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	87,401	151,242	215,637	251,980
Net deferred tax liabilities recognised in the consolidated statement of financial position	13,036	20,972	32,163	30,366

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	1,242,987	1,183,008	1,129,377	1,149,320
Deductible temporary differences	47,893	51,652	30,487	34,127
Total	1,290,880	1,234,660	1,159,864	1,183,447

As at 31 December 2023, 2024 and 2025, and 30 June 2026, deferred tax assets have not been recognised in respect of tax losses arising in the Chinese mainland of RMB855,494,000, RMB735,119,000, RMB516,966,000 and RMB537,498,000, respectively, which will expire in one to ten years for offsetting against future taxable profits; deferred tax assets have not been recognised in respect of tax losses arising outside the Chinese mainland of RMB387,493,000, RMB447,889,000, RMB612,411,000 and RMB611,822,000, respectively, which are available indefinitely for offsetting against future taxable profits.

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

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The Company

Deferred tax assets

	Provision for impairment of assets	Credit impairment losses	Temporary differences arising from provisions	Deferred income	Accrued expenses	Differences in depreciation and amortisation periods for assets	Leases liabilities	Changes in fair value of financial assets at FVOCI	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
As at 1 January 2023	176	2,447	8,035	13,695	48,145	4,000	3,216	–	79,714
Deferred tax (charged)/credited to profit or loss during the year	1	(330)	(2,973)	(2,042)	(12,614)	2,223	364	–	(15,371)
As at 31 December 2023 and 1 January 2024 . . .	177	2,117	5,062	11,653	35,531	6,223	3,580	–	64,343
Deferred tax (charged)/credited to profit or loss during the year	334	363	(3,231)	8,617	27,790	1,402	(1,479)	–	33,796
As at 31 December 2024 and 1 January 2025 . . .	511	2,480	1,831	20,270	63,321	7,625	2,101	–	98,139
Deferred tax (charged)/credited to profit or loss during the year	(489)	634	2,739	565	24,521	450	524	–	28,944
Deferred tax credited to other comprehensive income during the year	–	–	–	–	–	–	–	3,097	3,097
As at 31 December 2025 and 1 January 2026 . . .	22	3,114	4,570	20,835	87,842	8,075	2,625	3,097	130,180
Deferred tax (charged)/credited to profit or loss during the period	484	96	2,887	(601)	6,874	(425)	(347)	–	8,968
As at 30 June 2026	506	3,210	7,457	20,234	94,716	7,650	2,278	3,097	139,148

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23. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	124,811	109,217	149,162	150,215
Work in progress	139,045	182,327	188,039	192,644
Finished goods	223,550	209,733	209,127	220,403
Goods in transit	3,451	5,479	1,865	4,457
Total	<u>490,857</u>	<u>506,756</u>	<u>548,193</u>	<u>567,719</u>

The inventories are net of a write-down of approximately RMB10,467,000, RMB34,870,000, RMB20,740,000 and RMB23,953,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	74,123	89,115	101,358	103,753
Work in progress	27,910	31,617	20,818	37,463
Finished goods	238,210	241,686	232,814	224,746
Goods in transit	3,451	3,161	1,865	369
Total	<u>343,694</u>	<u>365,579</u>	<u>356,855</u>	<u>366,331</u>

The inventories are net of a write-down of approximately RMB4,000, RMB2,446,000, RMB56,000 and RMB3,280,000 as at 31 December 2023, 2024, 2025 and 30 June 2026, respectively.

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	486,822	541,678	743,134	807,108
Bills receivables	—	—	6,933	27,349
Impairment	(19,423)	(24,926)	(28,680)	(27,000)
Total	<u>467,399</u>	<u>516,752</u>	<u>721,387</u>	<u>807,457</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	432,371	480,940	630,744	677,580
Bills receivables	—	—	2,264	24,233
Impairment	(13,272)	(15,086)	(19,423)	(20,582)
Total	<u>419,099</u>	<u>465,854</u>	<u>613,585</u>	<u>681,231</u>

The Group’s trade terms with certain customers are on credit, and the credit period is generally within 97 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. As at 31 December 2023, 2024, 2025 and 30 June 2026, the Group had a concentration of credit risk as 28.09%, 23.19%, 20.93% and 22.71% of trade receivables were related to the top five customers, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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An ageing analysis of the trade and bills receivables as at 31 December 2023, 2024, 2025 and 30 June 2026, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	449,343	508,331	720,705	802,553
Over 1 year	18,056	8,421	682	4,904
Total	<u>467,399</u>	<u>516,752</u>	<u>721,387</u>	<u>807,457</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	416,710	465,405	613,526	681,070
Over 1 year	2,389	449	59	161
Total	<u>419,099</u>	<u>465,854</u>	<u>613,585</u>	<u>681,231</u>

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

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	16,991	19,423	24,926	28,680
Impairment losses, net (<i>note 7</i>)	2,483	5,492	4,460	(1,672)
Amount written off as uncollectible	(51)	(2)	(702)	–
Exchange realignment	–	13	(4)	(8)
At end of year/period	<u>19,423</u>	<u>24,926</u>	<u>28,680</u>	<u>27,000</u>

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	15,329	13,272	15,086	19,423
Impairment losses, net	(2,057)	1,814	4,337	1,159
At end of year/period	<u>13,272</u>	<u>15,086</u>	<u>19,423</u>	<u>20,582</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group estimated that the expected loss rate for the bills receivables and the Company's trade receivables due from subsidiaries are minimal.

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

The Group

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables aged:			
Within 1 year	463,240	3.00%	13,897
Over 1 year	23,582	23.43%	5,526
Total	486,822	3.99%	19,423

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables aged:			
Within 1 year	524,053	3.00%	15,722
Over 1 year	17,625	52.22%	9,204
Total	541,678	4.60%	24,926

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables aged:			
Within 1 year	735,847	3.00%	22,075
Over 1 year	7,287	90.64%	6,605
Total	743,134	3.86%	28,680

As at 30 June 2026

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables aged:			
Within 1 year	799,179	3.00%	23,975
Over 1 year	7,929	38.15%	3,025
Total	807,108	3.35%	27,000

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

The Company

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables due from subsidiaries	23,029	—	—
Trade receivables aged:			
Within 1 year	406,464	3.00%	12,194
Over 1 year	2,878	37.49%	1,078
Total	432,371	3.07%	13,272

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As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables due from subsidiaries	13,318	–	–
Trade receivables aged:			
Within 1 year	466,069	3.00%	13,982
Over 1 year	1,553	71.09%	1,104
Total	480,940	3.14%	15,086

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables due from subsidiaries	884	–	–
Trade receivables aged:			
Within 1 year	629,257	3.00%	18,878
Over 1 year	603	90.38%	545
Total	630,744	3.08%	19,423

As at 30 June 2026

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Trade receivables due from subsidiaries	7,881	–	–
Trade receivables aged:			
Within 1 year	669,027	3.00%	20,071
Over 1 year	672	76.04%	511
Total	677,580	3.04%	20,582

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	30,613	60,248	46,940	43,229
Other receivables and deposits	23,025	25,159	32,500	25,244
Prepaid income taxes	8,700	14,057	30	12,434
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	12,259	5,664	7,315	11,257
	74,597	105,128	95,026	121,137
Impairment allowance	(1,156)	(1,255)	(1,624)	(1,261)
Total	73,441	103,873	93,402	119,876

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from subsidiaries	13,847	250,175	452,733	393,968
Other receivables and deposits	16,831	13,073	26,692	16,292
Prepaid income taxes	8,700	12,772	–	7,047
Prepayments	6,011	10,574	26,716	28,322

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	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	146	60	11	1
	45,535	286,654	514,393	474,603
Impairment allowance	(842)	(1,009)	(1,335)	(815)
Total	44,693	285,645	513,058	473,788

The Company estimated that the expected loss rate for its other receivables due from subsidiaries is minimal.

Other receivables are unsecured, non-interest-bearing and are collectable within one year.

As at 31 December 2023, 2024, 2025 and 30 June 2026, the impairment of the other receivables and deposits was measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the impairment was measured based on lifetime expected credit loss.

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

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	1,232	1,156	1,255	1,624
Impairment losses, net (note 7)	(70)	924	354	(363)
Amount written off as uncollectible	–	(825)	–	–
Exchange realignment	(6)	–	15	–
At the end of the year/period	1,156	1,255	1,624	1,261

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	988	842	1,009	1,335
Impairment losses, net	(146)	167	326	(520)
At the end of the year/period	842	1,009	1,335	815

26. CASH AND CASH EQUIVALENTS, RESTRICTED BANK DEPOSITS AND TIME DEPOSITS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	2,384,017	2,365,585	2,273,357	1,803,410
Less:				
Non-current portion				
Time deposits with original maturity over one year	(898,715)	(937,065)	(407,212)	(538,180)
Current portion				
Restricted bank deposits	(1,612)	(17,203)	(21,666)	(25,054)
Time deposits with original maturity over three months	(163,327)	(303,110)	(897,713)	(329,932)
Cash and cash equivalents	1,320,363	1,108,207	946,766	910,244
Denominated in:				

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	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	2,025,007	1,978,809	1,835,709	1,416,152
USD	357,767	385,623	436,526	386,140
Others	1,243	1,153	1,122	1,118
	<u>2,384,017</u>	<u>2,365,585</u>	<u>2,273,357</u>	<u>1,803,410</u>

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

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

As at 31 December 2023, the restricted bank deposits were amounts frozen for a lawsuit which was unfrozen in 2024. As at 31 December 2024, the restricted bank deposits of RMB14,807,000 were pledged for bills payables, RMB1,001,000 were pledged for construction projects, RMB1,200,000 were pledged for government grants. As at 31 December 2025, the restricted bank deposits of RMB20,000,000 were restricted for investment in certain structured deposits, RMB1,001,000 were pledged for construction projects, RMB351,000 were pledged for credit card, RMB314,000 were pledged for bills payables. As at 30 June 2026, the restricted bank deposits of RMB22,700,000 were pledged for investment in certain wealth management products, RMB1,001,000 were pledged for construction projects, RMB1,012,000 were pledged for bills payables, RMB341,000 were pledged for credit card.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	<u>1,188,789</u>	<u>1,279,466</u>	<u>1,213,154</u>	<u>881,106</u>
Less:				
Non-current portion				
Time deposits with original maturity over				
one year	<u>(506,808)</u>	<u>(517,495)</u>	<u>(233,090)</u>	<u>(151,759)</u>
Current portion				
Restricted bank deposits	<u>(1,612)</u>	<u>(15,002)</u>	<u>–</u>	<u>(22,700)</u>
Time deposits with original maturity over				
three months	<u>–</u>	<u>(216,572)</u>	<u>(569,257)</u>	<u>(255,908)</u>
Cash and cash equivalents	<u>680,369</u>	<u>530,397</u>	<u>410,807</u>	<u>450,739</u>
Denominated in				
RMB	<u>975,511</u>	<u>1,127,612</u>	<u>954,788</u>	<u>630,638</u>
USD	<u>213,278</u>	<u>151,854</u>	<u>258,366</u>	<u>250,468</u>
	<u>1,188,789</u>	<u>1,279,466</u>	<u>1,213,154</u>	<u>881,106</u>

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
Trade payables	118,413	93,524	146,681	120,742
Bills payables	<u>–</u>	<u>–</u>	<u>314</u>	<u>1,012</u>
Total	<u>118,413</u>	<u>93,524</u>	<u>146,995</u>	<u>121,754</u>

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An ageing analysis of the trade and bills payables as at 31 December 2023, 2024, 2025 and 30 June 2026, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	117,683	92,465	145,504	120,746
Over 1 year	730	1,059	1,491	1,008
Total	<u>118,413</u>	<u>93,524</u>	<u>146,995</u>	<u>121,754</u>

The trade payables are non-interest-bearing and are normally settled within a period of 3 months.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Due to subsidiaries	545,774	576,995	228,472	299,497
Trade payables	46,490	38,548	54,750	50,346
Bills payables	30,000	74,035	100,000	100,000
Total	<u>622,264</u>	<u>689,578</u>	<u>383,222</u>	<u>449,843</u>

An ageing analysis of the trade and bills payables as at 31 December 2023, 2024, 2025 and 30 June 2026, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	447,959	542,388	382,985	449,832
Over 1 year	174,305	147,190	237	11
Total	<u>622,264</u>	<u>689,578</u>	<u>383,222</u>	<u>449,843</u>

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
Accrued expenses	238,339	423,974	601,377	673,932
Payroll payables	224,374	262,958	257,523	197,357
Payables for purchases of items of property, plant and equipment	34,257	18,495	26,672	42,289
Payables for acquisition of subsidiaries (note 38)	—	—	30,000	—
Other tax payables	29,151	32,319	57,258	52,808
Sales rebates payables	33,986	12,373	34,283	54,499
Other payables	45,731	94,254	100,749	121,696
Other non-current liabilities due within one year (note 32)	—	—	415,873	451,151
Total	<u>605,838</u>	<u>844,373</u>	<u>1,523,735</u>	<u>1,593,732</u>

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The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses	225,671	405,753	566,683	637,073
Payroll payables	168,503	202,881	196,519	154,790
Amounts due to subsidiaries	127,790	59,280	329,693	304,144
Payables for purchases of items of property, plant and equipment	12,292	7,904	5,676	4,853
Other tax payables	20,035	19,792	38,722	36,907
Sales rebates payables	33,748	12,210	30,469	49,710
Other payables	38,279	69,059	76,749	102,072
Other non-current liabilities due within one year (note 32)	—	—	55,408	423,615
Total	<u>626,318</u>	<u>776,879</u>	<u>1,299,919</u>	<u>1,713,164</u>

Other payables are non-interest-bearing and repayable on demand.

29. INTEREST-BEARING BANK LOANS

The Group

	As at 31 December									As at 30 June		
	2023			2024			2025			2026		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans – unsecured	1.08-3.65	2024	<u>40,000</u>	1.2-3.65	2025	<u>120,000</u>	1.18-2.25	2026	<u>263,341</u>	0.5-2.4	2026-2027	<u>155,183</u>
Non-Current												
Bank loans – unsecured	—	—	<u>—</u>	—	—	<u>—</u>	—	—	<u>—</u>	1.8-2.4	2027-2029	<u>246,841</u>

	As at 31 December									As at 30 June		
	2023			2024			2025			2026		
	RMB'000			RMB'000			RMB'000			RMB'000		
Analysed into:												
Bank loans repayable:												
Within one year				40,000			120,000			263,341		155,183
In the one to second year, inclusive				—			—			—		3,241
In the second to third years, inclusive				—			—			—		243,600
Total				<u>40,000</u>			<u>120,000</u>			<u>263,341</u>		<u>402,024</u>

The Company

	As at 31 December									As at 30 June		
	2023			2024			2025			2026		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans – unsecured	—	—	<u>—</u>	—	—	<u>—</u>	2.25	2026	<u>73,341</u>	0.5-1.8	2026-2027	<u>3,782</u>
Non-Current												
Bank loans – unsecured	—	—	<u>—</u>	—	—	<u>—</u>	—	—	<u>—</u>	1.8	2027-2029	<u>178,200</u>

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	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	—	—	73,341	3,782
In the one to second year, inclusive . .	—	—	—	1,800
In the second to third years, inclusive .	—	—	—	176,400
Total	—	—	73,341	181,982
	=	=	=	=

All borrowings above are denominated in RMB and not subject to covenants.

30. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term advances received from customers				
Sale of goods	12,996	14,282	5,226	5,598
Rendering of services	2,736	1,664	8,705	3,612
Sales rebate	13,682	22,274	34,214	36,304
Total	29,414	38,220	48,145	45,514
	=	=	=	=

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of goods	12,701	11,456	4,675	1,656
Rendering of services	2,236	822	7,813	2,839
Total	14,937	12,278	12,488	4,495
	=	=	=	=

31. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	84,114	142,038	149,122	151,219
At beginning of year/period	98,535	84,114	142,038	149,122
Grants received during the year/period	26,071	95,821	48,726	11,487
Released to profit or loss during the year/period	(40,492)	(37,897)	(41,642)	(9,390)
At end of year/period	84,114	142,038	149,122	151,219
	=	=	=	=

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The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Government grants	77,688	135,133	138,903	134,894
At beginning of year/period	91,302	77,688	135,133	138,903
Grants received during the year/period	25,972	94,393	44,226	4,555
Released to profit or loss during the year/period	(39,586)	(36,948)	(40,456)	(8,564)
At end of year	77,688	135,133	138,903	134,894

The Group’s deferred income represented government grants received for projects and is credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

32. OTHER NON-CURRENT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Salubris Medtech liabilities (1)	387,477	404,775	415,873	423,615
Ningbo Meishan LP liabilities (2)	28,997	28,361	27,539	27,536
Total	416,474	433,136	443,412	451,151
Analysed into:				
Non-current	416,474	433,136	27,539	–
Current (note 28)	–	–	415,873	451,151

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Salubris Medtech liabilities	55,408	55,408	55,408	423,615
Analysed into:				
Non-current	55,408	55,408	–	–
Current (note 28)	–	–	55,408	423,615

- (1) On 20 April 2022, the Company, Salubris Medtech, a subsidiary of the Group, certain investors of Salubris Medtech, entered into an investment agreement. Pursuant to the investment agreement, the investors have paid a total of RMB300,500,000 capital contribution to Salubris Medtech and the investors have the right to request the Company to redeem all or any portion of the capital held by the investors, if Salubris Medtech fails to achieve a qualified initial public offering within forty-eight months from the closing date of the investment, at a redemption price of the issued capital and a return of interest rate of 9% per annum.

On 30 June 2026, the above investors of Salubris Medtech sent formal confirmations to the Company and requested the Company to repurchase all of the capital held by them. It gave rise to contractual obligation for the Company to pay cash that cannot be unconditionally avoided. The acquisition of the capital interests held by the investors is expected to be completed in 2026.

- (2) On 23 February 2017, the Company has entered into an investment agreement with certain investors to establish Ningbo Meishan Bonded Port Wosheng Jingjia Equity Investment Partnership (LP.) (寧波梅山保税港區沃生靜嘉股權投資合夥企業(有限合伙)) (“Ningbo Meishan LP”). The Company has control over Ningbo Meishan LP which was accounted for as a subsidiary of the Group. As Ningbo Meishan LP has a limited lifespan not exceeding 10 years and the partnership arrangement results in Ningbo Meishan LP having an unavoidable contractual obligation to deliver cash to the non-controlling shareholders of Ningbo Meishan LP, the investment from the investors was recognised as a liability rather than equity in the consolidated financial statements.

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In the Group’s consolidated statements of the financial position, the Group recognised the contractual obligation to the investors of Salubris Medtech and Ningbo Meishan LP as financial liabilities measured at amortised cost using the effective interest rate method.

In the Company’s statements of the financial position, as the Company has the obligation to purchase non-controlling interests in its subsidiaries at an agreed price at a future date, which meets the definition of derivative financial instrument under IFRS9, the Company classified it as financial liabilities at fair value through profit or loss, with the change in fair value charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. On 30 June 2026, as the investors of Salubris Medtech has exercised redemption rights to sell the capital interests to the Company and the Company has non-cancellable contractual obligation to pay cash, the derivative financial instrument was derecognised and the Company recognized a financial liability which equals the present value of the payment required to settle the obligation. The difference between the fair value of the derivative financial instrument on the exercise day and the present value of the payment was recognised as prepayment for Salubris Medtech liabilities (note 22). When the obligation is settled and the acquisition of the equity interest held by the investors is completed, the prepayment will be transferred to investment in Salubris Medtech by the Company.

The redemption liabilities were classified as non-current liabilities unless the investors had the right to demand the Company to redeem the investments within 12 months after the end of each of the reporting periods. As the triggering event of Salubris Medtech liabilities will occur within 12 months after the period end, Salubris Medtech liabilities were classified as current liabilities under other payables as at 31 December 2025 and 30 June 2026. As Ningbo Meishan LP’s lifespan is due in February 2027, Ningbo Meishan LP liabilities were classified as current liabilities as at 30 June 2026.

33. SHARE CAPITAL

The Group and the Company

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

	31 December 2023	31 December 2024	31 December 2025	30 June 2026
	Number of shares in issue	Number of shares in issue	Number of shares in issue	Number of shares in issue
Issued and fully paid: 1,114,816,535 ordinary shares of RMB1.00 each . .	1,114,816,535	1,114,816,535	1,114,816,535	1,114,816,535
	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Issued and fully paid: 1,114,816,535 ordinary shares of RMB1.00 each . .	1,114,817	1,114,817	1,114,817	1,114,817

34. TREASURY SHARES

The Group and the Company

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

	Number of shares	Treasury shares
		RMB’000
At 1 January 2023, 31 December 2023 and 1 January 2024	23,457,523	602,164
Grant and vesting of shares under share incentive scheme	(23,457,523)	(602,164)
At 31 December 2024, 2025 and 1 January 2026	—	—
Repurchase of shares	3,752,000	113,689
At 30 June 2026	3,752,000	113,689

The repurchased treasury shares will be used in the implementation of equity incentive plans or employee share ownership plans in future.

35. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods and the six months ended 30 June 2025 are presented in the consolidated statements of changes in equity.

(i) Share premium

Share premium of the Group represents the difference between the value of the share capital and the consideration received.

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(ii) Other reserve

Other reserve mainly represents the share-based compensation reserve arising from equity-settled share-based payment transactions, the reserves arising from equity accounting of investment in associates, the fair value changes of equity investments at fair value through other comprehensive income, the reserves arising from the transactions with the non-controlling shareholders and all foreign exchange differences arising from the translation of foreign operations of which the functional currencies are not RMB.

(iii) Surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the China Accounting Standards for Business Enterprises, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods and the six months ended 30 June 2025 are presented as follows:

	Share premium	Other reserve	Surplus reserve	Retained profits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2023	1,923,661	183,007	557,408	5,345,809	8,009,885
Profit for the year	–	–	–	594,987	594,987
Cash dividends	–	–	–	(545,680)	(545,680)
At 31 December 2023	1,923,661	183,007	557,408	5,395,116	8,059,192
At 1 January 2024	1,923,661	183,007	557,408	5,395,116	8,059,192
Profit for the year	–	–	–	753,198	753,198
Cash dividends	–	–	–	(545,680)	(545,680)
Others	–	(243)	–	–	(243)
At 31 December 2024	1,923,661	182,764	557,408	5,602,634	8,266,467
At 1 January 2025	1,923,661	182,764	557,408	5,602,634	8,266,467
Profit for the year	–	–	–	1,110,161	1,110,161
Other comprehensive income for the year:					
Changes in fair value of equity investments designated at fair value through other comprehensive income	–	(17,553)	–	–	(17,553)
Total comprehensive income for the year	–	(17,553)	–	1,110,161	1,092,608
Cash dividends	–	–	–	(557,408)	(557,408)
At 31 December 2025	1,923,661	165,211	557,408	6,155,387	8,801,667
At 1 January 2026	1,923,661	165,211	557,408	6,155,387	8,801,667
Profit for the period	–	–	–	116,862	116,862
Cash dividends	–	–	–	(613,149)	(613,149)
At 30 June 2026	1,923,661	165,211	557,408	5,659,100	8,305,380
At 1 January 2025	1,923,661	182,764	557,408	5,602,634	8,266,467
Profit for the period (unaudited)	–	–	–	895,935	895,935
Cash dividends (unaudited)	–	–	–	(557,408)	(557,408)
At 30 June 2025 (unaudited)	1,923,661	182,764	557,408	5,941,161	8,604,994

36. SHARE-BASED PAYMENTS

The Company has adopted a share incentive plan pursuant to which, the Company purchased shares from the stock market as treasury shares which were held for granting to the eligible participants. During the year ended 31 December 2024, the Company granted 23,457,520 shares to certain employees of the Group by transferring the treasury shares to the dedicated securities account controlled by the scheme management committee. The granted shares were vested immediately. As the subscription price of the shares approximates to the fair value, no share-based payment expenses were recognised.

Since 2021, Salubris Biotechnology Limited (the “Cayman Company”), a subsidiary of the Company, has established a share incentive plan and granted stock options of the Cayman Company to eligible overseas R&D employees. The exercise of stock options is subject to the service and performance conditions. As at 31 December 2023, 2024 and 2025, and 30 June 2026, the Cayman Company has outstanding stock options of 8,624,201, 9,742,178 and 11,601,268, and 6,605,441, respectively. The fair value of the stock options granted is determined based on a binomial model valuation model, taking into account the terms and conditions upon which the stock options were granted.

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On 12 December 2022, Salubris Medtech, a subsidiary of the Company, granted a total of 1,880,522 restricted shares of Salubris Medtech, through Shenzhen Xinxin Enterprise Management Partnership, an employee stock ownership platform, to 41 eligible employees at a price of RMB18.32 per share, with a service period of three years. As at 31 December 2023, 2024 and 2025, and 30 June 2026, Salubris Medtech has outstanding restricted shares of 1,880,522, 1,880,522, 1,880,522 and 425,778, respectively. The fair value of the restricted shares granted is determined with reference to recent transaction prices.

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2025 and 2026, the Group recognised share-based payment expenses of RMB25,945,000, RMB22,803,000, RMB27,493,000, RMB14,619,000 and RMB5,831,000 respectively.

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, and the six months ended 30 June 2025 and 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB9,108,000, RMB7,399,000 and RMB24,693,000, RMB2,759,000 and RMB3,602,000 respectively, in respect of lease arrangements for buildings.

During the six months ended 30 June 2026, the Group settled the interest-bearing bank loans of RMB1,466,000 on the maturity of the discounted bills receivables.

(b) Changes in liabilities arising from financing activities

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

	Interest-bearing bank loans	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000
At 1 January 2023	177,186	31,047	208,233
Changes from financing cash flows	(138,586)	(19,963)	(158,549)
New lease	–	9,108	9,108
Termination	–	(49)	(49)
Accretion of interest	1,400	1,263	2,663
Foreign exchange movement	–	2,060	2,060
At 31 December 2023	40,000	23,466	63,466
At 1 January 2024	40,000	23,466	63,466
Changes from financing cash flows	79,103	(14,279)	64,824
New lease	–	7,399	7,399
Termination	–	(2,239)	(2,239)
Accretion of interest	897	1,147	2,044
Foreign exchange movement	–	(1,615)	(1,615)
At 31 December 2024	120,000	13,879	133,879
At 1 January 2025	120,000	13,879	133,879
Changes from financing cash flows	123,926	(13,991)	109,935
New lease	–	24,693	24,693
Acquisition of subsidiaries	15,000	565	15,565
Termination	–	(51)	(51)
Accretion of interest	4,415	797	5,212
Foreign exchange movement	–	952	952
At 31 December 2025	263,341	26,844	290,185
At 1 January 2026	263,341	26,844	290,185
Changes from financing cash flows	139,362	(4,561)	134,801
New lease	–	3,602	3,602
Accretion of interest	787	440	1,227
Other non-cash movement	(1,466)	–	(1,466)
Foreign exchange movement	–	(107)	(107)
At 30 June 2026	402,024	26,218	428,242
At 1 January 2025	120,000	13,879	133,879
Changes from financing cash flows (unaudited)	42,601	(7,874)	34,727
New lease (unaudited)	–	2,759	2,759
Acquisition of subsidiaries (unaudited)	15,000	565	15,565
Termination (unaudited)	–	(51)	(51)
Accretion of interest (unaudited)	1,273	427	1,700
Foreign exchange movement (unaudited)	–	1,129	1,129
At 30 June 2025 (unaudited)	178,874	10,834	189,708

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(c) Total cash outflow for leases

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Within operating activities	4,504	3,154	3,533	2,227	1,736
Within financing activities	19,963	14,279	13,991	7,874	4,561
Total	24,467	17,433	17,524	10,101	6,297

38. BUSINESS COMBINATIONS

In July 2024 and January 2025, Salubris Medtech, a subsidiary of the Company, acquired 8.39% and 6.70% equity interest in Butler Biotechnology (Shenzhen) Co., Ltd. (“Butler”) at a cash consideration of RMB30,000,000 and RMB25,000,000, respectively. Salubris Medical had no control or significant influence over Butler and accounted for the 15.09% equity interests in Butler as financial assets at fair value through other comprehensive income.

Considering the future business prospects of Butler and the potential synergies with the Group’s business, the Group decided to further invest in Butler. In March 2025, Salubris Medtech entered into the Shareholders’ Voting Rights Entrustment Agreement (the “Agreement”) with Hongxinmin Biotechnology (Suzhou) Co., Ltd. (“Hongxinmin”), the major shareholder of Butler, and Xin Chaohua, the ultimate controller of Butler. Pursuant to the Agreement, Hongxinmin irrevocably and gratuitously entrusted Salubris Medtech exclusively with the voting rights associated with its 46.3572% equity interest in Butler. The entrustment period shall continue until Salubris Medtech achieves ownership of at least 51% equity interest in Butler through the purchase of equity interest or capital injection. Subsequently in June 2025, Salubris Medtech agreed to (i) pay cash consideration of RMB76,577,000 to certain shareholders of Butler; (ii) make a cash capital contribution of RMB30,000,000 to Butler; and (iii) issue 2.6524% of its share capital to Hongxinmin, in exchange for an aggregate 54.91% equity interest in Butler. As a result, Salubris Medtech has owned 70% equity interests in Butler which then became a subsidiary of the Group. The entrustment of the voting rights shall thereupon terminate immediately. The transaction was completed in June 2025.

The fair values of the identifiable assets and liabilities of Butler as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	13	6,438
Right-of-use assets	15(a)	571
Other intangible assets	17	122,805
Other non-current assets		14
Inventories		3,022
Trade receivables		806
Prepayments, other receivables and other assets		33,182
Cash and cash equivalents		2,405
Trade payables		(6,453)
Other payables and accruals		(2,711)
Interest-bearing bank loans		(15,000)
Lease liabilities	15(b)	(565)
Contract liabilities		(309)
Deferred tax liabilities	21	(16,172)
Total identifiable net assets at fair value		128,033
Non-controlling interests		(38,410)
Goodwill on acquisition	16	208,575
		298,198
Satisfied by:		
Cash consideration		76,577
Cash consideration payable (note 28)		30,000
Consideration of share capital of Salubris Medtech		129,776
Financial assets at fair value through other comprehensive income, as of the acquisition date		61,845
		298,198

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An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	Year ended 31 December	Six months ended 30 June
	2025	2026
	RMB'000	RMB'000
Cash and bank balances acquired	2,405	–
Cash paid	(46,577)	(30,000)
Net cash outflow on acquisition included in cash flows from investing activities	(44,172)	(30,000)

Since the acquisition, Butler contributed RMB182,000 to the Group’s revenue and incurred loss of RMB8,018,000 for the year ended 31 December 2025.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the year ended 31 December 2025 would have been RMB4,352,675,000 and RMB646,372,000, respectively.

39. PLEDGE OF ASSETS

Details of the Group’s restricted bank deposits are included in note 26 to the Historical Financial Information.

40. COMMITMENTS

The Group had the following capital commitments 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
Contracted, but not provided for:				
Purchase of items of property, plant and equipment	5,064	1,243	94,527	116,015

In addition, the Company enters into collaboration agreements with third parties to license intellectual property. The Company may be obligated to make future milestone payments and royalty payments associated with its collaboration agreements. Payment under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded in the financial statements because the achievement and timing of the milestones are not determinable.

41. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group

	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
Salaries, allowances and benefits in kind	6,350	6,646	7,557	3,579	3,226
Bonuses	3,839	5,483	5,221	2,750	2,630
Pension scheme contributions	1,045	977	1,024	547	432
Share-based payment expenses	–	109	77	39	37
Total	11,234	13,215	13,879	6,915	6,325

Further details of directors’ and supervisors’ remuneration are included in note 8 to the Historical Financial Information.

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42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2023, 2024, 2025 and 30 June 2026 were as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value:				
Financial assets at FVTPL	994,619	1,767,102	1,543,284	1,395,758
Financial assets at FVOCI	312,783	314,461	346,466	338,572
Financial assets at amortised cost:				
Trade and bills receivables	467,399	516,752	721,387	807,457
Financial assets included in other receivables and other assets	22,226	24,554	31,511	24,609
Restricted bank deposits	1,612	17,203	21,666	25,054
Time deposits	1,062,042	1,240,175	1,304,925	868,112
Cash and cash equivalents	1,320,363	1,108,207	946,766	910,244
	<u>2,873,642</u>	<u>2,906,891</u>	<u>3,026,255</u>	<u>2,635,476</u>
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and bills payables	118,413	93,524	146,995	121,754
Financial liabilities included in other payables and accruals	352,313	549,096	1,208,141	1,342,545
Lease liabilities	23,466	13,879	26,844	26,218
Interest-bearing bank loans	40,000	120,000	263,341	402,024
Other non-current liabilities	416,474	433,136	27,539	—
Total	<u>950,666</u>	<u>1,209,635</u>	<u>1,672,860</u>	<u>1,892,541</u>

43. TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024, 2025 and 30 June 2026, the Group endorsed certain bills receivable accepted by banks in the Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers or discounted certain bills receivables to banks in the Chinese Mainland (collectively, “Derecognised Bills”) with carrying amounts in aggregate of RMB224,885,000, RMB251,910,000, RMB143,253,000 and RMB231,791,000, respectively. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the Relevant Periods, the Group has recognised a loss of RMB2,832,000, RMB571,000, RMB235,000 and RMB402,000, respectively on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the reporting period and cumulatively. The endorsement has been made evenly throughout the reporting period.

Transferred financial assets that are not derecognised in their entirety

At 31 December 2025 and 30 June 2026, the Group endorsed certain bills receivables (the “Endorsed Bills”) with a carrying amount of RMB4,703,000 and RMB11,883,000 to certain of its suppliers in order to settle the other payables due to such suppliers (the “Endorsement”); the Group discounted certain bills receivable (the “Discounted Bills”) with a carrying amount of RMB649,000 and RMB1,901,000 (the “Discount”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and Discounted Bills and recognised the associated other payables and interest-bearing loans. Subsequent to the Endorsement and Discount, the Group did not retain any rights on the use of the Endorsed Bills and Discounted bills, including the sale, transfer or pledge of the Endorsed Bills and Discounted bills to any other third parties.

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44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2023, 2024, 2025 and 30 June 2026, the fair values of the Group’s financial assets or liabilities approximated to their respective carrying amounts.

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

The Group’s finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At 31 December 2023, 2024, 2025 and 30 June 2026, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

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

The fair values of the non-current portion of time deposits, other non-current assets, non-current portion of interest-bearing bank loans and other non-current liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk for interest-bearing bank loans as at 31 December 2023, 2024, 2025 and 30 June 2026 were assessed to be insignificant.

The fair values of unlisted equity investments designated at fair value through other comprehensive income and through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple and price to earnings (“P/E”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as liquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at 31 December 2023, 2024, 2025 and 30 June 2026.

The Group invests in unlisted investments, which represent wealth management products, structured deposits and bank acceptance bills issued by banks in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024, 2025 and 30 June 2026:

Equity investments	Valuation technique	Significant unobservable input	Range	Sensitivity relationship to unobservable input to fair value
31 December 2023 . .	Valuation multiples	Discount for lack of marketability	20.90% to 26.23%	Should the discount for lack of marketability be increased by 2%, the fair value of unlisted equity investments would be decreased by approximately RMB8,649,000.
31 December 2024 . .	Valuation multiples	Discount for lack of marketability	23.74% to 25.55%	Should the discount for lack of marketability be increased by 2%, the fair value of unlisted equity investments would be decreased by approximately RMB9,394,000.

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Equity investments	Valuation technique	Significant unobservable input	Range	Sensitivity relationship to unobservable input to fair value
31 December 2025 . .	Valuation multiples	Discount for lack of marketability	24.12% to 31.08%	Should the discount for lack of marketability be increased by 2%, the fair value of unlisted equity investments would be decreased by approximately RMB6,918,000.
30 June 2026	Valuation multiples	Discount for lack of marketability	24.12% to 28.25%	Should the discount for lack of marketability be increased by 2%, the fair value of unlisted equity investments would be decreased by approximately RMB6,667,000.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTPL				
– Structured deposits	–	567,260	–	567,260
– Wealth management products . . .	–	150,979	–	150,979
– Unlisted equity investments, at fair value	–	–	276,380	276,380
Financial assets at FVOCI				
– Bills receivable, at fair value . . .	–	77,984	–	77,984
– Unlisted equity investments, at fair value	–	–	234,799	234,799
	–	796,223	511,179	1,307,402
	–	–	–	–

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTPL				
– Structured deposits	–	956,577	–	956,577
– Wealth management products . . .	–	513,020	–	513,020
– Unlisted equity investments, at fair value	–	–	297,505	297,505
Financial assets at FVOCI				
– Bills receivable, at fair value . . .	–	49,114	–	49,114
– Unlisted equity investments, at fair value	–	–	265,347	265,347
	–	1,518,711	562,852	2,081,563
	–	–	–	–

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As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
– Structured deposits	–	781,091	–	781,091
– Wealth management products . . .	–	443,610	–	443,610
– Unlisted equity investments, at fair value	–	–	318,583	318,583
Financial assets at FVOCI				
– Bills receivable, at fair value . . .	–	129,159	–	129,159
– Unlisted equity investments, at fair value	–	–	217,307	217,307
	–	1,353,860	535,890	1,889,750
	–	–	–	–

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
– Structured deposits	–	749,475	–	749,475
– Wealth management products . . .	–	293,487	–	293,487
– Unlisted equity investments, at fair value	–	–	352,796	352,796
Financial assets at FVOCI				
– Bills receivable, at fair value . . .	–	121,265	–	121,265
– Unlisted equity investments, at fair value	–	–	217,307	217,307
	–	1,164,227	570,103	1,734,330
	–	–	–	–

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL				
At beginning of year/period	226,418	276,380	297,505	318,583
Total gains recognised in profit or loss	–	–	32,478	–
Purchases	50,000	20,000	10,000	35,000
Disposals	(931)	(248)	(19,820)	(413)
Exchange realignment	893	1,373	(1,580)	(374)
At end of year/period	276,380	297,505	318,583	352,796
Financial assets at FVOCI				
At beginning of year/period	200,000	234,800	265,347	217,307
Total gains/(loss) recognised in other comprehensive income	1,568	547	(11,195)	–
Purchases	33,232	30,000	25,000	–
Disposals	–	–	(61,845)	–
At end of year/period	234,800	265,347	217,307	217,307

The Group did not have any financial liabilities measured at fair value as at 31 December 2023, 2024, 2025 and 30 June 2026.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 for financial assets.

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Assets for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Time deposits with original maturity over one year	—	898,715	—	898,715
Other non-current assets	—	357	—	357
	—	<u>899,072</u>	—	<u>899,072</u>
	—	—	—	—

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Time deposits with original maturity over one year	—	937,065	—	937,065
Other non-current assets	—	650	—	650
	—	<u>937,715</u>	—	<u>937,715</u>
	—	—	—	—

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Time deposits with original maturity over one year	—	407,212	—	407,212
Other non-current assets	—	635	—	635
	—	<u>407,847</u>	—	<u>407,847</u>
	—	—	—	—

As at 30 June 2026

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Time deposits with original maturity over one year	—	538,180	—	538,180
Other non-current assets	—	626	—	626
	—	<u>538,806</u>	—	<u>538,806</u>
	—	—	—	—

Liabilities for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Other non-current liabilities	—	416,474	—	416,474
	—	<u>—</u>	—	<u>—</u>

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As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Other non-current liabilities	–	433,136	–	433,136
	=	=	=	=

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Other non-current liabilities	–	27,539	–	27,539
	=	=	=	=

As at 30 June 2026

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans	–	246,841	–	246,841
	=	=	=	=

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise interest-bearing bank loans, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables and trade and bills payables, which arise directly from its operations.

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

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations.

The following table demonstrates the sensitivity at 31 December 2023, 2024, 2025 and 30 June 2026 to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group’s profit before tax (due to changes in the translated value of monetary assets and liabilities) and the Group’s equity.

	Increase/(decrease) in foreign currency exchange rates	Increase/(decrease) in profit before tax	(Decrease)/increase in equity
	%	RMB'000	RMB'000
Year ended 31 December 2023			
If RMB weakens against the USD	(5)	18,767	21,994
If RMB strengthens against the USD	5	(18,767)	(21,994)
Year ended 31 December 2024			
If RMB weakens against the USD	(5)	19,536	21,904
If RMB strengthens against the USD	5	(19,536)	(21,904)
Year ended 31 December 2025			
If RMB weakens against the USD	(5)	21,889	21,022
If RMB strengthens against the USD	5	(21,889)	(21,022)
Six months ended 30 June 2026			
If RMB weakens against the USD	(5)	19,327	18,051
If RMB strengthens against the USD	5	(19,327)	(18,051)

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Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. The credit risk of the Group’s other financial assets, which comprise cash and cash equivalents, time deposits, restricted bank deposits, financial assets included in prepayments, other receivables and other assets and other non-current liabilities arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023, 2024, 2025 and 30 June 2026.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	486,822	486,822
Financial assets included in prepayments, other receivables and other assets					
– Normal**	22,112	—	—	—	22,112
– Doubtful**	—	—	50	—	50
Financial assets at FVOCI	77,984	—	—	—	77,984
Restricted bank deposits	1,612	—	—	—	1,612
Time deposits	1,062,042	—	—	—	1,062,042
Cash and cash equivalents	1,320,363	—	—	—	1,320,363
Other non-current assets	375	—	—	—	375
Total	<u>2,484,488</u>	<u>—</u>	<u>50</u>	<u>486,822</u>	<u>2,971,360</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	541,678	541,678
Financial assets included in prepayments, other receivables and other assets					
– Normal**	25,106	—	—	—	25,106
Financial assets at FVOCI	49,114	—	—	—	49,114
Restricted bank deposits	17,203	—	—	—	17,203
Time deposits	1,240,175	—	—	—	1,240,175
Cash and cash equivalents	1,108,207	—	—	—	1,108,207
Other non-current assets	684	—	—	—	684
Total	<u>2,440,489</u>	<u>—</u>	<u>—</u>	<u>541,678</u>	<u>2,982,167</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables*	—	—	—	750,067	750,067
Financial assets included in prepayments, other receivables and other assets					
– Normal**	32,500	—	—	—	32,500

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	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI	129,159	—	—	—	129,159
Restricted bank deposits	21,666	—	—	—	21,666
Time deposits	1,304,925	—	—	—	1,304,925
Cash and cash equivalents	946,766	—	—	—	946,766
Other non-current assets	661	—	—	—	661
Total	<u>2,435,677</u>	<u>—</u>	<u>—</u>	<u>750,067</u>	<u>3,185,744</u>

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	834,457	834,457
Financial assets included in prepayments, other receivables and other assets					
– Normal**	25,244	—	—	—	25,244
Financial assets at FVOCI	121,265	—	—	—	121,265
Restricted bank deposits	25,054	—	—	—	25,054
Time deposits	868,112	—	—	—	868,112
Cash and cash equivalents	910,244	—	—	—	910,244
Other non-current assets	652	—	—	—	652
Total	<u>1,950,571</u>	<u>—</u>	<u>—</u>	<u>834,457</u>	<u>2,785,028</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 24 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group’s financial liabilities as at 31 December 2023, 2024, 2025 and 30 June 2026, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	118,413	—	118,413
Financial liabilities included in other payables and accruals	352,313	—	352,313
Interest-bearing bank loans	40,626	—	40,626
Lease liabilities	13,327	11,106	24,433
Other non-current liabilities	—	453,177	453,177
Total	<u>524,679</u>	<u>464,283</u>	<u>988,962</u>

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As at 31 December 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	93,524	—	93,524
Financial liabilities included in other payables and accruals	549,096	—	549,096
Interest-bearing bank loans	120,522	—	120,522
Lease liabilities	9,270	5,132	14,402
Other non-current liabilities	—	452,541	452,541
Total	<u>772,412</u>	<u>457,673</u>	<u>1,230,085</u>

As at 31 December 2025

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	146,995	—	146,995
Financial liabilities included in other payables and accruals	1,216,448	—	1,216,448
Interest-bearing bank loans	263,462	—	263,462
Lease liabilities	6,156	23,910	30,066
Other non-current liabilities	—	27,539	27,539
Total	<u>1,633,061</u>	<u>51,449</u>	<u>1,684,510</u>

As at 30 June 2026

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	121,754	—	121,754
Financial liabilities included in other payables and accruals	1,344,132	—	1,344,132
Interest-bearing bank loans	160,064	255,319	415,383
Lease liabilities	7,382	21,957	29,339
Total	<u>1,633,332</u>	<u>277,276</u>	<u>1,910,608</u>

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at 31 December 2023, 2024, 2025 and 30 June 2026 are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	<u>9,396,673</u>	<u>10,465,604</u>	<u>11,297,803</u>	<u>11,075,120</u>
Total liabilities	<u>1,341,247</u>	<u>1,713,288</u>	<u>2,243,847</u>	<u>2,383,763</u>
Asset-liability ratio*	<u>14%</u>	<u>16%</u>	<u>20%</u>	<u>22%</u>

* Asset-liability ratio is calculated by dividing total liabilities by total assets.

APPENDIX I

ACCOUNTANTS’ REPORT

46. INVESTMENTS IN SUBSIDIARIES

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Splendris International Limited	803,713	982,075	1,339,778	1,409,549
Salubris Medtech	1,059,705	1,059,705	1,059,705	1,059,705
Huizhou Salubris	45,000	45,000	45,000	45,000
Shandong Salubris	106,000	106,000	106,000	106,000
Suzhou Salubris	986,991	986,991	986,991	986,991
Shenzhen Jianshankang	2,000	2,000	2,000	2,000
Ningbo Meishan LP	100,000	100,000	92,884	92,884
Chengdu Salubris	726,950	444,680	444,680	444,680
Total	<u>3,830,359</u>	<u>3,726,451</u>	<u>4,077,038</u>	<u>4,146,809</u>

47. EVENTS AFTER THE RELEVANT PERIODS

In July and August 2026, the Company repurchased 2,858,940 ordinary shares of the Company at a consideration of RMB99 million.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2026.