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

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GIANT BIOGENE HOLDING CO., LTD., GOLDMAN SACHS (ASIA) L.L.C. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Giant Biogene Holding Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[3] to I-[65], 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 2019, 2020 and 2021 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 and the statement of financial position of the Company as at 31 December 2021 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[3] to I-[65] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date], 2022 (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 presentation and the basis of preparation set out in Note 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in Note 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2019, 2020 and 2021, the financial position of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in Note 2.1 and 2.2 to the Historical Financial Information, respectively.

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

Adjustments

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

Dividends

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

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]
Certified Public Accountants
Hong Kong
[Date], 2022

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 issued by the Hong Kong Institute of Certified Public Accountants (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
REVENUE	5	956,702	1,190,479	1,552,486
Cost of sales		(159,990)	(183,410)	(198,149)
Gross profit		796,712	1,007,069	1,354,337
Selling and distribution expenses		(93,788)	(158,422)	(346,211)
Administrative expenses		(28,845)	(32,992)	(72,274)
Research and development costs		(11,400)	(13,381)	(24,954)
Other expense		–	(2,344)	(2,954)
Other income	5	31,166	21,386	33,155
Other gains or losses, net	6	(15,825)	149,447	32,144
Provision/(reversal) of impairment losses on financial assets, net		(1,024)	2,479	(326)
PROFIT BEFORE TAX	7	676,996	973,242	972,917
Income tax expense	10	(101,816)	(146,757)	(144,785)
PROFIT FOR THE YEAR		575,180	826,485	828,132
Attributable to:				
Owners of the parent		552,260	826,450	828,132
Non-controlling interests		22,920	35	–
		575,180	826,485	828,132
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		575,180	826,485	828,132
Attributable to:				
Owners of the parent				
Ordinary shares holders of the parent		552,260	826,450	808,809
Preferred shares holders of the parent		–	–	19,323
Non-controlling interests		22,920	35	–
		575,180	826,485	828,132
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12			
Basic (RMB yuan)		0.55	0.83	0.83
Diluted (RMB yuan)		0.55	0.83	0.83

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	258,722	240,363	274,336
Investment properties	*14*	–	26,087	24,170
Other intangible assets	*15*	9,154	8,782	7,598
Right-of-use assets	*16*	41,218	40,351	59,190
Prepayments, other receivables and other assets, non-current	*19*	25,332	50,197	70,240
Deferred tax assets	*26*	4,256	1,230	1,352
Total non-current assets		338,682	367,010	436,886
CURRENT ASSETS				
Inventories	*17*	50,863	64,656	89,394
Trade receivables	*18*	17,260	54,523	65,639
Prepayments, other receivables and other assets, current	*19*	16,289	7,460	27,682
Amounts due from related parties	*32*	554,897	201,310	–
Financial assets at fair value through profit or loss ("FVTPL")	*20*	746,623	1,588,344	155,607
Cash and cash equivalents	*21*	72,323	367,805	7,103,000
Total current assets		1,458,255	2,284,098	7,441,322
CURRENT LIABILITIES				
Trade payables	*22*	22,779	31,946	23,612
Other payables and accruals	*23*	77,741	93,856	6,362,837
Tax payable		122,867	144,234	71,355
Dividend payables		397,000	1,900,000	367,460
Deferred income	*25*	1,620	2,681	1,500
Contract liabilities	*24*	4,047	1,173	16,278
Total current liabilities		626,054	2,173,890	6,843,042
NET CURRENT ASSETS		832,201	110,208	598,280
TOTAL ASSETS LESS CURRENT LIABILITIES		1,170,883	477,218	1,035,166

		As at 31 December		
	Notes	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Deferred income	*25*	19,422	17,973	17,584
Deferred tax liabilities	*26*	12	1,242	771
Total non-current liabilities		19,434	19,215	18,355
Net assets		1,151,449	458,003	1,016,811
EQUITY				
Equity attributable to owners of the parent				
Ordinary share capital	*27*	–	–	64
Preferred share capital	*27*	–	–	23
Treasury shares	*27*	–	–	(7)
Reserves	*28*	1,147,698	458,003	1,016,731
		1,147,698	458,003	1,016,811
Non-controlling interests		3,751	–	–
Total equity		1,151,449	458,003	1,016,811

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Ordinary share capital	**Share premium**	**Surplus reserve**	**Other reserve**	**Retained profits**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	–	–	37,326	36,547	838,088	63,472	975,433
Profit and total comprehensive income for the year	–	–	–	–	552,260	22,920	575,180
Transfer from retained profits	–	–	6,599	–	(6,599)	–	–
Capital injection into a subsidiary by Dr. Fan and Mr. Yan (the "Co-founders") *(Note 28)*	–	–	–	5,000	–	–	5,000
Capital injection into a subsidiary by non-controlling interests	–	–	–	–	–	1,000	1,000
Acquisition of a subsidiary under common control *(Note 28)*	–	–	–	(8,164)	–	–	(8,164)
Acquisition of non-controlling interests in Xi'an Giant Biogene by the Co-founders *(Note 28)*	–	–	–	83,641	–	(83,641)	–
Dividends declared by the subsidiaries to the Co-founders	–	–	–	–	(397,000)	–	(397,000)
At 31 December 2019	–	–	43,925	117,024	986,749	3,751	1,151,449
At 1 January 2020	–	–	43,925	117,024	986,749	3,751	1,151,449
Profit and total comprehensive income for the year	–	–	–	–	826,450	35	826,485
Transfer from retained profits	–	–	2,352	–	(2,352)	–	–
Capital injection into a subsidiary by the Co-founders *(Note 28)*	–	–	–	9,000	–	–	9,000
Dividends declared by the subsidiaries to the Co-founders and non-controlling interests	–	–	–	–	(1,503,000)	(1,505)	(1,504,505)
Recognition of equity-settled share-based payments *(Note 29)*	–	–	–	592	–	–	592
Acquisition of non-controlling interests *(Note 28)*	–	–	–	(10,566)	–	(2,281)	(12,847)
Acquisition of a subsidiary under common control *(Note 28)*	–	–	–	(12,171)	–	–	(12,171)
At 31 December 2020	–	–	46,277	103,879	307,847	–	458,003

	Attributable to owners of the parent							
	Ordinary share capital	**Preferred share capital**	**Treasury shares**	**Share premium**	**Surplus reserve**	**Other reserve**	**Retained profits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	–	–	–	–	46,277	103,879	307,847	458,003
Profit and total comprehensive income for the year	–	–	–	–	–	–	828,132	828,132
Effect of Group Reorganization	–	–	–	–	–	(68,309)	–	(68,309)
Issue of the ordinary share capital	63	–	–	65,629	–	–	–	65,692
Repurchase of ordinary share capital	–	–	(6)	–	–	–	–	(6)
Capital contribution from Series A preferred shareholders *(Note 27)*	–	23	–	7,094,087	–	–	–	7,094,110
Contractual obligation for redemption of ordinary shares *(Note 23)*	–	–	–	–	–	(6,359,838)	–	(6,359,838)
Issue of shares for the share incentive plan *(Note 27)*	1	–	(1)	–	–	–	–	–
Recognition of equity-settled share-based payments *(Note 29)*	–	–	–	–	–	16,487	–	16,487
Dividends declared by the subsidiaries to the Co-founders	–	–	–	–	–	–	(1,017,460)	(1,017,460)
At 31 December 2021	64	23	(7)	7,159,716	46,277	(6,307,781)	118,519	1,016,811

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		676,996	973,242	972,917
Adjustments for:				
Interest income	5	(16,181)	(9,882)	(9,408)
Provision of impairment of trade receivables	7	328	245	48
Provision/(reversal) of impairment of prepayments, other receivables and other assets	7	585	(408)	278
Provision/(reversal) of impairment of amounts due from related parties	7	111	(2,316)	–
Provision/(reversal) of impairment of inventories	7	550	650	(130)
Fair value gains on financial assets at FVTPL	6	(162)	(154,778)	(14,474)
Depreciation of property, plant and equipment	7	16,135	18,788	20,111
Depreciation of investment properties	7	–	1,439	1,917
Amortization of other intangible assets	7	1,074	1,197	1,314
Depreciation of right-of-use assets	7	673	867	868
Loss on disposal of property, plant and equipment		5	232	355
Gain on disposal of leasehold land		–	–	(173)
Income from deferred income		(1,518)	(1,620)	(2,681)
Foreign exchange differences, net	6	–	–	(21,606)
Equity-settled share award expense	29	–	592	16,487
Increase in inventories		(9,595)	(14,443)	(24,608)
Increase in trade receivables		(5,317)	(37,508)	(11,164)
Decrease/(increase) in prepayments and other receivables		60,371	9,237	(19,327)
(Increase)/decrease in amounts due from the related parties		(39,263)	123,630	–
Increase/(decrease) in trade payables		4,296	9,167	(8,334)
Increase/(decrease) in other payables and accruals		20,503	38,569	(7,948)
Increase in deferred income		6,160	1,232	1,111
Increase/(decrease) in contract liabilities		211	(2,874)	15,105
Cash generated from operations		715,962	955,258	910,658
Income tax paid		(59,505)	(121,134)	(218,257)
Net cash flows generated from operating activities		656,457	834,124	692,401
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of items of property, plant and equipment		(85,473)	(75,506)	(74,999)
Proceeds from disposal of leasehold land		–	–	16,528
Purchase of leasehold land		(29,252)	–	(36,062)
Purchase of financial assets at FVTPL		(1,491,184)	(5,084,378)	(3,925,113)
Proceeds from disposal of financial assets at FVTPL		984,204	4,397,435	5,372,324
Repayment of loans from the related parties		61,633	445,073	201,310
Loans to the related parties		(45,771)	(212,800)	–
Additions to other intangible assets		(184)	(825)	(130)
Interest received		16,181	9,882	9,408
Net cash flows (used in)/generated from investing activities		(589,846)	(521,119)	1,563,266

	Notes	Year ended 31 December 2019	2020	2021
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to non-controlling shareholders by the subsidiaries		–	(1,505)	–
Dividends paid to the Co-founders		–	–	(2,550,000)
Capital contribution from series A preferred shareholders		–	–	7,094,110
Issue of ordinary share capital, net		–	–	57
Acquisition of interest in subsidiaries under common control		(8,164)	(12,171)	(68,309)
Capital injection into subsidiaries by the Co-founders		5,000	9,000	–
Capital injection into a subsidiary by non-controlling interests		1,000	–	–
Payments for [**REDACTED**] expense		–	–	(314)
Acquisition of non-controlling interests		–	(12,847)	–
Net cash flows (used in)/generated from financing activities		(2,164)	(17,523)	4,475,544
NET INCREASE IN CASH AND CASH EQUIVALENTS		64,447	295,482	6,731,211
Effect of foreign exchange rate changes		–	–	3,984
Cash and cash equivalents at beginning of the year		7,876	72,323	367,805
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		72,323	367,805	7,103,000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		72,323	367,805	7,103,000

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at 31 December, 2021**
		RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries		638,625
Total non-current assets		638,625
CURRENT ASSETS		
Prepayments, other receivables and other assets, current	*19*	1,173
Cash and cash equivalents	*21*	6,460,381
Total current assets		6,461,554
CURRENT LIABILITIES		
Other payables and accruals	*23*	6,284,408
Total current liabilities		6,284,408
NET CURRENT ASSETS		177,146
TOTAL ASSETS LESS CURRENT LIABILITIES		815,771
Net assets		815,771
EQUITY		
Ordinary share capital	*27*	64
Preferred share capital	*27*	23
Treasury shares	*27*	(7)
Reserves	*28*	815,691
Total equity		815,771

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Giant Biogene Holding Co., Ltd. (the "Company") was incorporated in the Cayman Islands on 28 July 2021 as a limited liability company. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group underwent the reorganization as set out in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Document (the "Reorganization"). During the Relevant Periods, the Company's subsidiaries were principally engaged in the research, development, manufacture and sale of bioactive material-based beauty and health products in the People's Republic of China (the "PRC").

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

Name	Notes	Place and date of incorporation and place of operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Giant Beauty Holding Co., Ltd.	(a)	BVI 30 July 2021	USD1	100.00%	–	Investment holding
Hongkong YaXin Holding Co., Ltd.	(a)	Hong Kong 17 August 2021	HKD1	–	100.00%	Investment holding
Giant Biogene Hong Kong Limited	(a)	Hong Kong 18 August 2021	HKD1	–	100.00%	Investment holding
Xi'an Giant Biogene Technology Co., Ltd.* ("Xi'an Giant Biogene") (西安巨子生物基因技術股份有限公司)	(a)	Xi'an, PRC May 8, 2000	RMB328,141,790	–	100.00%	Research and development, manufacturing and sale of functional skincare products
Shaanxi Giant Biotechnology Co., Ltd.* ("Shaanxi Giant Biotechnology") (陝西巨子生物技術有限公司)	(a)	Xi'an, PRC 12 March 2009	RMB30,000,000	–	100.00%	Research and development, manufacturing and sale of medical products
Shaanxi Giant Teyi Food Co., Ltd. * ("Shaanxi Giant Teyi") (陝西巨子特醫食品有限公司)	(a)	Xi'an, PRC 17 July 2018	RMB30,000,000	–	100.00%	Sale of food
Nanjing Human-like Biological Material Co., Ltd.* ("Nanjing Human-like Biological Materials") (南京類人生物材料有限公司)	(a)	Nanjing, PRC 8 May 2015	RMB2,000,000	–	100.00%	Sale of functional skincare products
Hainan Giant Biotechnology Co., Ltd. * ("Hainan Giant Biotechnology") (海南巨子生物科技有限公司)	(a)	Wanning, PRC 25 March 2020	RMB10,000,000	–	100.00%	Sale of functional skincare products
Xi'an Giant Medical Device Co., Ltd. * ("Xi'an Giant Medical Device") (西安巨子醫療器械有限公司)	(a)	Xi'an, PRC 11 March 2019	RMB30,000,000	–	100.00%	Sale of medical devices
Xi'an Giant Medicine Co., Ltd.* ("Xi'an Giant Medicine") (西安巨子醫藥有限公司)	(a)	Xi'an, PRC 19 May 2021	RMB30,000,000	–	100.00%	Sale of functional skincare products
Xi'an Xingan Biotechnology Co., Ltd.* ("Xi'an Xingan Biotechnology") (西安欣苷生物技術有限公司)	(a)	Xi'an, PRC 20 March 2018	RMB15,000,000	–	100.00%	Sale of functional skincare products
Xi'an Zizai Yungu Industrial Development Co., Ltd.* ("Xi'an Zizai Yungu") (西安自在雲谷實業發展有限公司)	(a)	Xi'an, PRC 12 September 2019	RMB1,000,000	–	100.00%	Sale of functional skincare products

Note:

(a) There were no audited financial statements prepared for these entities.

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the sub-section headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Document, the Company became the holding company of the companies now comprising the Group on 29 October 2021 after reorganization.

Xi'an Giant Biogene is under common control of the Co-founders before and after the Group Reorganization. Therefore, the acquisition of Xi'an Giant Biogene is accounted for as business combination under common control by applying the principles of merger accounting.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods include the consolidated results and cash flows of the Company and its subsidiaries now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 include the consolidated assets and liabilities of the Company and its subsidiaries now comprising the Group as if the current group structure had been in existence at those dates. No adjustments are made to reflect fair values or recognize any new assets or liabilities as a result of the Reorganization.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which comprise all standards and interpretations approved by the IASB.

All IFRSs effective for the accounting period commencing from 1 January 2021, including relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group and its subsidiaries for the years ended 31 December 2019, 2020 and 2021. 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).

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized 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.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2,5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRSs 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[1]

[1] Effective for annual periods beginning on or after 1 January 2022

[2] Effective for annual periods beginning on or after 1 January 2023

[3] No mandatory effective date yet determined but available for adoption

[4] As a consequence of the amendments to IAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

[5] As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

[6] The IASB amends IFRS 17 to permit a classification overlay for financial assets presented in comparative periods on initial application of IFRS 17

The Group is in the process of making an assessment of the impact of these new or revised IFRSs upon initial application. So far, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognized in consideration for goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous financial year end or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, and costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using the merger accounting are recognized as an expense in the year in which they are incurred.

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 elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or 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 recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized 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 recognized 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 recognized 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, recognized in profit or loss as a gain on bargain purchase.

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

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

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

Fair value measurement

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial 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 recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized 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/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, 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 capitalized 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 recognizes 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:

Category	**Annual rates**
Buildings	4.75% – 9.50%
Leasehold improvement	9.50%
Plant and machinery	9.50% – 19.00%
Motor vehicles	19.00%
Furniture, fixtures and equipment	19.00% – 31.67%

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 of the Relevant Periods.

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

Construction in progress represents buildings and leasehold improvements under construction and machineries under installation, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life of 20 years.

Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of the retirement or disposal.

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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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

Categories	Estimated useful lives
Software	3-10 years
Patent	20 years

Software

Acquired software is capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized over its estimated useful life of 3 to 10 years.

Patent

Purchased patent is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 20 years.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalized 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.

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognizes right-of-use assets 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 recognized, 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 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:

Category	Estimated useful lives
Leasehold land	50 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 recognized 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 recognized 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 offices (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized 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. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income 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 recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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 amortized 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 amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized 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 equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes 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 recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized 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 recognizes 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 financial liabilities at fair value through profit or loss, loans and borrowings, payables (including contractual obligation for redemption of ordinary shares), as appropriate.

All financial liabilities are recognized 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 payables and other payables (including contractual obligation for redemption of ordinary shares). As the redemption contract contains an obligation of the Group to repurchase its own equity instrument for cash, the contractual obligation for redemption of ordinary shares is recognized initially with present value of the redemption amount.

Subsequent measurement

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

Financial liabilities at amortized cost (payables, including contractual obligation for redemption of ordinary shares)

After initial recognition, payables (including contractual obligation for redemption of ordinary shares), are subsequently measured at amortized 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 recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized 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 amortization is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis 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

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

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

Provisions

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

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

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized 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 of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized 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 utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize 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 recognized 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 recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods 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.

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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on customers' acceptance of the products upon delivery, or upon customers' online confirmation.

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. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Other income

Interest income is recognized 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 recognized when the shareholders' right to receive the 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.

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

Contract liabilities

A contract liability is recognized 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 recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration 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 is determined using the market approach. Further details are included in Note 29 to the Historical Financial Information.

The cost of equity-settled transactions is recognized 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 recognized for equity-settled transactions at the end of each of the Relevant Periods 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 the statement of profit or loss for a period represents the movement in the cumulative expense recognized 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.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized 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 recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. Under the plans, the Group has no further obligations beyond the contributions made.

Housing fund and other social insurances

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

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

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 of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes 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.

The functional currencies of certain overseas subsidiaries and associates 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 recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of products with volume rebates.

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

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

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

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customer.

The provision matrix is initially based on the market historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of each of the Relevant Periods, 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 of forecast economic conditions. The 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 18 to the Historical Financial Information.

Impairment of non-financial assets

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. 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.

Fair value measurements of equity settled share-based payments

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

For the measurement of the fair value of equity settled share-based payment transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 29 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into one single business unit that primarily includes the research, development, manufacture and sale of bioactive material-based beauty and health products.

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

Geographical information

During the Relevant Periods, all of the Group's revenue was derived from customers located in Mainland China and all of the Group's non-current assets were located in Mainland China, and therefore no geographical segment information in accordance with IFRS 8 *Operation Segments* is presented.

Information about major customers

Revenue of approximately RMB499,274,000, RMB586,939,000 and RMB454,459,000 was derived from sales to Xi'an Chuangkecun Electronic Commerce Limited ("Xi'an Chuangkecun") for the years ended 31 December 2019, 2020 and 2021, respectively, accounting for approximately 52.19%, 49.30% and 29.27% of the total revenue for the Relevant Periods. Other than this customer, the Group has a large number of customers, none of whom contributed 10.00% or more of the Group's revenue during the Relevant Periods.

5. REVENUE AND OTHER INCOME

Revenue

An analysis of revenue is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	956,702	1,190,479	1,552,486

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Type of goods or services			
Sale of goods	956,702	1,190,479	1,552,486
Geographical market			
Mainland China	956,702	1,190,479	1,552,486
Timing of revenue recognition			
Goods transferred at a point in time	956,702	1,190,479	1,552,486

The following table shows the amounts of revenue recognized in the Relevant Periods that were included in the contract liabilities at the beginning of the Relevant Periods:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the year:			
Sale of goods	3,597	4,047	1,173

(b) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon control of the asset is transferred to the customer, generally on customers' acceptance of the products upon delivery, or upon customers' online confirmation. Payment is generally made before goods delivery, expect for certain customers where payment is due within 7 to 180 days from goods delivery.

Other income

An analysis of other income is as follows:

The Group

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	14,985	9,136	20,770
Interest income	16,181	9,882	9,408
Rental income	–	2,368	2,977
	31,166	21,386	33,155

* The government grants related to income represent (i) subsidies received from local government authorities for the Group's contribution to the local economic growth. These grants related to income are mainly recognized in profit or loss upon receipt of these rewards with consideration of no unfulfilled conditions or contingencies relating to these grants. (ii) The government grants and subsidies related to income have been received to compensate for the Group's expenses for research projects. The grants related to income were recognized in profit or loss when the Group complied with the conditions attached to the grant and the government acknowledged acceptance.

The government grants related to assets represent subsidies received from local government authorities for the Group's investments in long-term assets in production bases. The grants related to assets were recognized in profit or loss over the remaining useful lives of relevant assets.

6. OTHER GAINS OR LOSSES, NET

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Foreign exchange gains, net	–	–	21,606
Fair value gains from FVTPL	162	154,778	14,474
Litigation compensation	(10,118)	–	–
Others	(5,869)	(5,331)	(3,936)
	(15,825)	149,447	32,144

7. PROFIT BEFORE TAX

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

		Year ended 31 December		
	Notes	**2019**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories, consumables and customized products		119,340	137,730	143,878
Depreciation of property, plant and equipment	*13*	16,135	18,788	20,111
Depreciation of investment properties	*14*	–	1,439	1,917
Depreciation of right-of-use assets	*16*	673	867	868
Amortization of intangible assets	*15*	1,074	1,197	1,314
Provision for impairment of trade receivables	*18*	328	245	48
Provision for/(reversal of) impairment of prepayments, other receivables and other assets	*19*	585	(408)	278
Provision for/(reversal of) impairment of amounts due from related parties		111	(2,316)	–
Government grants	*5*	(14,985)	(9,136)	(20,770)
Marketing and promotion expenses		89,339	152,161	329,476
Bank interest income	*5*	(16,181)	(9,882)	(9,408)
Foreign exchange gains, net	*6*	–	–	(21,606)
Provision for/(reversal of) impairment of inventories		550	650	(130)
Employee benefit expenses (including directors' and chief executive's remuneration *(Note 8)*):				
– Wages, salaries and allowances		13,736	27,528	43,945
– Pension scheme contributions, social welfare and other welfare		3,120	1,468	11,151
– Equity-settled share award expense *(Note 29)*		–	592	16,487
Other outsourcing labor costs		14,227	9,164	2,359
Auditor's remuneration		–	–	–

Note: Equity-settled share award expense was included in cost of sales, research and development costs, selling and distribution expenses and administrative expenses in the amounts as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	–	473	13,123
Research and development costs	–	69	1,940
Selling and distribution expenses	–	27	765
Cost of sales	–	23	659
	–	592	16,487

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Certain directors received remuneration from the Company for their appointment as executive, non-executive and independent non-executive directors. The remuneration of these directors (including those as employees of the entities now comprising the Group prior to be directors of the Company) as recorded in the Relevant Periods of the Company is set out below:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Fees:	–	–	–
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	569	2,259	2,005
Pension scheme contributions	133	106	216
Equity-settled share award expense	–	387	10,878
	702	2,752	13,099

Executive directors, Non-executive directors the chief executive

	Salaries, bonus, allowances and benefits in kind	**Pension scheme contributions**	**Equity-settled share award expense**	**Total remuneration**
Year ended 31 December 2019				
Executive directors				
Dr. Fan Daidi *(a)*	–	–	–	–
Mr. Yan Jianya *(b)*	–	–	–	–
Ms. Ye Juan *(c)*	277	68	–	345
Ms. Fang Juan *(d)*	292	65	–	357
Non-executive directors				
Mr. Chen Jinhao *(e)*	–	–	–	–
Independent non-executive directors				
Mr. Huang Jin *(f)*	–	–	–	–
Mr. Shan Wenhua *(f)*	–	–	–	–
Ms. Wong Sze Wing *(f)*	–	–	–	–
Total	569	133	–	702

	Salaries, bonus, allowances and benefits in kind	Pension scheme contributions	Equity-settled share award expense	Total remuneration
Year ended 31 December 2020				
Executive directors				
Dr. Fan Daidi *(a)*	–	–	–	–
Mr. Yan Jianya *(b)*	850	36	318	1,204
Ms. Ye Juan *(c)*	703	35	30	768
Ms. Fang Juan *(d)*	706	35	39	780
Non-executive directors				
Mr. Chen Jinhao *(e)*	–	–	–	–
Independent non-executive directors				
Mr. Huang Jin *(f)*	–	–	–	–
Mr. Shan Wenhua *(f)*	–	–	–	–
Ms. Wong Sze Wing *(f)*	–	–	–	–
Total	2,259	106	387	2,752

	Salaries, bonus, allowances and benefits in kind	Pension scheme contributions	Equity-settled share award expense	Total remuneration
Year ended 31 December 2021				
Executive directors				
Dr. Fan Daidi *(a)*	–	–	–	–
Mr. Yan Jianya *(b)*	600	72	8,939	9,611
Ms. Ye Juan *(c)*	701	72	831	1,604
Ms. Fang Juan *(d)*	704	72	1,108	1,884
Non-executive directors				
Mr. Chen Jinhao *(e)*	–	–	–	–
Independent non-executive directors				
Mr. Huang Jin *(f)*	–	–	–	–
Mr. Shan Wenhua *(f)*	–	–	–	–
Ms. Wong Sze Wing *(f)*	–	–	–	–
Total	2,005	216	10,878	13,099

(a) Dr. Fan Daidi is one of the Co-founders and joined the Group in May 2000. She was appointed as a director on 28 July 2021 and was re-designated as an executive director and the chief scientific officer of the Company on 21 April 2022.

(b) Mr. Yan Jianya is one of the Co-founders and joined the Group in May 2000. He was appointed as a director on 30 November 2021 and was re-designated as an executive director, the chairman of the board and the chief executive officer of the Company on 21 April 2022.

(c) Ms. Ye Juan was appointed as a director on 30 November 2021 and was re-designated as an executive director and a senior vice president of the Company on 21 April 2022.

(d) Ms. Fang Juan was appointed as a director on 30 November 2021 and was re-designated as an executive director and a senior vice president of the Company on 21 April 2022.

(e) Mr. Chen Jinhao was appointed as a director on 30 November 2021 and was re-designated as a non-executive director on 21 April 2022.

(f) Mr. Huang Jin, Mr. Shan Wenhua and Ms. Wong Sze Wing were appointed as independent non-executive directors on 21 April 2022.

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

During the Relevant Periods, three directors were granted share options, in respect of their services to the Group, under the equity incentive plan of the Company, further details of which are set out in Note 29 to the Historical Financial Information. The fair value of such options, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included two, three and three of the then directors, respectively, details of whose remuneration are set out in Note 8 above. Details of the remuneration for the three, two and two highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	425	861	1,036
Pension scheme contributions	187	51	175
Equity-settled share award expense	–	40	1,136
	612	952	2,347

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

	Year ended 31 December		
	2019	**2020**	**2021**
Nil to HKD1,000,000	3	2	1
HKD2,500,001 to HKD3,000,000	–	–	1
	3	2	2

During the Relevant Period, shares were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in Note 29. The fair value of such awarded shares, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

Taxes on profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The Company incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong profits tax has been provided at a rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

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

Certain subsidiaries were entitled to a preferential company income tax rate of 15% during the Relevant Periods based on the Guidance Catalogue for Adjustment of Industrial Structure (2011 edition) (《產業結構調整指導目錄(2011年本)》) applicable in 2019 and its revised version (《產業結構調整指導目錄(2019年本)修正》) applicable in 2020 and 2021 issued by the National Development and Reform Commission which was related to the approval given to selected entities to enjoy the preferential tax rate in the Western Development.

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

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
Charge for the year	103,239	142,501	145,378
Deferred tax *(Note 26)*	(1,423)	4,256	(593)
Total tax charge for the year	101,816	146,757	144,785

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	676,996	973,242	972,917
Tax at the applicable tax rate of 25%	169,249	243,311	243,229
Effect of preferential tax rates of some subsidiaries	(68,078)	(97,475)	(99,598)
Expenses not deductible for tax	1,615	2,222	4,098
Tax losses not recognized	5	66	503
Additional deductible allowance for research and development expenses	(975)	(1,367)	(3,447)
Tax charge at the Group's effective rate	101,816	146,757	144,785

11. DIVIDENDS

During the Relevant Periods, certain subsidiaries of the Company, declared cash dividends to their then shareholders or non-controlling shareholders as follows:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Dividends declared by the Company's subsidiaries	397,000	1,504,505	1,017,460

Amount of RMB Nil, RMB1,505,000 and RMB2,550,000,000 was paid during the year ended 31 December 2019, 2020 and 2021.

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent for the Relevant Periods of approximately RMB552,260,000, RMB826,450,000 and RMB808,809,000 and the weighted average number of ordinary shares of 1,000,000,000, 1,000,000,000 and 974,794,521 which assumed to be in issue after taking into account the retrospective adjustment of the share subdivision as disclosed in Note 27.

The calculation of the diluted earnings per share amounts for the year ended 31 December 2019, 2020 and 2021 is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the earning attributable to preferred shares holders of the parent and earning attributable to non-controlling interests upon exercise of shares under the Original Plan as disclosed in Note 29. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of options under the Modified Plan as disclosed in Note 29, as well as on the conversion of Series A preferred shares.

The Group had no potentially dilutive shares in issue during the year ended 31 December 2019. No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2020 in respect of a dilution as the impact of shares under the Original Plan had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculation of diluted earnings per share for the year ended 31 December 2021 is based on:

	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Earnings			
Profit attributable to ordinary shares holders of the parent, used in the basic earnings per share calculation:	552,260	826,450	808,809
Earning attributable to preferred shares holders of the parent	–	–	19,323
Earning attributable to non-controlling interests upon exercise of shares under the Original Plan	–	–	(706)
	552,260	826,450	827,426

	No. of shares 2019	No. of shares 2020	No. of shares 2021
Shares			
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,000,000,000	1,000,000,000	974,794,521
Effect of dilution – weighted average number of ordinary shares:			
Share options	–	–	127,469
Convertible preferred shares	–	–	26,007,960
	1,000,000,000	1,000,000,000	1,000,929,950

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2019							
At 1 January 2019:							
Cost	12,156	–	39,424	1,094	3,827	152,705	209,206
Accumulated depreciation	(3,566)	–	(5,954)	(307)	(1,524)	–	(11,351)
Net carrying amount	8,590	–	33,470	787	2,303	152,705	197,855
At 1 January 2019, net of accumulated depreciation	8,590	–	33,470	787	2,303	152,705	197,855
Additions	–	–	9,080	648	1,055	66,224	77,007
Disposals	–	–	(5)	–	–	–	(5)
Transfers	186,910	–	1,200	–	–	(188,110)	–
Depreciation provided during the year	(11,020)	–	(4,065)	(320)	(730)	–	(16,135)
At 31 December 2019, net of accumulated depreciation	184,480	–	39,680	1,115	2,628	30,819	258,722
At 31 December 2019:							
Cost	199,066	–	49,695	1,742	4,882	30,819	286,204
Accumulated depreciation	(14,586)	–	(10,015)	(627)	(2,254)	–	(27,482)
Net carrying amount	184,480	–	39,680	1,115	2,628	30,819	258,722
31 December 2020							
At 1 January 2020:							
Cost	199,066	–	49,695	1,742	4,882	30,819	286,204
Accumulated depreciation	(14,586)	–	(10,015)	(627)	(2,254)	–	(27,482)
Net carrying amount	184,480	–	39,680	1,115	2,628	30,819	258,722

	Buildings	Leasehold improvement	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020, net of accumulated depreciation	184,480	–	39,680	1,115	2,628	30,819	258,722
Additions	–	1,862	2,930	1,075	1,675	20,645	28,187
Disposals	–	–	(205)	(23)	(4)	–	(232)
Transfers	–	–	578	–	–	(578)	–
Transfer to investment properties	(27,526)	–	–	–	–	–	(27,526)
Depreciation provided during the year	(12,517)	–	(4,991)	(486)	(794)	–	(18,788)
At 31 December 2020, net of accumulated depreciation	144,437	1,862	37,992	1,681	3,505	50,886	240,363
At 31 December 2020:							
Cost	171,540	1,862	50,327	2,701	6,482	50,886	283,798
Accumulated depreciation	(27,103)	–	(12,335)	(1,020)	(2,977)	–	(43,435)
Net carrying amount	144,437	1,862	37,992	1,681	3,505	50,886	240,363
31 December 2021							
At 1 January 2021:							
Cost	171,540	1,862	50,327	2,701	6,482	50,886	283,798
Accumulated depreciation	(27,103)	–	(12,335)	(1,020)	(2,977)	–	(43,435)
Net carrying amount	144,437	1,862	37,992	1,681	3,505	50,886	240,363
At 1 January 2021, net of accumulated depreciation	144,437	1,862	37,992	1,681	3,505	50,886	240,363
Additions	13,069	–	2,111	2,645	118	36,496	54,439
Disposals	–	–	(257)	(76)	(22)	–	(355)
Transfers	–	–	4,562	1,244	–	(5,806)	–
Depreciation provided during the year	(12,565)	(186)	(5,362)	(1,087)	(911)	–	(20,111)
At 31 December 2021, net of accumulated depreciation	144,941	1,676	39,046	4,407	2,690	81,576	274,336
At 31 December 2021:							
Cost	184,609	1,862	56,610	6,508	6,160	81,576	337,325
Accumulated depreciation	(39,668)	(186)	(17,564)	(2,101)	(3,470)	–	(62,989)
Net carrying amount	144,941	1,676	39,046	4,407	2,690	81,576	274,336

14. INVESTMENT PROPERTIES

	Total
	RMB'000
31 December 2020	
As at 1 January 2020 and 2019, 31 December 2019:	
Cost	–
Accumulated amortization	–
Net carrying amount	–
Cost at 1 January 2020, net of accumulated amortization	–
Transfer from property, plant and equipment	27,526
Amortization provided during the year	(1,439)
At 31 December 2020, net of accumulated amortization	26,087
At 31 December 2020:	
Cost	27,526
Accumulated amortization	(1,439)
Net carrying amount	26,087
31 December 2021	
As at 1 January 2021:	
Cost	27,526
Accumulated amortization	(1,439)
Net carrying amount	26,087
Cost at 1 January 2021, net of accumulated amortization	26,087
Amortization provided during the year	(1,917)
At 31 December 2021, net of accumulated amortization	24,170
At 31 December 2021:	
Cost	27,526
Accumulated amortization	(3,356)
Net carrying amount	24,170

15. OTHER INTANGIBLE ASSETS

The Group

	Software	**Patent**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
31 December 2019			
As at 1 January 2019:			
Cost	208	16,000	16,208
Accumulated amortization	(77)	(6,087)	(6,164)
Net carrying amount	131	9,913	10,044
Cost at 1 January 2019, net of accumulated amortization	131	9,913	10,044
Additions	184	–	184
Amortization provided during the year	(30)	(1,044)	(1,074)
At 31 December 2019, net of accumulated amortization	285	8,869	9,154
At 31 December 2019:			
Cost	392	16,000	16,392
Accumulated amortization	(107)	(7,131)	(7,238)
Net carrying amount	285	8,869	9,154
31 December 2020			
As at 1 January 2020:			
Cost	392	16,000	16,392
Accumulated amortization	(107)	(7,131)	(7,238)
Net carrying amount	285	8,869	9,154
Cost at 1 January 2020, net of accumulated amortization	285	8,869	9,154
Additions	825	–	825
Amortisation provided during the year	(153)	(1,044)	(1,197)
At 31 December 2020, net of accumulated amortization	957	7,825	8,782
At 31 December 2020:			
Cost	1,217	16,000	17,217
Accumulated amortization	(260)	(8,175)	(8,435)
Net carrying amount	957	7,825	8,782

	Software	**Patent**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
31 December 2021			
As at 1 January 2021:			
Cost	1,217	16,000	17,217
Accumulated amortization	(260)	(8,175)	(8,435)
Net carrying amount	957	7,825	8,782
Cost at 1 January 2021, net of accumulated amortization	957	7,825	8,782
Additions	130	–	130
Amortization provided during the year	(270)	(1,044)	(1,314)
At 31 December 2021, net of accumulated amortization	817	6,781	7,598
At 31 December 2021:			
Cost	1,347	16,000	17,347
Accumulated amortization	(530)	(9,219)	(9,749)
Net carrying amount	817	6,781	7,598

16. RIGHT-OF-USE ASSETS

The Group as a lessee

Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases.

(a) Right-of-use assets

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

	Leasehold land
	RMB'000
As at 1 January 2019	12,639
Additions	29,252
Depreciation charge	(673)
As at 31 December 2019	41,218
As at 1 January 2020	41,218
Depreciation charge	(867)
As at 31 December 2020	40,351
As at 1 January 2021	40,351
Additions	36,062
Disposal	(16,355)
Depreciation charge	(868)
As at 31 December 2021	59,190

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

	Year ended 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	673	867	868
Total amount recognized in profit or loss	673	867	868

The Group as a lessor

In the year ended 31 December 2021, the Company leased part of its buildings in Xi'an, the PRC under an operating lease arrangement. The terms of the lease provide for periodic rent adjustments according to the then prevailing market conditions.

Rental income recognized by the Company during the years ended 31 December 2019, 2020 and 2021 was Nil, RMB2,368,000 and RMB2,977,000 respectively.

At 31 December 2021, the undiscounted lease payments receivable by the Company in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Within one year	–	3,219	805
Over one year and within two years	–	805	–
	–	4,024	805

17. INVENTORIES

The Group

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	22,330	32,103	45,308
Finished goods	28,533	32,553	44,086
	50,863	64,656	89,394

18. TRADE RECEIVABLES

The Group

	As at 31 December		
	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	17,711	55,219	66,383
Impairment	(451)	(696)	(744)
	17,260	54,523	65,639

The Group's trading terms with its customers are mainly payment in advance, except for certain major customers, where is normally on credit. The credit period is generally due within 7 to 30 days for Xi'an Chuangkecun or 30 to 180 days for the remaining on credit customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	16,280	53,127	64,525
Over one year and within two years	687	618	572
Over two years and within three years	105	570	272
Over three years	188	208	270
	17,260	54,523	65,639

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

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	123	451	696
Impairment losses, net	328	245	48
At end of year	451	696	744

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of receivables of the customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables as at the end of each of the Relevant Periods using a provision matrix:

As at 31 December 2019

	Ageing				
	Within 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Trade receivables (RMB'000)	16,403	834	141	333	17,711
Expected credit loss rate	0.75%	17.65%	25.53%	43.57%	2.55%
Expected credit losses (RMB'000)	(123)	(147)	(36)	(145)	(451)

As at 31 December 2020

	Ageing				
	Within 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Trade receivables (RMB'000)	53,389	719	721	390	55,219
Expected credit loss rate	0.49%	14.05%	20.95%	46.69%	1.26%
Expected credit losses (RMB'000)	(262)	(101)	(151)	(182)	(696)

As at 31 December 2021

	Ageing				
	Within 1 year	**1 to 2 years**	**2 to 3 years**	**Over 3 years**	**Total**
Trade receivables (RMB'000)	64,830	673	357	523	66,383
Expected credit loss rate	0.47%	14.97%	23.81%	48.45%	1.12%
Expected credit losses (RMB'000)	(305)	(101)	(85)	(253)	(744)

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayment of property, plant and equipment	25,332	50,197	70,240
Current:			
Prepayments	11,280	5,679	15,835
Value-added tax recoverable	–	–	6,697
Deposits and other receivables	6,041	2,405	4,879
Deferred [**REDACTED**] expenses	–	–	1,173
Impairment allowance	(1,032)	(624)	(902)
	16,289	7,460	27,682

The balances are interest-free and are not secured with collateral.

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Deferred [**REDACTED**] expenses	–	–	1,173
	–	–	1,173

20. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Financial products	746,623	1,588,344	155,607

The Group entered contracts in respect of financial products with an expected but not guaranteed rates of return ranging from 1.35% to 4.67% per annum and 7% to 9.8% per annum from banks and other financial institutions, respectively.

In addition, the Group entered contracts in respect of financial products from other financial institutions with a return rate based on actual performance in the regulatory published net value report during the Relevant Periods.

21. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	72,323	367,805	7,103,000
Denominated in			
RMB	72,323	367,805	71,134
USD	–	–	7,031,866

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	–	–	6,460,381
Denominated in			
USD	–	–	6,460,381

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

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

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	19,479	30,593	22,710
Over one year and within two years	2,959	1,105	367
Over two years	341	248	535
	22,779	31,946	23,612

Trade payables are non-interest-bearing and are normally settled on the terms of 60 days.

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Contractual obligation for redemption of ordinary shares *(Note)*	–	–	6,276,587
Deposits and other payables	24,175	50,200	48,950
Payroll payable	8,575	12,137	20,697
Other tax payable	19,386	28,368	8,236
Accrued [**REDACTED**] expenses	–	–	5,733
Payables for purchase of property, plant and equipment	25,605	3,151	2,634
	77,741	93,856	6,362,837

Note: Pursuant to the share redemption agreement the Company entered on 14 October 2021, the Company was obliged to redeem 317,995,065 ordinary shares from Juzi Holding Co., Ltd. at a price of RMB20 per share which was to be settled in USD at an exchange rate of USD1.00 to RMB6.3936, amounting to USD994,729,000 in total. This redemption was completed subsequently in February 2022.

The balance as at 31 December 2021, represented the contractual obligation of RMB6,342,095,000 of the Company to redeem its own ordinary shares in cash, net of RMB65,508,000 due from the Co-founders in relation to their capital injection obligation into the Company.

The Company

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Contractual obligation for redemption of ordinary shares	–	–	6,276,587
Accrued [**REDACTED**] expenses	–	–	7,821
	–	–	6,284,408

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

24. CONTRACT LIABILITIES

The Group

Details of contract liabilities are as follows:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Advances received from customers			
Sales of products			
Current	4,047	1,173	16,278
	4,047	1,173	16,278

25. DEFERRED INCOME

The Group

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Government grants:			
Current	1,620	2,681	1,500
Non-current	19,422	17,973	17,584
	21,042	20,654	19,084

The Group's deferred income mainly represented government grants related to long-term assets in production and research and development bases. The grants related to assets were recognized in profit or loss over the remaining useful lives of relevant assets upon the compliance of the Group with the conditions attached to the grants and the government acknowledgement of acceptance.

26. DEFERRED TAX

The Group

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

	Fair value loss on financial assets	**Assets impairment provision**	**Deferred income**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	–	417	2,460	2,877
Deferred tax credited to profit or loss during the year	2,359	236	695	3,290
At 31 December 2019 and 1 January 2020	2,359	653	3,155	6,167
Deferred tax charged/(credited) to profit or loss during the year	(2,267)	(275)	(58)	(2,600)
At 31 December 2020 and 1 January 2021	92	378	3,097	3,567
Deferred tax credited/(charged) to profit or loss during the year	283	202	(239)	246
At 31 December 2021	375	580	2,858	3,813

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

	Fair value gain on financial assets	**Accelerated tax depreciation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	56	–	56
Deferred tax charged to profit or loss during the year	158	1,709	1,867
At 31 December 2019 and 1 January 2020	214	1,709	1,923
Deferred tax charged to profit or loss during the year	208	1,448	1,656
At 31 December 2020 and 1 January 2021	422	3,157	3,579
Deferred tax credited to profit or loss during the year	(341)	(6)	(347)
At 31 December 2021	81	3,151	3,232

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. The Group completed Reorganization in December 2021 and as at 31 December 2021, deferred taxation has not been provided for in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to RMB60,165,000, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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 for financial reporting purposes:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statement of financial position	4,256	1,230	1,352
Net deferred tax liabilities recognized in the consolidated statement of financial position	(12)	(1,242)	(771)
	4,244	(12)	581

As at 31 December 2019, 2020 and 2021, deferred tax assets that have not been recognized in respect of tax losses of RMB18,000, RMB266,000 and RMB2,014,000 arising in Mainland China, respectively, which will expire in one to five years for offsetting against future taxable profits.

27. SHARE CAPITAL/TREASURY SHARES

On 28 July 2021, the Company was incorporated in the Cayman Islands with initial authorized share capital of USD50,000 divided into 500,000,000 shares with a par value of USD0.0001 each. Upon incorporation, the Company allotted and issued 100,000,000 ordinary shares.

On 30 September 2021, pursuant to a shareholders' resolution, the Company conducted a share subdivision, and the authorized share capital was subdivided from 500,000,000 ordinary shares of a par value of USD0.0001 each to 5,000,000,000 ordinary shares of a par value of USD0.00001 each.

On 30 September 2021, pursuant to a shareholders' resolution, the Company repurchased 100,000,000 ordinary shares at par value of USD0.00001 each.

On 14 October 2021, the Company together with the then shareholders and the pre-[**REDACTED**] investors entered into i) the Series A preferred share subscription agreements, as supplemented by two agreements dated 18 October 2021 and 4 November 2021 (together as the "Series A preferred share agreements"), and ii) the share redemption agreement regarding the ordinary shares ultimately held by the Co-founders.

Pursuant to the Series A preferred share subscription agreements, the Company allotted and issued 355,901,602 Series A preferred shares as at 31 December 2021 and 12,098,398 subsequently to the pre-[**REDACTED**] investors at a price of RMB20 per share which was settled in USD. Pursuant to the share redemption agreement, in February 2022, the Company redeemed 317,995,065 ordinary shares from Juzi Holding Co., Ltd at a price of RMB20 per share which was settled in USD.

On 30 November 2021, 50,000,000 and 318,000,000 authorized but unissued ordinary shares in the authorized share capital of the Company were re-designated and re-classified as Series A-1 preferred shares and Series A-2 preferred shares of a par value of USD0.00001 each, respectively. As at 31 December 2021, the Company authorized and issued 355,901,602 Series A preferred shares with the total consideration of RMB7,094,090,000.

On 8 December 2021, the Company allotted and issued 19,000,000 ordinary shares to GBEBT Holding Limited, a limited liability company incorporated in the BVI as a platform holding the underlying equity settled share-based payments incentive plan.

The details of the movements of the Company's authorized and issued ordinary shares and series A preferred shares are set out below:

	Authorized number of shares	**USD**
Ordinary shares of USD0.0001 each At 28 July 2021 (date of incorporation)	500,000,000	50,000
Share subdivision of ordinary shares of USD0.0001 each to USD0.00001 each	4,500,000,000	–
Re-designation and re-classification to Series A-1 preferred shares	(50,000,000)	(500)
Re-designation and re-classification to Series A-2 preferred shares	(318,000,000)	(3,180)
Ordinary shares of USD0.00001 each at 31 December 2021	4,632,000,000	46,320
Series A-1 preferred shares of USD0.00001 each at 31 December 2021	50,000,000	500
Series A-2 preferred shares of USD0.00001 each at 31 December 2021	318,000,000	3,180

Issued and fully paid

	Number of shares	**Nominal value of shares** *RMB'000*
Ordinary shares		
Ordinary shares of USD0.0001 each at 28 July 2021 (date of incorporation)	100,000,000	63
Share subdivision of ordinary shares of USD0.00001 each to USD0.00001 each	900,000,000	–
Ordinary shares issued for the share incentive plan	19,000,000	1
At 31 December 2021	1,019,000,000	64

	Number of shares	**Nominal value of shares** *RMB'000*
Preferred shares (Note)		
At 28 July 2021 (date of incorporation)	–	–
Series A-1 preferred shares issued	48,356,500	3
Series A-2 preferred shares issued	307,545,102	20
At 31 December 2021	355,901,602	23

	Number of shares	Nominal value of shares
		RMB'000
Treasury shares		
At 28 July 2021 (date of incorporation)	–	–
Ordinary shares repurchased	100,000,000	6
Ordinary shares issued for the share incentive plan	19,000,000	1
At 31 December 2021	119,000,000	7

Note: The Company does not hold an unavoidable obligation to (i) deliver cash or other financial assets to Series A preferred shareholders; (ii) to exchange financial assets or financial liabilities with Series A preferred shareholders that are unfavorable to the Company; and (iii) to deliver a variable number of the Company's own ordinary shares. Hence, Series A preferred shares were recognized as equity in accordance with relevant IFRS standard. Below are the key terms of Series A preferred share agreement.

Conversion rights (applicable to preferred shares)

Pursuant to the Series A preferred share agreements, each preferred share may, at the option of the holder thereof, be converted at any time after the date of issuance of such preferred shares or will be converted automatically upon the closing of a qualified [**REDACTED**] into ordinary shares as determined by dividing the original Series A issuance price by the Series A conversion Price (the "Conversion Price"). The original Series A issuance Price, in any event not being less than par value per share, subject to the anti-dilution adjustments (as adjusted for share dividends, splits, combinations, recapitalizations or similar events).

The "Conversion Price" shall initially be the Series A preferred share purchase price, resulting in an initial conversion ratio for the Preferred Shares of 1:1, and no adjustment of the Series A Conversion Price shall be made in respect of the issuance of additional ordinary shares unless the consideration per share for an additional ordinary share issued or deemed to be issued is less than the Series A Conversion Price.

Redemption rights (applicable to preferred shares)

At the request of any Series A preferred shareholders, the Co-founders of the Group shall redeem all or portion of the outstanding Series A preferred shares as elected by such Series A preferred shareholders at any time and from time to time on or after the date of the earliest to occur of any Trigger event.

Trigger event means any of (a) the Company's failure to consummate a QIPO prior to December 31, 2025; or (b) the Co-founders ceased to control the Group.

28. RESERVES

The Group

The amounts of the Group's reserves and the movement therein are presented in the consolidated statements of change in equity on pages I-7 to I-8 of the Historical Financial Information.

Share premium

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

Other reserve

Other reserve mainly includes: a) reserve resulted from capital injection into a subsidiary by the Co-founders (Note i); b) reserve resulted from acquisition of a subsidiary under common control (Note ii); c) reserve resulted from acquisition of non-controlling interests by the Co-founders or by the Group (Note ii); d) reserve resulted from the issued capital of the then holding company of the companies now comprising the Group; e) reserve resulted from the Group Reorganization; f) reserve related to the contractual obligation for redemption of ordinary shares and g) reserve related to the recognition of equity-settled share-based payments.

Notes:

(i) The Co-founders made a capital injection of RMB5,000,000 and RMB9,000,000 to the subsidiaries, Shaanxi Giant Teyi and Xi'an Xingan Biotechnology, in April 2019 and August 2020, respectively.

(ii) In August 2019, Shaanxi Giant Biotechnology and the non-controlling shareholder transferred 72.78% and 10% shares in Xi'an Giant Biogene to the Co-founders with a total consideration of RMB21,836,000 and RMB3,000,000, respectively. At the same time, the Co-founders entered into an agreement with Xi'an Giant Biogene to transfer 100% shares in Shaanxi Giant Biotechnology to Xi'an Giant Biogene with a total consideration of RMB30,000,000.

In August 2020, Shaanxi Giant Biotechnology acquired 49% shares held by the non-controlling shareholder in Xi'an Giant Medical Device with a total consideration of RMB1,123,000. In September 2020, Shaanxi Giant Biotechnology acquired 40% shares held by the non-controlling shareholders in Xi'an Xingan Biotechnology with a total consideration of RMB811,000. In October 2020, Xi'an Giant Biogene acquired 1% shares held by the Co-founders in Nanjing Human-like with a consideration of RMB74,000. In December 2020, Xi'an Giant Biogene acquired 30% shares held by the Co-founders in Shaanxi Giant Teyi with a consideration of RMB10,839,000.

In September 2020, Shaanxi Giant Biotechnology entered into a share transfer agreement with the Co-founders to acquire 60% shares held by the Co-founders in Xi'an Xingan Biotechnology with a consideration of RMB12,171,000.

The Company

	Ordinary share capital	**Preferred share capital**	**Treasury shares**	**Share premium**	**Other reserve**	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January and 31 December 2019 and 2020, and at 1 January 2021:	–	–	–	–	–	–	–
Loss and total comprehensive income for the year	–	–	–	–	–	14,759	14,759
Issue of ordinary share capital	63	–	–	65,629	–	–	65,692
Repurchase of ordinary share capital	–	–	(6)	–	–	–	(6)
Contractual obligation for redemption of ordinary shares	–	–	–	–	(6,359,838)	–	(6,359,838)
Issue of shares for the share incentive plan	1	–	(1)	–	–	–	–
Deemed investment to the subsidiary	–	–	–	–	1,054	–	1,054
Capital contribution from Series A preferred shareholders	–	23	–	7,094,087	–	–	7,094,110
At 31 December 2021	64	23	(7)	7,159,716	(6,358,784)	14,759	815,771

29. EQUITY SETTLED SHARE-BASED PAYMENTS

Prior to the Group Reorganization, in order to promote the Group's development in the long run and attract and retain senior management team and core talents, Xi'an Giant Biogene, the onshore holding company of the Group adopted an equity incentive plan (the "Original Plan") in December 2020. In December 2020, Xi'an Giant Biogene granted a 0.9802% equity interest under the Original Plan with a 5-year vesting period to Mr. Yan Jianya and 78 selected employees of the Group for a consideration of RMB45,000,000 in total through Giant Investment LP I and Giant Investment LP II (each with a 0.4901% equity interest of a consideration of RMB22,500,000).

In December 2021, following the completion of the Group Reorganization, the board of directors of the Company passed a resolution to replace the Original Plan with a modified equity incentive plan (the "Modified Plan"). Under the Modified Plan, the granted outstanding shares and selected employees remained unchanged. The Company granted a total number of 9,423,998 options with an exercise price of RMB4.74 per option to the participants under the Original Plan. The service condition modified to 5 equal tranches upon every 12 months following the grant date of the Original Plan, in addition, none of the options shall be vested within six months following the [**REDACTED**].

The fair value of the Modified Plan was remeasured at the date of modification and the Group recognized the difference of fair values between the Original Plan and the Modified Plan as the corresponding share-based compensation in profit or loss over the modified vesting periods.

For the years ended 31 December 2019, 2020 and 2021, the Group recognized share-based compensation expenses of Nil, RMB592,000 and RMB16,487,000, respectively.

The following table discloses details of the movements of the outstanding shares/options granted under the Original and Modified scheme during the Relevant Periods:

	Original Plan Shares		**Modified Plan Options**	
	No. of shares	**Weighted average subscription price** *RMB*	**No. of options**	**Weighted average exercise price** *RMB*
As at 1 January 2019, 31 December 2019 and 1 January 2020	–	–	–	–
Granted during the year	300,000	150	–	–
As at 31 December 2020	300,000	150	–	–
Forfeited during the year	(2,400)	–	–	–
Replaced during the year	(297,600)	–	–	–
Granted during the year	–	–	9,423,998	4.74
Outstanding at 31 December 2021	–	–	9,423,998	4.74

The fair values of the shares under the Original Plan at the grant date and the date of modification were RMB128,087,000 and RMB159,642,000, respectively.

The fair value of the options under the Modified Plan at the date of modification was RMB120,230,000.

The fair values of the Original Plan at both grant date and modification date were determined using the Discounted cashflow model. The Modified Plan were determined using the Binomial model. The fair values and corresponding inputs into the model were as follows:

	Original Plan	
	At grant date	**At date of modification**
Discount rate	18.00%	17.00%
Terminal growth rate	3.00%	2.30%
DLOM	25%	14%

	Modified Plan At date of modification
Option fair value per share (RMB)	12.76
Share price (RMB)	16.94
Exercise price (RMB)	4.74
Dividend yield (%)	–
Volatility (%)	46.45%
Risk-free interest rate (%)	2.46%
Expected life of options (years)	6.50
Expected [**REDACTED**]	[**REDACTED**]

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) 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 statements of cash flows as cash flows from financing activities.

	Dividend payable	Contractual obligation for redemption of ordinary shares
	RMB'000	*RMB'000*
At 1 January 2019	–	–
Changes from financing cash flows	–	–
Dividend declared	397,000	–
At 31 December 2019 and 1 January 2020	397,000	–
Changes from financing cash flows		
Dividends paid to non-controlling shareholders by the subsidiaries	(1,505)	–
Dividend declared	1,504,505	–
At 31 December 2020 and 1 January 2021	1,900,000	–
Changes from financing cash flows		
Dividends paid to the Co-founders	(2,550,000)	–
Dividends declared	1,017,460	–
Contractual obligation of share redemption	–	6,276,587
At 31 December 2021	367,460	6,276,587

31. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Plant and machinery	64,260	61,181	32,885
Buildings	10,274	10,274	4,075
Capital contribution to an associate	–	–	16,000
	74,534	71,455	52,960

32. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related parties

Name	Relationship
Mr. Yan Jianya	The controlling shareholder, executive director, chairman of the board and chief executive officer of the Company
Shaanxi Bomiaorui Technology Co., Ltd.	Mr. Yan Jianya serves as an executive director of the enterprise
Xi'an Chuangkecun*	Controlled by a then director of Xi'an Giant Biogene

* Since June 2020, with the resignation of the then director in Xi'an Giant Biogene, Xi'an Chuangkecun is no longer a related party of the Group.

(b) Related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Sales of finished goods *(i)*	499,274	220,473	–
Provision rental services *(i)*	–	268	–
Provision logistic service *(ii)*	2,126	884	–
Interest income *(iii)*	16,115	9,221	–
	18,241	10,373	–
Loans to the related parties	(45,771)	(212,800)	–
Repayment of loans from the related parties	61,633	445,073	201,310

Notes:

(i) The sales of finished goods were made and rental services were provided by the Group to Xi'an Chuangkecun with reference to market prices.

(ii) The logistic service was provided by Chuangkecun to the Group with reference to market prices.

(iii) The interest income from a loan provided to Mr. Yan Jianya as disclosed in Note 32 (c).

(c) Outstanding balance with related parties

As disclosed in the statements of financial position, the Group had outstanding balances with related parties at 31 December 2019, 2020 and 2021.

	As at 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Due from related parties			
Trade nature:			
ChuangKecun	123,630	–	–
Impairment allowances	(2,316)	–	–
	121,314	–	–
Non-trade nature:			
Mr. Yan Jianya*	433,583	–	–
Shaanxi Bomiaorei Technology Co., Ltd.	–	201,310	–
	433,583	201,310	–
Total amounts due from related parties	554,897	201,310	–

* The non-trade balances due from Mr. Yan Jianya were unsecured, repayable on demand and carried interest at a rate of 2.85% p.a. as at 31 December 2019. Excepted otherwise stated, all the non-trade balances due from related parties were unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	568	2,259	2,710
Pension scheme contributions	133	105	289
Equity-settled share award expense	–	387	11,793
	701	2,751	14,792

Further details of directors', supervisors' and the chief executive's remuneration are included in Note 8 to the Historical Financial Information.

33. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

As at 31 December 2019

Financial assets

	Financial assets at fair value through profit or loss	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	746,623	–	746,623
Financial assets included in prepayments, other receivables and other assets	–	5,009	5,009
Trade receivables	–	17,260	17,260
Amounts due from related parties	–	554,897	554,897
Cash and cash equivalents	–	72,323	72,323
	746,623	649,489	1,396,112

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	22,779
Dividend payable	397,000
Financial liabilities included in other payables and accruals	24,175
	443,954

As at 31 December 2020

Financial assets

	Financial assets at fair value through profit or loss	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	1,588,344	–	1,588,344
Financial assets included in prepayments, other receivables and other assets	–	1,781	1,781
Trade receivables	–	54,523	54,523
Amounts due from related parties	–	201,310	201,310
Cash and cash equivalents	–	367,805	367,805
	1,588,344	625,419	2,213,763

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	31,946
Dividend payable	1,900,000
Financial liabilities included in other payables and accruals	50,200
	1,982,146

As at 31 December 2021

Financial assets

	Financial assets at fair value through profit or loss	**Financial assets at amortized cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	155,607	–	155,607
Financial assets included in prepayments, other receivables and other assets	–	3,977	3,977
Trade receivables	–	65,639	65,639
Cash and cash equivalents	–	7,103,000	7,103,000
	155,607	7,172,616	7,328,223

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	23,612
Dividend payables	367,460
Financial liabilities included in other payables and accruals	6,325,537
	6,716,609

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts	Fair values
	RMB'000	*RMB'000*
As at 31 December 2019		
Financial assets at fair value through profit or loss	746,623	746,623
As at 31 December 2020		
Financial assets at fair value through profit or loss	1,588,344	1,588,344
As at 31 December 2021		
Financial assets at fair value through profit or loss	155,607	155,607

The fair values of the financial assets and liabilities are included at the amount at which the instruments 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 cash and cash equivalents, trade receivables, amounts due from related parties, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and dividend payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy

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

The Group

Assets measured at fair value:

As at 31 December 2019

	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 fair value through profit or loss:				
Financial products	–	746,623	–	746,623

As at 31 December 2020

	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 fair value through profit or loss:				
Financial products	57,891	1,530,453	–	1,588,344

As at 31 December 2021

	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 fair value through profit or loss:				
Financial products	57,651	97,956	–	155,607

Financial instruments in Level 1

The fair value of financial instruments are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities. The valuation techniques based on open market transaction prices.

Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs that are significant to fair value measurement are observable, the instrument is included in Level 2. The fair value of the financial products is estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and financial assets at FVTPL. 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 other receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarized below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

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

The Group

	Increase/ (decrease) in rate of foreign currency *%*	**Increase/ (decrease) in profit before tax** *RMB'000*	**Increase/ (decrease) in equity** *RMB'000*
31 December 2019			
If RMB weakens against USD	5	–	–
If RMB strengthens against USD	(5)	–	–
31 December 2020			
If RMB weakens against USD	5	–	–
If RMB strengthens against USD	(5)	–	–
31 December 2021			
If RMB weakens against USD	5	351,593	351,593
If RMB strengthens against USD	(5)	(351,593)	(351,593)

Credit risk

Receivable balances are monitored on an on-going basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

The Group

As at 31 December 2019

	12-month ECLs	**Lifetime ECLs**			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Trade receivables	–	–	–	17,711	17,711
Financial assets included in prepayments, other receivables and other assets	6,041	–	–	–	6,041
Amounts due from related parties	557,213	–	–	–	557,213
Cash and cash equivalents	72,323	–	–	–	72,323
	635,577	–	–	17,711	653,288

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	55,219	55,219
Financial assets included in prepayments, other receivables and other assets	2,405	–	–	–	2,405
Amounts due from related parties	201,310	–	–	–	201,310
Cash and cash equivalents	367,805	–	–	–	367,805
	571,520	–	–	55,219	626,739

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	66,383	66,383
Financial assets included in prepayments, other receivables and other assets	4,879	–	–	–	4,879
Cash and cash equivalents	7,103,000	–	–	–	7,103,000
	7,107,879	–	–	66,383	7,174,262

At the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as the Group's cash and cash equivalents were deposited in few financial institutions. As at the end of the each of the Relevant Periods, cash and cash equivalents were deposited in financial institutions of high quality without significant credit risk.

As at 31 December 2019, 2020 and 2021, the Group had certain concentrations of credit risk as 88%, 50% and 44% of the Group's trade receivables were due from the Group's largest customer ChuangKecun, respectively. The Group does not hold any collateral or other credit enhancement for the balance of accounts receivable.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

The Group

	As at 31 December 2019			
	On demand	**Within 1 year**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	22,779	–	22,779
Dividend payables	397,000	–	–	397,000
Financial liabilities included in other payables and accruals	–	24,175	–	24,175
	397,000	46,954	–	443,954

	As at 31 December 2020			
	On demand	**Within 1 year**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	31,946	–	31,946
Dividend payables	1,900,000	–	–	1,900,000
Financial liabilities included in other payables and accruals	–	50,200	–	50,200
	1,900,000	82,146	–	1,982,146

	As at 31 December 2021			
	On demand	**Within 1 year**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	23,612	–	23,612
Dividend payables	367,460	–	–	367,460
Financial liabilities included in other payables and accruals	–	6,325,537	–	6,325,537
	367,460	6,349,149	–	6,716,609

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize 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 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 as at the end of each of the Relevant Periods.

	Year ended 31 December		
	2019	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*
Total debt	–	–	–
Equity attributable to owners of the parent	1,147,698	458,003	1,016,811
Gearing ratio	0%	0%	0%

36. EVENTS AFTER THE RELEVANT PERIODS

The impact of COVID-19

The Directors believe that, based on the information available as of the date of this report, the outbreak of COVID-19 would not result in a material disruption to the Group's business operations or a material impact on the financial position or financial performance of the Group.

It is uncertain when and whether COVID-19 could be controlled globally. The above analysis is made by the management of the Company based on the currently available information concerning COVID-19. Management of the Company cannot assure that the outbreak of COVID-19 will not further escalate or have a material adverse effect on the Group's results of operations.

Redemption of ordinary shares

Pursuant to the share redemption agreement entered into on 14 October 2021, the Company redeemed 317,995,065 ordinary shares from Juzi Holding Co., Ltd. at a consideration of USD994,729,000 (equivalent to RMB6,298,725,000) in February 2022.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2021.