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

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所 香港鰂魚涌英皇道 979 號太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GENOR BIOPHARMA HOLDINGS LIMITED, MORGAN STANLEY ASIA LIMITED AND SPDB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Edding Group Company Limited (the "Target") and its subsidiaries (together, the "Target Group") set out on pages I-4 to I-101, 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 Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target as at 31 December 2022, 2023 and 2024 and 30 June 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-101 forms an integral part of this report, which has been prepared for inclusion in the circular of Genor Biopharma Holdings Limited (the "Company") dated 5 December 2025 (the "Circular") in connection with the Proposed Merger as defined in the Circular.

Directors' responsibility for the Historical Financial Information

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

The Underlying Financial Statements of the Target Group for the Relevant Periods as defined on page I-4, on which the Historical Financial Information is based, were prepared by the directors of the Target (the "Directors"). The Directors are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements that are 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 HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target as at 31 December 2022, 2023, 2024 and 30 June 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Target Group, which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements *2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Target in respect of the Relevant Periods.

Ernst & Young

Certified Public Accountants
Hong Kong
5 December 2025

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

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

1. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Six months ended 30 June 2024 RMB'000 (Unaudited)	Six months ended 30 June 2025 RMB'000
Revenue	5	2,073,754	2,303,788	2,546,044	1,373,322	1,135,542
Cost of sales	7	(705,320)	(798,095)	(829,759)	(449,195)	(375,925)
Gross profit		1,368,434	1,505,693	1,716,285	924,127	759,617
Other income and gains	6	3,724	10,813	105,292	26,381	13,351
Selling and distribution expenses		(545,653)	(546,897)	(659,572)	(314,718)	(236,758)
Administrative expenses		(67,989)	(182,196)	(205,995)	(79,763)	(126,271)
Research and development expenses		(95,320)	(124,974)	(121,866)	(58,495)	(72,713)
Amortisation of distribution rights, medicine licenses and trademark		(25,609)	(36,459)	(71,343)	(32,330)	(37,000)
Reversal of impairment losses/(impairment losses) on financial assets, net	21, 22	311	(32)	671	179	(17)
Other expenses		(19,365)	(18,695)	(26,358)	(12,749)	(29,076)
Finance costs, net	8	(293,255)	(276,234)	(254,632)	(139,497)	(93,975)
PROFIT BEFORE TAX	7	325,278	331,019	482,482	313,135	177,158
Income tax expense	11	(18,933)	(23,000)	(94,596)	(41,122)	(62,592)
PROFIT FOR THE YEAR/PERIOD		306,345	308,019	387,886	272,013	114,566
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		95,915	17,234	6,404	862	699
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		95,915	17,234	6,404	862	699

	Notes	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Six months ended 30 June 2024 RMB'000 *(Unaudited)*	Six months ended 30 June 2025 RMB'000
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation from functional currency to presentation currency		7,022	(2,864)	17,103	7,242	(2,725)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		7,022	(2,864)	17,103	7,242	(2,725)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		102,937	14,370	23,507	8,104	(2,026)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		409,282	322,389	411,393	280,117	112,540
Profit attributable to:						
Owners of the parent		306,345	308,019	387,886	272,013	114,566
Total comprehensive income attributable to:						
Owners of the parent		409,282	322,389	411,393	280,117	112,540
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*13*					
Basic for profit for the year/period		RMB55.0 cents	RMB60.6 cents	RMB76.8 cents	RMB53.9 cents	RMB22.7 cents
Diluted for profit for the year/period		RMB55.0 cents	RMB60.6 cents	RMB76.8 cents	RMB53.9 cents	RMB22.7 cents

2. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	258,667	271,171	270,153	275,786
Prepayments, other receivables and other assets	22	405,724	231,992	166,544	168,321
Deferred tax assets	18	9,796	40,026	37,357	47,236
Right-of-use assets	15	34,844	49,434	50,636	63,454
Goodwill	16	112,055	112,055	112,055	112,055
Other intangible assets	17	2,710,705	2,979,919	3,053,266	2,951,185
Financial asset at fair value through profit or loss	19	50,000	50,000	50,000	50,000
Total non-current assets		3,581,791	3,734,597	3,740,011	3,668,037
CURRENT ASSETS					
Inventories	20	368,073	306,151	552,776	534,866
Trade and bills receivables	21	362,835	367,810	319,524	137,475
Prepayments, other receivables and other assets	22	38,258	45,715	82,575	75,887
Amounts due from a related party	37	–	–	120	120
Due from the Controlling Shareholder	23	172,460	223,304	237,582	238,944
Pledged deposits	35	428	404	395,740	335,630
Cash and cash equivalents	24	537,635	467,127	111,703	778,462
Total current assets		1,479,689	1,410,511	1,700,020	2,101,384
CURRENT LIABILITIES					
Trade payables	25	248,173	187,764	332,164	196,142
Other payables and accruals	26	367,967	417,604	451,232	317,395
Refund liabilities	27	37,059	31,823	50,141	26,331
Interest-bearing bank and other borrowings	28	1,647,619	2,382,929	1,993,140	1,888,436
Dividends payable	12	10,813	49,525	50,264	50,144
Liability component of puttable ordinary shares	29	69,646	–	–	–
Tax payables		20,693	29,075	60,899	93,941
Lease liabilities	15	8,074	14,525	13,951	18,868
Total current liabilities		2,410,044	3,113,245	2,951,791	2,591,257

	Notes	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
NET CURRENT LIABILITIES		(930,355)	(1,702,734)	(1,251,771)	(489,873)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,651,436	2,031,863	2,488,240	3,178,164
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	28	722,051	–	–	530,720
Deferred tax liabilities	18	1,935	2,149	11,563	13,810
Lease liabilities	15	14,943	24,133	27,038	35,794
Other liabilities	30	–	40,706	40,077	42,906
Total non-current liabilities		738,929	66,988	78,678	623,230
Net assets		1,912,507	1,964,875	2,409,562	2,554,934
EQUITY					
Attributable to owners of the parent					
Share capital	31	77	72	72	72
Reserves	32	1,912,430	1,964,803	2,409,490	2,554,862
Total equity		1,912,507	1,964,875	2,409,562	2,554,934

3. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent								
	Share capital *RMB'000* *(note 31)*	**Capital reserve*** *RMB'000* *(note 32)*	**Merger reserve*** *RMB'000* *(note 32)*	**Share-based payment reserve*** *RMB'000* *(note 32)*	**Other reserve*** *RMB'000*	**Statutory surplus reserve*** *RMB'000* *(note 32)*	**Exchange fluctuation reserve*** *RMB'000*	**Retained earnings/ (accumulated losses)*** *RMB'000*	**Total** *RMB'000*
At 1 January 2022	78	1,717,873	9,657	78,809	4,234	379	(156,831)	(43,979)	1,610,220
Profit for the year	–	–	–	–	–	–	–	306,345	306,345
Other comprehensive income for the year									
Exchange differences related to foreign operations and translation from functional currency to presentation currency	–	–	–	–	–	–	102,937	–	102,937
Total comprehensive income for the year	–	–	–	–	–	–	102,937	306,345	409,282
Repurchase of shares *(notes 31, 32)*	(1)	–	–	–	–	–	–	–	(1)
Dividend declared *(note 12)*	–	–	–	–	–	–	–	(67,405)	(67,405)
Equity-settled share-based payment arrangements	–	–	–	(39,589)	–	–	–	–	(39,589)
At 31 December 2022	77	1,717,873	9,657	39,220	4,234	379	(53,894)	194,961	1,912,507

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital *RMB'000* *(note 31)*	**Capital reserve*** *RMB'000* *(note 32)*	**Merger reserve*** *RMB'000* *(note 32)*	**Share-based payment reserve*** *RMB'000* *(note 32)*	**Other reserve*** *RMB'000*	**Statutory surplus reserve*** *RMB'000* *(note 32)*	**Exchange fluctuation reserve*** *RMB'000*	**Retained earnings*** *RMB'000*	**Total** *RMB'000*
At 1 January 2023	77	1,717,873	9,657	39,220	4,234	379	(53,894)	194,961	1,912,507
Profit for the year	–	–	–	–	–	–	–	308,019	308,019
Other comprehensive income for the year									
Exchange differences related to foreign operations and translation from functional currency to presentation currency	–	–	–	–	–	–	14,370	–	14,370
Total comprehensive income for the year	–	–	–	–	–	–	14,370	308,019	322,389
Equity-settled share-based payment arrangements	–	–	–	33,570	–	–	–	–	33,570
Dividend declared *(note 12)*	–	–	–	–	–	–	–	(67,737)	(67,737)
Repurchase of shares *(notes 31, 32)*	(5)	(235,849)	–	–	–	–	–	–	(235,854)
At 31 December 2023	72	1,482,024	9,657	72,790	4,234	379	(39,524)	435,243	1,964,875

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital *RMB'000* *(note 31)*	**Capital reserve*** *RMB'000* *(note 32)*	**Merger reserve*** *RMB'000* *(note 32)*	**Share-based payment reserve*** *RMB'000* *(note 32)*	**Other reserve*** *RMB'000*	**Statutory surplus reserve*** *RMB'000* *(note 32)*	**Exchange fluctuation reserve*** *RMB'000*	**Retained earnings*** *RMB'000*	**Total** *RMB'000*
At 1 January 2024	72	1,482,024	9,657	72,790	4,234	379	(39,524)	435,243	1,964,875
Profit for the year	–	–	–	–	–	–	–	387,886	387,886
Other comprehensive income for the year									
Exchange differences related to foreign operations and translation from functional currency to presentation currency	–	–	–	–	–	–	23,507	–	23,507
Total comprehensive income for the year	–	–	–	–	–	–	23,507	387,886	411,393
Equity-settled share-based payment arrangements	–	–	–	33,294	–	–	–	–	33,294
At 31 December 2024	72	1,482,024	9,657	106,084	4,234	379	(16,017)	823,129	2,409,562

Six months ended 30 June 2024

	Attributable to owners of the parent								
	Share capital *RMB'000* *(note 31)*	**Capital reserve*** *RMB'000* *(note 32)*	**Merger reserve*** *RMB'000* *(note 32)*	**Share-based payment reserve*** *RMB'000* *(note 32)*	**Other reserve*** *RMB'000*	**Statutory surplus reserve*** *RMB'000* *(note 32)*	**Exchange fluctuation reserve*** *RMB'000*	**Retained earnings*** *RMB'000*	**Total** *RMB'000*
At 1 January 2024	72	1,482,024	9,657	72,790	4,234	379	(39,524)	435,243	1,964,875
Profit for the period (unaudited)	–	–	–	–	–	–	–	272,013	272,013
Other comprehensive income for the period									
Exchange differences related to foreign operations and translation from functional currency to presentation currency (unaudited)	–	–	–	–	–	–	8,104	–	8,104
Total comprehensive income for the period (unaudited)	–	–	–	–	–	–	8,104	272,013	280,117
Equity-settled share-based payment arrangements (unaudited)	–	–	–	15,291	–	–	–	–	15,291
At 30 June 2024 (unaudited)	72	1,482,024	9,657	88,081	4,234	379	(31,420)	707,256	2,260,283

Six months ended 30 June 2025

	Attributable to owners of the parent								
	Share capital *RMB'000* *(note 31)*	**Capital reserve*** *RMB'000* *(note 32)*	**Merger reserve*** *RMB'000* *(note 32)*	**Share-based payment reserve*** *RMB'000* *(note 32)*	**Other reserve*** *RMB'000*	**Statutory surplus reserve*** *RMB'000* *(note 32)*	**Exchange fluctuation reserve*** *RMB'000*	**Retained earnings*** *RMB'000*	**Total** *RMB'000*
At 1 January 2025	72	1,482,024	9,657	106,084	4,234	379	(16,017)	823,129	2,409,562
Profit for the period	–	–	–	–	–	–	–	114,566	114,566
Other comprehensive income for the period									
Exchange differences related to foreign operations and translation from functional currency to presentation currency	–	–	–	–	–	–	(2,026)	–	(2,026)
Total comprehensive income for the period	–	–	–	–	–	–	(2,026)	114,566	112,540
Equity-settled share-based payment arrangements	–	–	–	32,832	–	–	–	–	32,832
At 30 June 2025	72	1,482,024	9,657	138,916	4,234	379	(18,043)	937,695	2,554,934

These reserve accounts comprise the reserves of RMB1,912,430,000, RMB1,964,803,000, RMB2,409,490,000, RMB2,260,211,000 and RMB2,554,862,000 in the consolidated statements of financial position as at 31 December 2022, 2023, and 2024, and 30 June 2024 and 2025, respectively.

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Six months ended 30 June 2024 *RMB'000* *(Unaudited)*	Six months ended 30 June 2025 *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		325,278	331,019	482,482	313,135	177,158
Adjustments for:						
Finance costs, net	*8*	293,255	276,234	254,632	139,497	93,975
Interest income	*6, 7*	(2,040)	(8,070)	(13,747)	(5,528)	(10,072)
Depreciation of property, plant and equipment	*7*	25,882	24,676	19,064	14,273	15,543
Depreciation of right-of-use assets	*7*	20,079	17,305	17,598	8,501	11,557
Amortization of other intangible assets	*7*	103,804	117,106	157,513	74,686	91,311
Amortization of deferred government grants		–	–	(117)	–	(70)
Write-down of inventories to net realizable value	*7*	13,985	2,903	1,589	1,308	485
(Gain)/loss on disposal of items of property, plant and equipment	*7*	(145)	842	266	–	–
Loss on disposal of an intangible asset	*7*	–	–	1,488	–	–
Impairment of non-current assets	*7*	–	11,835	2,263	–	–
(Reversal of impairment losses)/impairment losses on financial assets, net	*7*	(311)	32	(671)	(179)	17
Loss on termination of a lease	*7, 15*	1,857	–	–	–	–
Equity-settled share-based payment expenses	*7, 33*	(39,589)	33,570	33,294	15,291	32,832
Exchange loss	*7*	3,081	3,083	19,898	11,388	20,869
		745,136	810,535	975,552	572,372	433,605
(Increase)/decrease in inventories		(5,495)	59,019	(222,219)	(4,339)	18,643
Decrease/(increase) in trade and bills receivables		168,849	(4,905)	48,986	(136,057)	182,089
Decrease/(increase) in prepayments, other receivables and other assets		42,531	(6,932)	(34,692)	(29,245)	4,095
Increase in amounts due from a related party		–	–	(120)	(4,382)	–
Increase/(decrease) in trade payables		85,786	(60,929)	154,644	(16,569)	(131,514)
(Decrease)/increase in other payables and accruals		(8,872)	12,235	26,367	(29,173)	(150,957)
(Decrease)/increase in refund liabilities		(61,588)	(5,236)	18,318	10,350	(23,810)
Cash generated from operations		966,347	803,787	966,836	362,957	332,151
Tax paid		(21,534)	(44,922)	(51,109)	(20,899)	(37,059)
Net cash flows from operating activities		944,813	758,865	915,727	342,058	295,092

	Notes	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Six months ended 30 June 2024 RMB'000 (Unaudited)	Six months ended 30 June 2025 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		2,040	1,073	2,230	945	5,830
Purchases of items of property, plant and equipment		(48,421)	(42,303)	(26,165)	(11,498)	(23,946)
Proceeds from disposal of items of property, plant and equipment		1,132	407	80	1	–
Purchase of other intangible assets		(2,686)	(856)	(161,182)	(57,126)	(241)
Receipt of government grants for property, plant and equipment		–	4,080	1,675	1,675	–
Increase in other long-term assets		(48,954)	(124,632)	(14,039)	(10,690)	–
Due from the Controlling Shareholder		(172,460)	(208,468)	–	–	–
(Placement)/withdraw of pledged deposits		(211)	24	(395,336)	18	60,110
Net cash flows (used in)/from investing activities		(269,560)	(370,675)	(592,737)	(76,675)	41,753
CASH FLOWS FROM FINANCING ACTIVITIES						
Repurchase of shares		(1)	(67,967)	–	–	–
Cash paid for puttable ordinary shares	29	(86,473)	(67,737)	–	–	–
New bank loans and other borrowings		570,986	1,817,520	1,245,123	564,044	1,142,748
Dividends paid	12	(56,592)	(31,439)	–	–	–
Interest paid		(260,179)	(184,420)	(256,828)	(91,265)	(62,625)
Repayment of bank loans and other borrowings		(874,884)	(1,910,161)	(1,653,360)	(693,005)	(737,279)
Payments of lease liabilities		(24,465)	(18,000)	(18,113)	(8,962)	(11,491)
Net cash flows (used in)/from financing activities		(731,608)	(462,204)	(683,178)	(229,188)	331,353
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(56,355)	(74,014)	(360,188)	36,195	668,198
Cash and cash equivalents at beginning of year/period		577,076	537,635	467,127	467,127	111,703
Effect of foreign exchange rate changes, net		16,914	3,506	4,764	1,916	(1,439)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		537,635	467,127	111,703	505,238	778,462
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		537,635	467,127	111,703	505,238	778,462
Cash and cash equivalents as stated in the statements of financial position		537,635	467,127	111,703	505,238	778,462
Cash and cash equivalents as stated in the statements of cash flows		537,635	467,127	111,703	505,238	778,462

5. STATEMENTS OF FINANCIAL POSITION OF THE TARGET

	Notes	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
NON-CURRENT ASSETS					
Investments in subsidiaries	37(f)	1,063,687	1,081,724	1,097,867	1,095,256
CURRENT ASSETS					
Prepayments, other receivables and other assets		176	4,792	55	–
Due from the Controlling Shareholder	23 & 37(e)	112,094	–	–	–
Due from subsidiaries	37(e)	1,123,666	961,043	545,309	545,732
Cash and cash equivalents		139	88	762	80
Total current assets		1,236,075	965,923	546,126	545,812
CURRENT LIABILITIES					
Other payables and accruals	26	20,479	24,142	30,461	25,026
Interest-bearing bank and other borrowings	28	–	807,475	410,005	426,210
Dividends payable	12	10,813	49,525	50,264	50,144
Liability component of puttable ordinary shares	29	69,646	–	–	–
Total current liabilities		100,938	881,142	490,730	501,380
NET CURRENT ASSETS		1,135,137	84,781	55,396	44,432
TOTAL ASSETS LESS CURRENT LIABILITIES		2,198,824	1,166,505	1,153,263	1,139,688
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	28	722,051	–	–	–
Total non-current liabilities		722,051	–	–	–
Net assets		1,476,773	1,166,505	1,153,263	1,139,688
EQUITY					
Share capital	31	77	72	72	72
Reserves		1,476,696	1,166,433	1,153,191	1,139,616
Total equity		1,476,773	1,166,505	1,153,263	1,139,688

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Target was incorporated in the Cayman Islands on 8 June 2020 as an exempted company with limited liability under the Companies Act Chapter 22 of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Target is an investment holding company. During the Relevant Periods, the Target's subsidiaries were involved in the following principal activities:

- sale of pharmaceutical products
- provision of marketing and promotion services
- manufacture of pharmaceutical products
- pharmaceutical research and development

As at the end of the Relevant Periods, the Target had direct and indirect interests in the following principal subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place of incorporation/ registration and business	Date of incorporation/ registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Target		Principal activities
				Direct	Indirect	
Eddingpharm Group Company Limited *(note (a))*	The British Virgin Islands ("BVI")	15 August 2005	US$1	100	–	Investment holding
Eddingpharm (Asia) Co., Ltd. *(note (b))*	Malaysia	2 July 2008	US$10,000	–	100	Dormant
Eddingpharm (Asia) Macao Commercial Offshore Limited *(note (c))*	Macau	1 February 2002	MOP100,000	–	100	Marketing and commercialization of pharmaceutical products
Maxi Vantage Limited *(note (d))*	Hong Kong	12 February 2015	US$150,740,458	–	100	Provision of marketing and consultancy services
Eddingpharm AG *(note (a))*	Switzerland	21 December 2015	CHF100,000	–	100	Provision of marketing and consultancy services
Excellent Apex Group Limited *(note (a))*	BVI	23 November 2015	US$150,740,458	100	–	Investment holding
Eddingpharm BV *(note (a))*	Netherlands	6 November 2019	EUR1	–	100	Investment holding
蘇州億騰藥品銷售有限公司 Eddingpharm Suzhou Co., Ltd. *(note (f))**	PRC/ Chinese mainland	13 December 2017	US$50,000,000	–	100	Trading of pharmaceutical products and provision of marketing and promotion services
Ease Pacific Limited *(note (a))*	BVI	28 May 2018	US$1	100	–	Investment holding
Mount View Limited *(note (e))*	Hong Kong	5 November 2018	HKD1	–	100	Investment holding

Name	Place of incorporation/ registration and business	Date of incorporation/ registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Target		Principal activities
				Direct	Indirect	
蘇州工業園區峰酷醫藥有限公司 Maxi Vantage (Suzhou) Co., Ltd. *(note (f))**	PRC/ Chinese mainland	5 September 2019	US$46,000,000	–	100	Investment holding
上海愛汀醫藥科技有限公司 Shanghai Eddingpharm Co., Ltd. *(note (g))**	PRC/ Chinese mainland	10 August 2018	RMB648,038,000	–	100	Provision of marketing and consultancy services
億騰醫藥(蘇州)有限公司 Eddingpharm (Suzhou) Co., Ltd. (Formerly known as 蘇州西克羅製藥有限公司 Suzhou Ceclor Pharmaceutical Co., Ltd.) *(note (f))**	PRC/ Chinese mainland	26 February 2019	RMB820,235,827	–	100	Research and development of pharmaceutical products; manufacture, marketing and commercialization of pharmaceutical products
Vancocin Italia S.r.L. *(note (a))*	Italy	11 April 2019	EUR10,000	–	100	Provision of marketing and consultancy services
Eddingpharm K.K. *(note (a))*	Japan	29 November 2019	JPY46,145,000	–	100	Provision of marketing and consultancy services
ERC Pharma (Cayman) Holdings Limited *(note (a))*	Cayman Islands	29 November 2018	US$7,492	100	–	Investment holding
ERC Pharma (Hong Kong) Limited *(note (e))*	Hong Kong	11 September 2015	HKD100	–	100	Investment holding
瑞思醫藥(蘇州)有限公司 ERC Pharma (Suzhou) Co., Ltd. *(note (f))**	PRC/ Chinese mainland	11 September 2015	US$12,000,000	–	100	Research and development of respiratory product
Eddingpharm International Company Limited *(note (a))*	BVI	21 September 2006	US$50,000	100	–	Investment holding
Eddingpharm (Hong Kong) Company Limited *(note (e))*	Hong Kong	17 December 2005	HKD100	–	100	Provision of consultancy and marketing services; trading of pharmaceutical products
上海愛汀康橋生物科技有限公司 Shanghai Edding Kangqiao Biotechnology Co., Ltd. *(note (f))**	PRC/ Chinese mainland	16 June 2023	RMB30,000,000	–	100	Research and development of pharmaceutical products
Eddingpharm (Hong Kong) Holding Limited *(note (i))*	Hong Kong	14 August 2024	HKD10,000	–	100	Investment holding
Edding Holding Limited *(note (a))*	Macau	3 September 2024	MOP25,000	–	100	Investment holding
億騰醫藥(珠海)有限公司 Eddingpharm (Zhuhai) Co., Ltd. *(note (h))*	PRC/ Chinese mainland	15 October 2024	CNY 50,000,000	–	100	Research and development of pharmaceutical products
EDDINGPHARM (U.S.) INC	United States	5 February 2025	US$5,000	–	100	Marketing and commercialization of pharmaceutical products

* The English translations of these names are for identification purposes only.

Notes:

(a) No audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024 as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation or establishment.

(b) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared under Malaysian Private Entities Reporting Standards and the requirements of the Labuan Companies Act 1990 in Malaysia were audited by CCMT (Labuan) LLP (formerly known as Crowe (Labuan) LLP).

(c) The statutory financial statements of this entity for the year ended 31 December 2022 prepared under the Financial Reporting Standards set out in Administrative Regulations No. 25/2005 of the Macau Special Administrative Region were audited by CKT & Associates CPA Macau. The statutory financial statements of this entity for the year ended 31 December 2023 and 2024 prepared under International Financial Reporting Standards were audited by Ernst & Young, Hong Kong.

(d) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared under HKFRS Accounting Standards were audited by Ernst & Young, Hong Kong.

(e) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared under HKFRS Accounting Standards for Private Entities were audited by Lee and Chan CPA.

(f) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared under Chinese Accounting Standards ("PRC GAAP") were audited by Suzhou Fangben Certified Public Accountants Co., Ltd. Park Branch (蘇州方本會計師事務所有限公司園區分所).

(g) The statutory financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 prepared under PRC GAAP were audited by Shanghai Anbeixin Certified Public Accounts Co., Ltd. (上海安倍信會計師事務所有限公司).

(h) The statutory financial statements of this entity for the years ended 31 December 2024 prepared under Chinese Accounting Standards ("PRC GAAP") were audited by Shu Lun Pan Certified Public Accountants LLP Zhuhai Branch (立信會計師事務所特殊普通合夥珠海分所).

(i) No audited financials statements have been prepared for this entity for the year ended 31 December 2024 as this entity was incorporated in 2024.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

As at 30 June 2025, the Target Group had net current liabilities of RMB489,873,000, of which the Target Group's cash and cash equivalents and trade receivables amounted to RMB778,462,000 and RMB137,475,000, respectively, while its interest-bearing loans and other borrowings classified as current liabilities amounted to RMB1,888,436,000. The Directors have reviewed the Target Group's cash flow forecast prepared by management, covering a period of 12 months from 30 June 2025. Target Group is expected to generate sufficient operating cash inflows in the coming 12 months. The Target Group will repay, rollover or re-finance its current bank and other borrowings in the normal course of business. Accordingly, the Directors, after taking into account the operation performance, financing plans and measures, are of the opinion that, the Target Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due and that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Historical Financial Information has been prepared under the historical cost convention, except for financial asset at fair value through other comprehensive income and financial asset at fair value through profit or loss.

Basis of consolidation

The Historical Financial Information includes the financial information of the Target and its subsidiaries (collectively referred to as the "Target Group") for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target. Control is achieved when the Target 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 Target Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Target has less than a majority of the voting or similar rights of an investee, the Target 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 Target Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Target 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 Target Group are eliminated in full on consolidation.

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

If the Target Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in the profit or loss. The Target 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 Target Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

3 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Target Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of HKFRS 18 will have no impact on the consolidated statements of financial position of the Target Group, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income.

Except for HKFRS 18, the directors of the Target Group anticipate that the application of these new and revised HKFRS Accounting Standards will have no impact material impact on the Target Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Goodwill

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 Target 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 Target 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 Target 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 Target 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 Target Group measures its financial asset at fair value through profit or loss and financial asset at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target 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 Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing 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 Target 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 reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, 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 reporting period 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 Target 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 Target Group;

(ii) has significant influence over the Target Group; or

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

or

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

(i) the entity and the Target 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 Target 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 Target Group or an entity related to the Target 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 Target Group or to the parent of the Target 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 Target Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Buildings	5 to 50 years
Leasehold improvements	2 to 10 years
Plant and machinery	3 to 24 years
Office and other equipment	3 to 24 years
Motor vehicles	1 to 15 years

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

An item of property, plant and equipment including any significant part initially 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 the 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 is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

The intangible assets mainly consist of trademark, know-how license and medical rights, distribution rights and medicine licenses and software. The 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.

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, all intangible assets (other than goodwill) of the Target Group were considered to have finite useful lives, which are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives.

The estimated useful lives of other intangible assets are as follows:

Trademark, the know-how license and medical rights	10 to 30 years
Distribution rights and medicine licenses	2 to 10 years
Software	1 to 10 years

The trademark, know-how license and medical rights, distribution rights and medicine licenses of the Target Group are associated with different products arising from various business combinations and acquisitions from third parties. The useful lives of trademark, know-how license and medical rights, distribution rights and medicine licenses are estimated based on the remaining period of economic benefits to be derived from the respective products to be produced relying on the acquired trademark, know-how license and medical rights, distribution rights and medicine licenses. The Target Group estimates the period of economic benefits to be derived from the respective products based on the expected time period required for a pharmaceutical drug development from its discovery to commercialization and other factors, including the patent protection period, the historical life of similar products, the characteristics of such technologies, their update frequency and market requirement and competition. Based on such assessment, the Target Group considers that the maximum economic useful life of trademark, know-how license and medical rights, distribution rights and medicine licenses held by the Target Group is 30 years. As different products have different commercialization commencement dates, acquisition dates by the Target Group and the expected lifespan of economic benefits, the remaining useful life of the Target Group's trademark, know-how license and medical rights, distribution rights and medicine licenses varies at a range of 10 to 30 years and 2 to 10 years, respectively. Both the period and method of amortization are reviewed annually.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Target 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.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

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

Target Group as a lessee

The Target Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Target 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

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

Leasehold land	26 years
Offices	2 to 9 years

If ownership of the leased asset transfers to the Target 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 Target Group and payments of penalties for termination of a lease, if the lease term reflects the Target 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 Target 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 Target Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 that are 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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI"), 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 Target 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 Target Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Target 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 Target Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at 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 Target 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.

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

Subsequent measurement

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

Financial assets at 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 the profit or loss when the asset is derecognized, modified or impaired.

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

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

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 the profit or loss.

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Target 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 Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target 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 Target Group continues to recognize the transferred asset to the extent of the Target Group's continuing involvement. In that case, the Target 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 Target 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 Target Group could be required to repay.

Impairment of financial assets

The Target 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 Target 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 Target Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target 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 Target Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Target Group considers a financial asset in default when contractual payments are 180 days past due. The Target Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Target Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Target Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group.

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

For debt investments at fair value through other comprehensive income, the Target Group applies the low credit risk simplification. At each reporting date, the Target Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Target Group reassesses the external credit ratings of the debt investments.

Debt investments at fair value through other comprehensive income and 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 Target Group applies the practical expedient of not adjusting the effect of a significant financing component, the Target Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Target Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on customers' credit rating and credit loss history, 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, interest-bearing bank and other borrowings, liability component of puttable ordinary shares, or payables, 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 Target Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings, and liability component of puttable ordinary shares.

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

After initial recognition, trade and other payables, and interest-bearing borrowings 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 the 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 the profit or loss.

Liability component of puttable ordinary shares

The component of puttable ordinary shares that exhibits characteristics of a liability is recognized as a liability in the statement of financial position, net of transaction costs. On issuance of ordinary shares with put option, the fair value of the liability component is determined at the present value of the repurchase amount; and this amount is carried as a liability on the amortized cost basis until extinguished or repurchase. The remainder of the proceeds is included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of puttable ordinary shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognized.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled 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 the 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 realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

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 the reporting period, taking into consideration interpretations and practices prevailing in the countries or areas in which the Target Group operates.

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

Deferred tax liabilities are 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 does not give rise to equal taxable and deductible temporary differences; 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 does not give rise to equal taxable and deductible temporary differences; 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 reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period 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 the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Target 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 or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target 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 Target Group and the customer at contract inception. When the contract contains a financing component which provides the Target 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 HKFRS 15.

(a) Sale of pharmaceutical products

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

Some contracts for the sale of industrial products provide customers with sales rebates, giving rise to variable consideration.

(i) Sales rebates

Sales rebates may be provided to certain customers according to terms specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognized.

(b) Service income

Service income is recognized at a point in time after the services have been provided by the Target Group.

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.

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 Target Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Target Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

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

Share-based payments

A parent of the Target and the Target operate a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Target Group's operations. Employees (including the Directors) of the Target Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments of the parent ("equity-settled transactions"). Where the parent grants an award directly to the employees of a subsidiary and settles it in its own equity, the subsidiary accounts for the award as equity-settled, with a corresponding increase in equity as a contribution from the parent.

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 reporting period until the vesting date reflects the extent to which the vesting period has expired and the Target Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense 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 Target Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

Where the terms of an equity-settled award are modified, as a minimum an expense is 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 canceled, 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 Target Group or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

The Target Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Target Group in an independently administered fund. The Target Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Target Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 13%-16% of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The subsidiaries operating in Malaysia are required to contribute to the Social Security Organization ("SOCSO"), which was established to provided social security protections to all employees in Malaysia, and the Employee Provident Fund ("EPF"). Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the SOCSO and EPF.

The subsidiaries operating in Macau contributes to the Central Provident Fund for all its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the Central Provident Fund.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognized as a liability when they are approved by the board of directors and the relevant investors as stipulated in the articles of association.

Foreign currencies

This Historical Financial Information is presented in Renminbi ("RMB"). Each entity in the Target 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 Target 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 the reporting period. Differences arising on settlement or translation of monetary items are recognized in the 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 Target 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 Target Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of the Target is US$ and the functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities and the Target 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 weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Target Group uses a provision matrix to calculate ECLs for trade receivables.

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

The assessment of the correlation among historical observed default rates and the customers' credit rating, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Target Group's historical observed default rates and forecast of economic conditions may also be representative of a customer's actual default in the future. The information about the ECLs on the Target Group's trade receivables is disclosed in note 21 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 18 to the Historical Financial Information. The Target Group's operations are subject to different tax jurisdictions and management is required to make assessment and evaluation on the corresponding tax impacts.

Share-based payments

The Target engaged an independent appraiser to assist in determining the fair value of share-based payments. The determination of fair value was made after considering a number of parameters including but not limited to: the dividend yield, expected volatility, risk-free interest rate, expected life of options and the weighted average share price. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Variable consideration for sales rebates

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

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

The Target Group updates its assessment of expected sales rebates annually and the refund liabilities are adjusted accordingly. Estimates of expected sales rebates are sensitive to changes in circumstances and the Target Group's past experience regarding rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the amounts recognized as refund liabilities were RMB37,059,000, RMB31,823,000 and RMB50,141,000 and RMB26,331,000 for the expected sales rebates, respectively.

Leases – Estimating the incremental borrowing rate

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

Impairment of goodwill

The Target Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Target Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill were RMB112,055,000, RMB112,055,000, RMB112,055,000 and RMB112,055,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. Further details are given in note 16.

Impairment of non-financial assets (other than goodwill)

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

Useful lives of intangible assets

The Target Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortization charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Target Group is organized into business units based on their products and services and has two reportable operating segments as follows:

(i) The manufacturing and distribution segment engages in the manufacture and distribution of pharmaceutical products;

(ii) The research and development segment engages in the research and development of new drugs.

Management monitors the results of the Target Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Target Group's profit or loss before tax except that head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

There were no intersegment sales during the Relevant Periods and six months ended 30 June 2024.

Year ended 31 December 2022

	Manufacturing and distribution *RMB'000*	**Research and development** *RMB'000*	**Total** *RMB'000*
Segment revenue:			
Sales to external customers	2,073,754	–	2,073,754
Total revenue			2,073,754
Segment results	420,442	(95,164)	325,278
Profit before tax			325,278

	Manufacturing and distribution *RMB'000*	**Research and development** *RMB'000*	**Total** *RMB'000*
Segment assets	4,902,228	158,913	5,061,141
Reconciliation:			
Elimination of intersegment receivables			339
Total assets			5,061,480
Segment liabilities	3,115,259	33,375	3,148,634
Reconciliation:			
Elimination of intersegment payables			339
Total liabilities			3,148,973
Other segment information:			
Depreciation of items of property, plant and equipment	16,919	8,963	25,882
Depreciation of right-of-use assets	14,543	5,536	20,079
Amortization of other intangible assets	103,556	248	103,804
Write-down of inventories to net realizable value	13,985	–	13,985
Reversal of impairment losses of financial assets, net	(311)	–	(311)
Capital expenditure*	56,014	44,047	100,061

Year ended 31 December 2023

	Manufacturing and distribution *RMB'000*	Research and development *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	2,303,788	–	2,303,788
Total revenue			2,303,788
Segment results	456,045	(125,026)	331,019
Profit before tax			331,019

	Manufacturing and distribution *RMB'000*	Research and development *RMB'000*	Total *RMB'000*
Segment assets	4,915,495	229,966	5,145,461
Reconciliation:			
Elimination of intersegment receivables			(353)
Total assets			5,145,108
Segment liabilities	3,148,647	31,939	3,180,586
Reconciliation:			
Elimination of intersegment payables			(353)
Total liabilities			3,180,233
Other segment information:			
Depreciation of items of property, plant and equipment	14,433	10,243	24,676
Depreciation of right-of-use assets	12,619	4,686	17,305
Amortization of other intangible assets	116,897	209	117,106
Write-down of inventories to net realizable value	2,903	–	2,903
Impairment of financial assets, net	32	–	32
Impairment of long-term prepayment and intangible assets	11,835	–	11,835
Capital expenditure*	89,812	73,899	163,711

Year ended 31 December 2024

	Manufacturing and distribution *RMB'000*	Research and development *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	2,546,044	–	2,546,044
Total revenue			2,546,044
Segment results	605,207	(122,725)	482,482
Profit before tax			482,482

	Manufacturing and distribution *RMB'000*	Research and development *RMB'000*	Total *RMB'000*
Segment assets	5,273,267	185,122	5,458,389
Reconciliation:			
Elimination of intersegment receivables			(18,358)
Total assets			5,440,031
Segment liabilities	2,988,263	60,564	3,048,827
Reconciliation:			
Elimination of intersegment payables			(18,358)
Total liabilities			3,030,469
Other segment information:			
Depreciation of items of property, plant and equipment	12,779	6,285	19,064
Depreciation of right-of-use assets	14,127	3,471	17,598
Amortization of other intangible assets	156,956	557	157,513
Write-down of inventories to net realizable value	1,589	–	1,589
Reversal of impairment losses of financial assets, net	(671)	–	(671)
Impairment of non-current assets	2,263	–	2,263
Capital expenditure*	148,944	50,767	199,711

Six months ended 30 June 2024

	Manufacturing and distribution *RMB'000*	Research and development *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	1,373,322	–	1,373,322
Total revenue			1,373,322
Segment results	371,406	(58,271)	313,135
Profit before tax			313,135
Other segment information:			
Depreciation of items of property, plant and equipment	12,890	1,383	14,273
Depreciation of right-of-use assets	6,646	1,855	8,501
Amortization of other intangible assets	74,129	557	74,686
Write-down of inventories to net realizable value	1,308	–	1,308
Reversal of impairment losses of financial assets, net	(179)	–	(179)
Capital expenditure*	70,373	7,266	77,639

Six months ended 30 June 2025

	Manufacturing and distribution *RMB'000*	Research and development *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	1,135,542	–	1,135,542
Total revenue			1,135,542
Segment results	257,237	(80,079)	177,158
Profit before tax			177,158

	Manufacturing and distribution *RMB'000*	Research and development *RMB'000*	Total *RMB'000*
Segment assets	5,672,125	149,323	5,821,448
Reconciliation:			
Elimination of intersegment receivables			(52,027)
Total assets			5,769,421
Segment liabilities	3,140,905	125,609	3,266,514
Reconciliation:			
Elimination of intersegment payables			(52,027)
Total liabilities			3,214,487
Other segment information:			
Depreciation of items of property, plant and equipment	12,322	3,221	15,543
Depreciation of right-of-use assets	9,623	1,934	11,557
Amortization of other intangible assets	90,754	557	91,311
Write-down of inventories to net realizable value	485	–	485
Reversal of impairment losses of financial assets, net	17	–	17
Capital expenditure*	13,115	11,072	24,187

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and capitalized research and development cost included in other long-term assets during the Relevant Periods.

Geographical information

(a) Revenue from external customers:

	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Six months ended 30 June 2024 *RMB'000* *(Unaudited)*	Six months ended 30 June 2025 *RMB'000*
Chinese mainland	2,073,754	2,303,788	2,535,552	1,367,315	1,133,108
United States of America	–	–	9,970	5,558	2,430
Other regions/countries	–	–	522	449	4
Total	2,073,754	2,303,788	2,546,044	1,373,322	1,135,542

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

(b) Non-current assets:

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Macau and Hong Kong	3,068,365	3,159,071	3,163,760	3,045,863
Chinese mainland	453,370	481,033	484,436	524,929
Other regions/countries	260	4,467	4,458	9
Total	3,521,995	3,644,571	3,652,654	3,570,801

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

Information about major customers

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, revenue of approximately RMB1,197,328,000, RMB1,306,877,000, RMB1,393,238,000, RMB858,642,000 and RMB704,325,000, respectively, was derived from a single external customer which accounted for more than 10% of the total revenue.

5. REVENUE

An analysis of the revenue is as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue from contracts with customers	2,073,754	2,303,788	2,546,044	1,373,322	1,135,542

Revenue from contracts with customers

(a) Disaggregated revenue information:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Sale of pharmaceutical products	2,073,754	2,303,788	2,544,098	1,371,376	1,112,948
Service income	–	–	1,946	1,946	22,594
Total	2,073,754	2,303,788	2,546,044	1,373,322	1,135,542

The revenue from contracts with customers is primarily from Chinese mainland and United States of America, and is recognized at a point in time.

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

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:					
Sale of pharmaceutical products	3,137	8,313	1,920	1,920	8,992

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue recognized from performance obligations satisfied in previous periods:					
Sale of goods not previously recognized due to constraints on variable consideration	55,981	17,536	–	–	–

(b) Performance obligations:

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

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within one to six months from delivery. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

Services

The performance obligation is satisfied at point in time when relevant services has been provided.

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

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts expected to be recognized as revenue:				
Within one year	8,313	1,920	8,992	7,514

All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognized as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

6. OTHER INCOME AND GAINS

	Note	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Other income						
Interest income		2,040	8,070	13,747	5,528	10,072
Government grants*		1,539	1,929	6,857	4,776	3,210
Others		–	–	–	175	69
Subtotal		3,579	9,999	20,604	10,479	13,351
Other gains						
Compensation gain	*(a)*	–	814	84,688	15,902	–
Gain on disposal of items of property, plant and equipment		145	–	–	–	–
Subtotal		145	814	84,688	15,902	–
Total		3,724	10,813	105,292	26,381	13,351

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

(a) In April 2024, the Target Group reached an agreement with an independent third-party supplier to terminate the partnership for two drug rights, according to which the Target Group recognized a compensation gain of RMB20,000,000.

In 2024, a subsidiary of the Target Group, a related party of the Target Group and an independent third-party supplier reached certain agreements related to the compensation from the independent third-party supplier for the losses incurred by the Target Group for one drug sold in previous years. According to the agreements, the Target Group recognized a compensation gain of RMB40,791,000.

In December 2024, the Target Group reached a settlement agreement with the collaboration partner and received compensation of US$3,150,000 (equivalent to RMB22,418,000) for the exclusive drug rights prepaid by the Target Group in previous years.

7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cost of inventories sold		592,510	677,800	688,079	367,599	285,035
Cost of services provided		–	–	7,015	148	28,273
Marketing expense		158,953	149,678	202,409	96,653	57,431
Depreciation of right-of-use assets	*15*	20,079	17,305	17,598	8,501	11,557
Depreciation of property, plant and equipment	*14*	25,882	24,676	19,064	14,273	15,543
Amortization of other intangible assets		103,804	117,106	157,513	74,686	91,311
Auditor's remuneration		4,979	5,591	6,064	1,421	2,940
Wages and salaries		453,752	470,714	475,968	281,540	202,465
Equity-settled share-based payment expense	*33*	(39,589)	33,570	33,294	15,291	32,832
Subtotal		414,163	504,284	509,262	296,831	235,297
Foreign exchange differences, net		3,081	3,083	19,898	11,388	20,869
Interest income	*6*	(2,040)	(8,070)	(13,747)	(5,528)	(10,072)
Loss on disposal of items of intangible assets		–	–	1,488	–	–
Loss on termination of a lease		1,857	–	–	–	–
(Gain)/loss on disposal of items of property, plant and equipment		(145)	842	266	–	–
(Reversal) of impairment losses)/impairment losses on financial assets, net	*21, 22*	(311)	32	(671)	(179)	17
Write-down of inventories to net realizable values		13,985	2,903	1,589	1,308	485
Impairment of non-current assets*		–	11,835	2,263	–	–
Compensation gain	*6*	–	(814)	(84,688)	(15,902)	–

* The impairment of long-term prepayment, property, plant and equipment and intangible assets are included in "Other expenses" in the profit or loss.

8. FINANCE COSTS, NET

An analysis of finance costs, net is as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on interest-bearing bank loans and other borrowings	250,277	249,549	231,197	124,024	80,138
Interest on a liability component of puttable ordinary shares	23,891	–	–	–	–
Interest on discounted bills	16,496	24,801	25,968	14,220	12,495
Interest on lease liabilities	2,591	1,758	1,654	887	949
Interest on other long-term payables	–	126	747	366	393
Modification gain on interest-bearing bank loans and other borrowings	–	–	(4,934)	–	–
Total	293,255	276,234	254,632	139,497	93,975

9. DIRECTORS' REMUNERATION

The remuneration of each of the Directors as recorded during the Relevant Periods is set out below:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Fees	675	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	5,338	5,924	7,157	3,655	3,622
Performance related bonuses	456	4,855	3,842	284	680
Equity-settled share-based payment expense	(9,236)	28,646	17,630	12,815	16,552
Pension scheme contributions	74	79	81	41	34
Subtotal	(3,368)	39,504	28,710	16,795	20,888
Total fees and other emoluments	(2,693)	39,504	28,710	16,795	20,888

(a) Independent non-executive Directors

The fees paid to independent non-executive Directors during the Relevant Periods were as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Mr. Yue Yonghong*	225	–	–	–	–
Ms. Duan Hongyu*	225	–	–	–	–
Dr. Xu Qing*	225	–	–	–	–
Total	675	–	–	–	–

* On 8 October 2022, Mr. Yue Yonghong, Ms. Duan Hongyu and Dr. Xu Qing resigned from their position as independent non-executive directors and no new independent executive directors have been hired since then.

(b) Executive directors, a non-executive director and the chief executive

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2022						
Executive Director:						
Mr. Ni Xin*	–	3,600	–	–	16	3,616
Non-executive Directors:						
Ms. Zhai Jing**	–	1,738	456	412	58	2,664
Mr. Zou Xiaoming***	–	–	–	(9,648)	–	(9,648)
Total	–	5,338	456	(9,236)	74	(3,368)
2023						
Executive Directors:						
Mr. Ni Xin*	–	3,735	4,233	25,332	16	33,316
Ms. Zhai Jing**	–	2,189	622	3,314	63	6,188
Total	–	5,924	4,855	28,646	79	39,504
2024						
Executive Directors:						
Mr. Ni Xin*	–	4,942	3,558	15,556	16	24,072
Ms. Zhai Jing**	–	2,215	284	2,074	65	4,638
Total	–	7,157	3,842	17,630	81	28,710
Six months ended 30 June 2024						
Executive Director:						
Mr. Ni Xin*	–	2,469	–	11,288	8	13,765
Ms. Zhai Jing**	–	1,186	284	1,527	33	3,030
Total	–	3,655	284	12,815	41	16,795
Six months ended 30 June 2025						
Executive Director:						
Mr. Ni Xin*	–	2,453	–	14,448	8	16,909
Ms. Zhai Jing**	–	1,169	680	2,104	26	3,979
Total	–	3,622	680	16,552	34	20,888

* Mr. Ni Xin is an executive director and a chief executive officer.

** On 15 September 2022, Ms. Zhai Jing was appointed as a director.

*** On 15 September 2022, Mr. Zou Xiaoming resigned from his position as a non-executive Director. The equity-settled share-based payment expense amounting to RMB4,359,000 was recognized in 2022 and reversal of equity-settled share-based payment expense amounting to RMB14,007,000 was recorded upon the forfeiture of share options after his resignation in 2022.

Dr. David Guowei Wang was appointed as a non-executive Director on 31 July 2020. There was no fee paid to Dr. David Guowei Wang during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the six months ended 30 June 2025 included one executive Director (who is also the chief executive officer) and another executive Director (year ended 31 December 2022: one executive Director (who is also the chief executive officer); year ended 31 December 2023: one executive Director (who is also the chief executive officer) and another executive Director; year ended 31 December 2024: one executive Director (who is also the chief executive officer) and another executive Director; six months ended 30 June 2024: one executive Director (who is also the chief executive officer) and another executive Director)), details of whose remuneration are set out in note 9 above. Details of the remuneration for the six months ended 30 June 2025 of the remaining three (year ended 31 December 2022: four; year ended 31 December 2023: three; year ended 31 December 2024: three; six months ended 30 June 2024: three) highest paid employees who are not a director of the Target Group are as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	9,308	7,445	7,579	5,164	4,894
Equity-settled share-based payment expense	1,826	4,648	193	1,914	2,861
Pension scheme contributions	200	175	182	105	53
Total	11,334	12,268	7,954	7,183	7,808

The five highest paid employees for the year ended 31 December 2022 above excluded the resigned employees whose remuneration for that year was negative because of the reversal of equity-settled share-based payment expense as a result of the forfeiture of share options. If the impact of the reversal of equity-settled share-based payment expense is excluded, the five highest paid employees who are not a director of the Target Group in year ended 31 December 2022 included four employees, and the total remuneration of them was RMB28,645,000.

The number of non-Director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
				(Unaudited)	
HKD2,000,000 to 2,500,000	1	–	–	2	1
HKD2,500,000 to 3,000,000	–	–	2	–	1
HKD3,000,000 to 3,500,000	–	–	1	1	1
HKD3,500,000 to 4,000,000	3	1	–	–	–
HKD4,000,000 to 4,500,000	–	1	–	–	–
HKD4,500,000 to 5,000,000	–	–	–	–	–
HKD5,000,000 to 5,500,000	–	–	–	–	–
HKD5,500,000 to 6,000,000	–	1	–	–	–

11. INCOME TAX EXPENSE

The Target Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Target Group are domiciled and operate. The provision for Chinese mainland current income tax is based on a statutory rate of 25% of the assessable profits for the Relevant Periods as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for two subsidiaries in Chinese mainland, which were taxed at preferential rate of 15%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing or applicable tax laws in the jurisdictions in which the Target Group operates.

Eddingpharm (Asia) Macao Commercial Offshore Limited, a subsidiary of the Target Group registered in Macau under the Macau Complementary Income Tax Law. Since 2021, the complementary income tax is imposed on a fix rate of 12% for assessable profits. Assessable profits below MOP32,000 are exempted from tax. With effect from 2014, exemption allowance for profit tax assessment has been increased to MOP600,000.

	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Six months ended 30 June 2024 *RMB'000* *(Unaudited)*	Six months ended 30 June 2025 *RMB'000*
Current					
Charge for the year/period	26,379	54,404	84,054	45,553	68,187
Overprovision/(under provision) in prior years	415	(1,379)	(1,450)	(1,450)	2,014
Deferred tax *(note 18)*	(7,861)	(30,025)	11,992	(2,981)	(7,609)
Total tax expense for the year/period	18,933	23,000	94,596	41,122	62,592

A reconciliation of the tax expense applicable to profit or loss before tax at the statutory tax rates for the jurisdictions in which the Target and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Six months ended 30 June 2024 *RMB'000* *(Unaudited)*	Six months ended 30 June 2025 *RMB'000*
Profit before tax	325,278	331,019	482,482	313,135	177,158
Effect of different tax rates of each subsidiary	46,175	79,433	109,941	51,097	28,150
Lower tax rate for specific subsidiaries enacted by respective jurisdictions	–	(19,706)	(24,587)	(8,742)	(7,664)
Expenses not deductible for tax and additional deduction of tax	30,103	(3,365)	6,984	2,375	32,951
Income not subject to tax	(34,238)	(3,293)	(1,576)	(371)	(454)
Unrecognized tax losses/deductible temporary differences	2,956	2,212	6,220	1,290	7,637
Utilization and recognition of tax losses/deductible temporary differences not recognized from previous year	(26,478)	(30,902)	(936)	(3,077)	(42)
Adjustments in respect of current tax of previous year	415	(1,379)	(1,450)	(1,450)	2,014
Tax expense at the Target Group's effective rate	18,933	23,000	94,596	41,122	62,592

12. DIVIDENDS

A special dividend of US$10,000,000 (equivalent to RMB67,405,000) and US$10,000,000 (equivalent to RMB67,737,000) had been declared by the Target to the shareholders on a pro-rata basis according to the shares held by them on 5 August 2022 and 6 February 2023, respectively, of which US$6,992,000 (equivalent to RMB50,144,000) remained unpaid as at 30 June 2025.

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

The calculation of the basic earnings per share amounts is based on the profit for the year ended 31 December 2022, 2023, 2024 and the six months ended 30 June 2024 and 2025, attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the respective years/periods.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2022 and 2023 in respect of a dilution as the impact of the liability component of puttable ordinary shares outstanding during the year had an anti-dilutive effect on the basic earnings per share amount presented.

The Target Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024 and the six months ended 30 June 2024 and 2025.

The calculation of basic and diluted earnings per share are based on:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Earnings					
Profit attributable to ordinary equity holders of the parent	306,345	308,019	387,886	272,013	114,566

	Number of shares				
	Year ended 31 December *2022*	Year ended 31 December *2023*	Year ended 31 December *2024*	Six months ended 30 June *2024*	Six months ended 30 June *2025*
				(Unaudited)	
Shares					
Weighted average number of ordinary shares outstanding during the year	556,966,675	508,195,894	505,015,679	505,015,679	505,015,679

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Office and other equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2022							
At 1 January 2022							
Cost	60,227	72,379	114,561	12,300	3,340	42,192	304,999
Accumulated depreciation and impairment	(9,418)	(16,026)	(44,002)	(7,393)	(1,268)	–	(78,107)
Net carrying amount	50,809	56,353	70,559	4,907	2,072	42,192	226,892
At 1 January 2022, net of accumulated depreciation and impairment	50,809	56,353	70,559	4,907	2,072	42,192	226,892
Additions	–	–	53	120	–	58,297	58,470
Disposals	(13)	–	(602)	(19)	–	–	(634)
Depreciation provided during the year	(3,014)	(7,144)	(14,121)	(1,365)	(407)	–	(26,051)
Transfers	144	–	16,812	25	–	(16,981)	–
Exchange realignment	–	–	(20)	2	8	–	(10)
At 31 December 2022, net of accumulated depreciation and impairment	47,926	49,209	72,681	3,670	1,673	83,508	258,667
At 31 December 2022:							
Cost	60,356	72,379	130,689	12,551	3,390	83,508	362,873
Accumulated depreciation and impairment	(12,430)	(23,170)	(58,008)	(8,881)	(1,717)	–	(104,206)
Net carrying amount	47,926	49,209	72,681	3,670	1,673	83,508	258,667

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023							
Cost	60,356	72,379	130,689	12,551	3,390	83,508	362,873
Accumulated depreciation and impairment	(12,430)	(23,170)	(58,008)	(8,881)	(1,717)	–	(104,206)
Net carrying amount	47,926	49,209	72,681	3,670	1,673	83,508	258,667
At 1 January 2023, net of accumulated depreciation and impairment	47,926	49,209	72,681	3,670	1,673	83,508	258,667
Additions	–	4,631	–	577	–	33,236	38,444
Disposals	–	–	(1,147)	(83)	(19)	–	(1,249)
Depreciation provided during the year	(3,046)	(7,476)	(12,894)	(655)	(605)	–	(24,676)
Transfers	196	–	1,451	283	12	(1,942)	–
Exchange realignment	–	–	(15)	–	–	–	(15)
At 31 December 2023, net of accumulated depreciation and impairment	45,076	46,364	60,076	3,792	1,061	114,802	271,171
At 31 December 2023:							
Cost	60,552	77,010	130,757	13,344	3,361	114,802	399,826
Accumulated depreciation and impairment	(15,476)	(30,646)	(70,681)	(9,552)	(2,300)	–	(128,655)
Net carrying amount	45,076	46,364	60,076	3,792	1,061	114,802	271,171

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Office and other equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2024							
At 1 January 2024							
Cost	60,552	77,010	130,757	13,344	3,361	114,802	399,826
Accumulated depreciation and impairment	(15,476)	(30,646)	(70,681)	(9,552)	(2,300)	–	(128,655)
Net carrying amount	45,076	46,364	60,076	3,792	1,061	114,802	271,171
At 1 January 2024, net of accumulated depreciation and impairment	45,076	46,364	60,076	3,792	1,061	114,802	271,171
Additions	–	337	47	834	452	28,405	30,075
Disposals	(95)	–	(248)	(3)	–	–	(346)
Depreciation provided during the year	(3,076)	(9,714)	(14,001)	(1,517)	(212)	–	(28,520)
Impairment*	(846)	–	(265)	–	–	(1,118)	(2,229)
Transfers	950	15,135	32,168	1,989	61	(50,303)	–
Exchange realignment	–	–	–	2	–	–	2
At 31 December 2024, net of accumulated depreciation and impairment	42,009	52,122	77,777	5,097	1,362	91,786	270,153
At 31 December 2024:							
Cost	61,315	92,482	162,590	16,111	3,887	92,904	429,289
Accumulated depreciation and impairment	(19,306)	(40,360)	(84,813)	(11,014)	(2,525)	(1,118)	(159,136)
Net carrying amount	42,009	52,122	77,777	5,097	1,362	91,786	270,153

* As at 31 December 2024, certain idle assets had been fully impaired with total carrying amount of RMB2,229,000. The Directors were of the view that such idle assets would not be sued in the future and the fair value was assessed to be minimal.

	Buildings *RMB'000*	Leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Office and other equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
30 June 2025							
At 1 January 2025							
Cost	61,315	92,482	162,590	16,111	3,887	92,904	429,289
Accumulated depreciation and impairment	(19,306)	(40,360)	(84,813)	(11,014)	(2,525)	(1,118)	(159,136)
Net carrying amount	42,009	52,122	77,777	5,097	1,362	91,786	270,153
At 1 January 2025, net of accumulated depreciation and impairment	42,009	52,122	77,777	5,097	1,362	91,786	270,153
Additions	–	–	689	544	7,348	10,857	19,438
Depreciation provided during the period	(1,461)	(4,958)	(6,321)	(840)	(225)	–	(13,805)
Transfers	367	914	27,899	191	1	(29,372)	–
At 30 June 2025, net of accumulated depreciation and impairment	40,915	48,078	100,044	4,992	8,486	73,271	275,786
At 30 June 2025:							
Cost	61,682	93,396	190,182	16,824	11,198	74,389	447,671
Accumulated depreciation and impairment	(20,767)	(45,318)	(90,138)	(11,832)	(2,712)	(1,118)	(171,885)
Net carrying amount	40,915	48,078	100,044	4,992	8,486	73,271	275,786

15. LEASES

The Target Group as a lessee

The Target Group has lease contracts for offices. Leases of offices generally have lease terms between 2 and 9 years. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 26 years, and no ongoing payments will be made under the terms of these land leases. Generally, the Target Group is restricted from assigning and subleasing the leased assets outside the Target Group.

(a) Right-of-use assets

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

	Prepaid land lease payments *RMB'000*	Offices *RMB'000*	Total *RMB'000*
At 1 January 2022	13,651	59,563	73,214
Additions	–	5,449	5,449
Termination	–	(23,528)	(23,528)
Depreciation charge	(567)	(19,512)	(20,079)
Exchange realignment	–	(212)	(212)
At 31 December 2022	13,084	21,760	34,844
Additions	–	31,903	31,903
Depreciation charge	(567)	(16,738)	(17,305)
Exchange realignment	–	(8)	(8)
At 31 December 2023	12,517	36,917	49,434
Additions	–	18,872	18,872
Depreciation charge	(565)	(17,033)	(17,598)
Exchange realignment	–	(72)	(72)
At 31 December 2024	11,952	38,684	50,636
Additions	–	24,191	24,191
Depreciation charge	(283)	(11,274)	(11,557)
Exchange realignment	–	184	184
At 30 June 2025	11,669	51,785	63,454

(b) Lease liabilities

	As at 31 December 2022 *RMB'000*	As at 31 December 2023 *RMB'000*	As at 31 December 2024 *RMB'000*	As at 30 June 2025 *RMB'000*
Current				
Lease liabilities	8,074	14,525	13,951	18,868
Non-current				
Lease liabilities	14,943	24,133	27,038	35,794
Total	23,017	38,658	40,989	54,662

The maturity analysis of lease liabilities is as follows:

	As at 31 December 2022 *RMB'000*	As at 31 December 2023 *RMB'000*	As at 31 December 2024 *RMB'000*	As at 30 June 2025 *RMB'000*
Analyzed into:				
Lease liabilities repayable				
Within one year or on demand	8,074	14,525	13,951	18,868
In the second year	4,679	14,172	20,859	15,606
In the third to fifth years, inclusive	5,046	7,514	6,179	20,188
Beyond five years	5,218	2,447	–	–
Total	23,017	38,658	40,989	54,662

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

	Offices *RMB'000*
Carrying amount at 1 January 2022	61,335
New leases	5,449
Accretion of interest recognized during the year	2,591
Termination	(21,671)
Payments	(24,465)
Exchange realignment	(222)
Carrying amount at 31 December 2022	23,017
New leases	31,903
Accretion of interest recognized during the year	1,758
Payments	(18,000)
Exchange realignment	(20)
Carrying amount at 31 December 2023	38,658
New leases	18,872
Accretion of interest recognized during the year	1,654
Payments	(18,113)
Exchange realignment	(82)
Carrying amount at 31 December 2024	40,989
New leases	24,191
Accretion of interest recognized during the period	949
Payments	(11,491)
Exchange realignment	24
Carrying amount at 30 June 2025	54,662

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

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	2,591	1,758	1,654	887	949
Depreciation charge on right-of-use assets	20,079	17,305	17,598	8,501	11,557
Expense relating to short-term leases	765	589	816	735	374
Loss on termination of a lease	1,857	–	–	–	–
Total amount recognized in the profit or loss	25,292	19,652	20,068	10,123	12,880

16. GOODWILL

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost and net carrying amount	112,055	112,055	112,055	112,055

Impairment testing of goodwill

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

– Ceclor manufacturing and sales cash-generating unit

The recoverable amount of the Ceclor manufacturing and sales cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rates applied to the cash flow projections were 19.29%, 18.93%, 19.24% and 19.35% for 31 December 2022, 2023 and 2024, and 30 June 2025, respectively, and the growth rates applied to cash flows beyond the five-year period were 2.3%, 2.3%, 2.0% and 2.0% for 31 December 2022, 2023, and 2024 and 30 June 2025, respectively, which were the same as the long-term average growth rate of the pharmaceutical products industry.

Assumptions were used in the value in use calculation of the Ceclor manufacturing and sales cash-generating unit for 31 December 2022, 2023 and 2024 and 30 June 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

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

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

Based on the estimate of the directors of the Target, as at 31 December 2022, 2023 and 2024 and 30 June 2025, the recoverable amount exceeded the carrying amount by RMB475,613,000, RMB491,441,000, RMB555,605,000 and RMB594,632,000, respectively.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, an increase in the discount rate from 19.29% to 29.78%, from 18.93% to 46.77%, from 19.24% to 57.03% and from 19.35% to 61.71% respectively, or a decrease in budgeted gross margins for each forecast period by 16%, 21%, 18% and 23%, respectively, would cause the carrying amount of the cash-generating unit to exceed its recoverable amount. In the opinion of the directors of the Target, any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

17. OTHER INTANGIBLE ASSETS

	Distribution rights and medicine licenses	**Software**	**Trademark**	**Know-how license and medical rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022					
At 1 January 2022:					
Cost	76,701	47,775	460,523	2,239,178	2,824,177
Accumulated amortization and impairment	(48,757)	(8,672)	(39,946)	(146,526)	(243,901)
Net carrying amount	27,944	39,103	420,577	2,092,652	2,580,276
Cost at 1 January 2022, net of accumulated amortization and impairment	27,944	39,103	420,577	2,092,652	2,580,276
Additions	–	2,686	–	–	2,686
Disposal	–	(185)	–	–	(185)
Amortization provided during the year	(6,069)	(6,522)	(19,540)	(71,673)	(103,804)
Exchange realignment	2,392	–	38,248	191,092	231,732
At 31 December 2022	24,267	35,082	439,285	2,212,071	2,710,705
At 31 December 2022 and at 1 January 2023:					
Cost	51,350	50,142	503,060	2,446,002	3,050,554
Accumulated amortization and impairment	(27,083)	(15,060)	(63,775)	(233,931)	(339,849)
Net carrying amount	24,267	35,082	439,285	2,212,071	2,710,705

	Distribution rights and medicine licenses	Software	Trademark	Know-how license and medical rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	51,350	50,142	503,060	2,446,002	3,050,554
Accumulated amortization and impairment	(27,083)	(15,060)	(63,775)	(233,931)	(339,849)
Net carrying amount	24,267	35,082	439,285	2,212,071	2,710,705
Cost at 1 January 2023, net of accumulated amortization and impairment	24,267	35,082	439,285	2,212,071	2,710,705
Additions	346,982	856	–	–	347,838
Amortization provided during the year	(16,079)	(5,784)	(20,403)	(74,840)	(117,106)
Exchange realignment	(6,115)	1	7,371	37,225	38,482
At 31 December 2023	349,055	30,155	426,253	2,174,456	2,979,919
At 31 December 2023 and at 1 January 2024:					
Cost	392,741	50,999	511,590	2,487,479	3,442,809
Accumulated amortization and impairment	(43,686)	(20,844)	(85,337)	(313,023)	(462,890)
Net carrying amount	349,055	30,155	426,253	2,174,456	2,979,919

	Distribution rights and medicine licenses *RMB'000*	Software *RMB'000*	Trademark *RMB'000*	Know-how license and medical rights *RMB'000*	Total *RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	392,741	50,999	511,590	2,487,479	3,442,809
Accumulated amortization and impairment	(43,686)	(20,844)	(85,337)	(313,023)	(462,890)
Net carrying amount	349,055	30,155	426,253	2,174,456	2,979,919
Cost at 1 January 2024, net of accumulated amortization and impairment	349,055	30,155	426,253	2,174,456	2,979,919
Additions	191,218	2,468	–	103,430	297,116
Disposal	(94,257)	–	–	–	(94,257)
Amortization provided during the year	(49,360)	(5,142)	(20,579)	(98,972)	(174,053)
Impairment during the year	–	(34)	–	–	(34)
Exchange realignment	5,158	1	6,154	33,262	44,575
At 31 December 2024	401,814	27,448	411,828	2,212,176	3,053,266
At 31 December 2024:					
Cost	486,413	53,469	519,225	2,629,858	3,688,965
Accumulated amortization and impairment	(84,599)	(26,021)	(107,397)	(417,682)	(635,699)
Net carrying amount	401,814	27,448	411,828	2,212,176	3,053,266
30 June 2025					
Cost at 1 January 2025, net of accumulated amortization and impairment	401,814	27,448	411,828	2,212,176	3,053,266
Additions	–	241	–	–	241
Amortization provided during the period	(26,614)	(2,401)	(10,386)	(54,866)	(94,267)
Exchange realignment	(829)	(2)	(962)	(6,262)	(8,055)
At 30 June 2025	374,371	25,286	400,480	2,151,048	2,951,185
At 30 June 2025:					
Cost	477,850	53,707	517,990	2,622,427	3,671,974
Accumulated amortization and impairment	(103,479)	(28,421)	(117,510)	(471,379)	(720,789)
Net carrying amount	374,371	25,286	400,480	2,151,048	2,951,185

On 28 January 2013, the Target Group entered into an agreement with GlaxoSmithKline China (GSK), whereby the Target Group acquired from GSK the exclusive right in Chinese mainland to import, market, promote, distribute and sell Tykerb, an oncology product for the treatment of breast cancer. Considering that (i) acting as an exclusive marketer and distributor is not the Target Group's strategic focus and (ii) the removal of Tykerb from the National Drug Reimbursement List ("NDRL") in November 2019, the Target Group recognized full impairment loss of RMB6,688,000 on the exclusive drug right of Tykerb in 2021 as the management assessed that the exclusive drug right of Tykerb would not generate any net cash inflows in the future and the recoverable amount of the drug right was assessed to be nil. At the end of 2022, the exclusive marketing and distribution agreement for Tykerb has been terminated, and relevant cost, accumulated amortization and impairment were accounted for as a disposal.

On 1 November 2019, the Target Group entered into an agreement with an independent third party, pursuant to which the Target Group agreed to acquire know-how licenses for a drug at a total consideration of RMB415 million (or GBP47.5 million). Such know-how license was expected to be used in the manufacture of drug in 2023. At the end of May 2020, the acquisition had been properly and legally settled. As at 31 December 2022 and 2023, the carrying amounts of know-how were RMB420 million and RMB427 million, respectively. The know-how license related to intangible asset was not yet available for use as at 31 December 2022 and 2023, and therefore was tested for impairment according to the accounting standards. No impairment loss was recognized according to the impairment test.

The Target Group used the income approach to evaluate the recoverable amount of such intangible asset, which involved cash flow projections of the related cash-generating unit.

The recoverable amount of such cash-generating unit has been determined based on a value in use calculation using cash flow projections with detail forecast period from the end of each of reporting periods till 2026, when production is expected to reach stable status. The know-how license has been used in localized production in Chinese mainland starting from February 2024. Based on the estimation of management, it will take another three years to achieve stable operations.

Assumptions were used in the value in use calculation of such cash-generating unit as at 31 December 2022 and 2023. The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of the recoverable amount:

Discount rates – The pre-tax discount rates 2022 and 2023 are 21.2% and 21.7%, respectively.

Attrition rates – Attrition rates used are determined by reference to the average market level, representing the rate of attrition of techniques with time.

Based on the estimate of the directors of the Target, as at 31 December 2022 and 2023, the recoverable amount of such cash-generating unit exceeded the carrying amount by RMB317,259,000 and RMB411,642,000 respectively.

In the opinion of the directors of the Target, as at 31 December 2022 and 2023, an increase in the discount rate from 21.2% to 32.8% and from 21.7% to 39.7% would cause the carrying amount to exceed the recoverable amount, respectively. As at 31 December 2022 and 2023, an increase in the attrition rate from 4% to 12% and from 4% to 14% would cause the carrying amount of such cash-generating unit to exceed its recoverable amount, respectively, and any reasonably possible change in the other material assumptions on which the recoverable amount is based would not cause the know-how license's carrying amount to exceed its recoverable amount.

In February 2024, the Target Group began to locally manufacture the drug, and the Target Group started to amortize the know-how license since then.

18. DEFERRED TAX

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

Deferred tax assets

	Unrealized profit in inventories *RMB'000*	Accrued expenses *RMB'000*	Impairment of financial assets and long-term assets and Provision for inventories *RMB'000*	Tax losses *RMB'000*	Fair value difference of assets *RMB'000*	Lease liabilities *RMB'000*	Withholding tax *RMB'000*	Deferred grants *RMB'000*	Total *RMB'000*
Gross deferred tax assets and at 1 January 2022	–	–	–	5,207	–	15,130	–	–	20,337
Deferred tax credited/(charged) to profit or loss during the year *(note 11)*	4,033	2,676	126	(5,207)	6,649	(9,515)	3,594	–	2,356
Gross deferred tax assets at 31 December 2022	4,033	2,676	126	–	6,649	5,615	3,594	–	22,693
Deferred tax credited/(charged) to profit or loss during the year *(note 11)*	12,127	24,335	2,227	114	(3,234)	2,422	6,188	612	44,791
Exchange realignment	–	32	–	–	–	–	–	–	32
Gross deferred tax assets at 31 December 2023	16,160	27,043	2,353	114	3,415	8,037	9,782	612	67,516
Deferred tax (charged)/credited to profit or loss during the year *(note 11)*	(2,100)	7,683	(957)	(64)	875	876	(2,928)	234	3,619
Exchange realignment	–	36	–	–	–	–	–	–	36
Gross deferred tax assets at 31 December 2024	14,060	34,762	1,396	50	4,290	8,913	6,854	846	71,171
Deferred tax credited/(charged) to profit or loss during the year *(note 11)*	15,962	(2,220)	(619)	102	(394)	(181)	1,461	(11)	14,100
Exchange realignment	–	(43)	–	–	–	–	–	–	(43)
Gross deferred tax assets at 30 June 2025	30,022	32,499	777	152	3,896	8,732	8,315	835	85,228

Deferred tax liabilities

	Depreciation and amortization *RMB'000*	Withholding tax *RMB'000*	Royalty income *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
Gross deferred tax liabilities at 1 January 2022	5,207	–	–	15,130	20,337
Deferred tax (credited)/charged to profit or loss during the year *(note 11)*	(1,429)	5,529	–	(9,605)	(5,505)
Gross deferred tax liabilities at 31 December 2022	3,778	5,529	–	5,525	14,832
Deferred tax (credited)/charged to profit or loss during the year *(note 11)*	(704)	2,287	10,999	2,184	14,766
Exchange realignment	–	–	41	–	41
Gross deferred tax liabilities at 31 December 2023	3,074	7,816	11,040	7,709	29,639
Deferred tax (credited)/charged to profit or loss during the year *(note 11)*	(583)	2,701	12,741	752	15,611
Exchange realignment	–	–	127	–	127
Gross deferred tax liabilities at 31 December 2024	2,491	10,517	23,908	8,461	45,377
Deferred tax (credited)/charged to profit or loss during the year *(note 11)*	(187)	1,362	5,665	(349)	6,491
Exchange realignment	–	–	(66)	–	(66)
Gross deferred tax liabilities at 30 June 2025	2,304	11,879	29,507	8,112	51,802

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

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statement of financial position	9,796	40,026	37,357	47,236
Net deferred tax liabilities recognized in the consolidated statement of financial position	1,935	2,149	11,563	13,810
Net deferred tax assets in respect of continuing operations	7,861	37,877	25,794	33,426

The Target Group has tax losses arising from Chinese mainland of RMB43,319,000, RMB33,631,000, RMB76,955,000 and RMB114,145,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, that will expire in one to five years for offsetting future taxable profit. The Target Group has tax losses arising from regions outside Chinese mainland of RMB28,178,000, RMB24,039,000, RMB17,781,000, and RMB18,483,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

Deferred tax assets have not been recognized in respect of these losses and deferred tax assets have not been recognized for deductible temporary differences of RMB123,608,000, nil, nil and nil as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilized.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the aggregate amount of temporary differences associated with investments in subsidiaries which deferred tax liabilities have not been recognized, were RMB89,038,000, RMB299,613,000, RMB568,849,000 and RMB575,464,000, respectively, in relation to the undistributed retained earnings generated by the subsidiaries operating in Chinese mainland which may be subject to withholding tax. No deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Target Group's subsidiaries established in Chinese mainland. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Target to its shareholders.

19. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investment, at fair value	50,000	50,000	50,000	50,000

As at 31 December 2022, 2023 and 2024 and 30 June 2025, unlisted equity investment amounting to RMB50,000,000 was investment in Taizhou EOC Pharma Co., Ltd. ("Taizhou EOC"), which is a related party of the Target Group.

20. INVENTORIES

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Raw materials	148,444	143,653	177,572	151,286
Spare parts	8,464	8,276	8,657	8,836
Work in progress	30,889	49,869	58,651	38,943
Finished goods	186,719	107,551	309,068	336,638
Impairment	(6,443)	(3,198)	(1,172)	(837)
Total	368,073	306,151	552,776	534,866

21. TRADE AND BILLS RECEIVABLES

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Trade receivables	362,008	356,475	320,457	138,368
Bills receivable	2,530	12,968	–	–
Impairment	(1,703)	(1,633)	(933)	(893)
Total	362,835	367,810	319,524	137,475

The Target Group's trading terms with its customers are mainly on credit. The credit periods are generally between one to six months. For financial management purposes, management normally discounts the letters of credit to banks without the right of recourse within three months after revenue recognition. Each customer has a maximum credit limit. The Target 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. In view of the aforementioned and the fact that the Target Group mainly trades with a limited number of creditworthy distributors, there is certain concentration of credit risk, details of which are included in note 40 to the Historical Financial Information. The Target 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 trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Within 90 days	337,885	354,842	319,524	137,373
91-180 days	20,382	–	–	102
181-360 days	2,038	–	–	–
Total	360,305	354,842	319,524	137,475

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

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Six months ended 30 June 2025 RMB'000
At beginning of year/period	1,968	1,703	1,633	933
Impairment losses, net *(note 7)*	(272)	(71)	(702)	(39)
Exchange realignment	7	1	2	(1)
At end of year/period	1,703	1,633	933	893

An impairment analysis for trade receivables is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates of trade receivables are based on customers' credit rating and the Target Group's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The expected credit loss of bills receivable is assessed based on the bills issuing bank's credit rating and loss rate. The expected credit loss on bills receivable as at 31 December 2022 and 2023 and 2024 and 30 June 2025 is assessed to be minimal.

Set out below is the information about the credit risk exposure on the Target Group's trade receivables:

Class of credit rating	**Expected credit loss rate** *%*	**Gross carrying amount** *RMB'000*	**Expected credit losses** *RMB'000*
At 31 December 2022			
Class 1	0.03-0.11	202,643	101
Class 2	0.12-2.64	159,365	1,602
Class 3	100	–	–
Total		362,008	1,703
At 31 December 2023			
Class 1	0.03-0.13	199,893	186
Class 2	0.16-1.44	156,582	1,447
Class 3	100	–	–
Total		356,475	1,633
At 31 December 2024			
Class 1	0.08-0.15	234,936	301
Class 2	0.19-1.17	85,521	632
Class 3	100	–	–
Total		320,457	933
At 30 June 2025			
Class 1	0.03-0.16	77,095	87
Class 2	0.19-1.73	61,273	806
Class 3	100	–	–
Total		138,368	893

Notes:

Class 1: customers receive external credit ratings equal to or above A- from Standard & Poor's.

Class 2: customers receive external credit ratings below A- from Standard & Poor's, or customers receive no external credit ratings but have a good credit history.

Class 3: customers have past due receivables and the Target Group has substantial evidence of irrecoverable for the receivables.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December 2022 *RMB'000*	As at 31 December 2023 *RMB'000*	As at 31 December 2024 *RMB'000*	As at 30 June 2025 *RMB'000*
Non-current portion				
Prepayments for exclusive rights on new drugs	400,467	231,671	163,697	162,976
Prepayments for long-term assets	2,071	9,421	–	–
Deposits	3,376	3,039	3,029	5,682
	405,914	244,131	166,726	168,658
Impairment allowance	(190)	(12,139)	(182)	(337)
Total	405,724	231,992	166,544	168,321
Current portion				
Prepayments	6,990	15,127	33,057	20,934
Deposits	3,268	1,019	2,814	2,818
Other receivables	25,907	28,081	40,225	43,646
Deductible input tax	2,121	1,549	6,648	8,559
	38,286	45,776	82,744	75,957
Impairment allowance	(28)	(61)	(169)	(70)
	38,258	45,715	82,575	75,887
Total	443,982	277,707	249,119	244,208

Movements in the loss allowance for prepayments, other receivables and other assets are as follows:

	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Six months ended 30 June 2025 *RMB'000*
At beginning of year/period	257	218	12,200	351
(Reverse of impairment)/impairment losses on financial assets, net *(note 7)*	(39)	103	31	56
Impairment of non-current assets *(note 7)*	–	11,835	–	–
Amounts written off	–	–	(11,937)	–
Exchange realignment	–	44	57	–
At end of year/period	218	12,200	351	407

Where applicable, an impairment analysis is performed at the end of each of the Relevant Periods on other receivables by considering the probability of default of comparable companies with published credit ratings. As at 31 December 2022, 2023 and 2024, and 30 June 2025, the impairment of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss.

In 2023, a full impairment loss of RMB11,835,000 had been provided for the long-term assets in relation to the prepayment for the exclusive drug rights of a pipeline product in-licensed in 2014 which the Target Group may no longer develop. At the end of 2024, the Target Group reached a settlement agreement with the collaboration partner to receive compensation of US$3,150,000, and the relevant impairment of the prepayment for the exclusive drug rights was written off.

23. DUE FROM THE CONTROLLING SHAREHOLDER

Due from Mr. Ni, who is the controlling shareholder (the "Controlling Shareholder") and a Director, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2022	Maximum amount outstanding during the year	At 1 January 2022	Security held
	RMB'000	*RMB'000*	*RMB'000*	
Mr. Ni Xin	172,460	172,460	–	None

Name	At 31 December 2023	Maximum amount outstanding during the year	At 1 January 2023	Security held
	RMB'000	*RMB'000*	*RMB'000*	
Mr. Ni Xin	223,304	223,304	172,460	None

Name	At 31 December 2024	Maximum amount outstanding during the year	At 1 January 2024	Security held
	RMB'000	*RMB'000*	*RMB'000*	
Mr. Ni Xin	237,582	237,582	223,304	None

Name	At 30 June 2025	Maximum amount outstanding during the year	At 1 January 2025	Security held
	RMB'000	*RMB'000*	*RMB'000*	
Mr. Ni Xin	238,944	238,944	237,582	None

The amounts due from the Controlling Shareholder, as at 31 December 2022, 2023 and 2024 and 30 June 2025, were non-trade in nature, bore interest at rates of 0.60% to 4.66%, and was repayable on demand and unsecured. The amounts of the financial charge for the unsettled balance due from the Controlling Shareholder were RMB1,333,000, RMB6,997,000, RMB9,246,000 and RMB4,611,000 for the years ended 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. The loans are expected to be repaid prior to the Proposed Merger.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Cash at banks	538,063	467,531	507,443	1,114,092
Less: Pledged deposits for bank loans *(note 28)*	428	404	395,740	335,630
Cash and cash equivalents	537,635	467,127	111,703	778,462

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the cash and bank balances of the Target Group denominated in RMB amounted to RMB405,834,000, RMB242,460,000, RMB73,724,000 and RMB187,816,000, respectively which were not freely convertible into other currencies. However, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Target 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. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Trade payables	248,173	187,764	332,164	196,142

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 2 months.

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:

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Within 90 days	230,725	181,593	258,911	57,232
91-180 days	17,126	4,282	53,653	85,309
Over 180 days	322	1,889	19,600	53,601
Total	248,173	187,764	332,164	196,142

26. OTHER PAYABLES AND ACCRUALS

	Notes	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Contract liabilities	(a)	8,313	1,920	8,992	7,514
Other payables	(b)	99,581	114,614	110,690	80,838
Accruals		126,640	144,885	161,372	105,582
Payroll payables		106,626	127,977	141,818	97,487
Other taxes payables		26,807	28,208	28,360	25,974
Total		367,967	417,604	451,232	317,395

Set out below the other payables and accruals of the Target.

	Notes	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Other payables	(b)	2,264	–	668	–
Accruals		18,215	24,142	29,793	25,026
Total		20,479	24,142	30,461	25,026

(a) Contract liabilities represent short-term advances received for the sale of products.

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

27. REFUND LIABILITIES

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Six months ended 30 June 2025 RMB'000
At beginning of year/period	98,647	37,059	31,823	50,141
Additional provision	160,773	186,281	257,126	26,262
Amounts utilized during the year/period	(166,380)	(173,981)	(238,808)	(50,072)
Reversal of unutilized provision	(55,981)	(17,536)	–	–
At end of year/period	37,059	31,823	50,141	26,331

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

		As at 31 December 2022		
	Notes	Effective interest rate *(%)*	Maturity	*RMB'000*
Current				
Bank loans – unsecured		2-5	2023	508,493
Current portion of long-term bank loans – secured	*(b)*	13	2023	1,139,126
Subtotal				1,647,619
Non-current				
Other secured bank loans	*(c)*	18-20	2024	722,051
Subtotal				722,051
Total				2,369,670

		As at 31 December 2023		
	Notes	Effective interest rate *(%)*	Maturity	*RMB'000*
Current				
Bank loans – unsecured		3-5	2024	621,344
Current portion of long-term bank loans – unsecured		4	2024	89,490
Current portion of long-term bank loans – secured	*(b)/(c)*	10-20	2024	1,672,095
Total				2,382,929

		As at 31 December 2024		
	Notes	Effective interest rate *(%)*	Maturity	*RMB'000*
Current				
Bank loans – unsecured		1-5	2025	404,809
Bank loans – secured	*(c)*	4-5	2025	420,406
Current portion of long-term bank loans – unsecured		4-5	2025	89,990
Current portion of long-term bank loans – secured	*(b)/(c)*	9-19	2025	1,077,935
Total				1,993,140

		As at 30 June 2025		
		Effective interest rate	Maturity	
	Notes	*(%)*		*RMB'000*
Current				
Bank loans – unsecured		1-5	2025-2026	542,529
Bank loans – secured	*(c)*	4-5	2025	333,284
Current portion of long-term bank loans – unsecured		4	2025	49,500
Current portion of long-term bank loans – secured	*(b)/(c)*	7-19	2025	963,123
Subtotal				1,888,436
Non-current				
Other secured bank loans	*(d)*	7-8	2026	530,720
Subtotal				530,720
Total				2,419,156

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,647,619	2,382,929	1,993,140	1,888,436
In the second year	722,051	–	–	530,720
Total	2,369,670	2,382,929	1,993,140	2,419,156

Notes:

(a) In April 2020, the Target entered into a mezzanine loan agreement with Credit Suisse AG, Singapore Branch ("Credit Suisse") with total commitment amount of US$110,000,000. The loan was guaranteed by Mr. Ni Xin and secured by, among others, mortgages over the issued shares (including any other shares issued in the future) and the assets of Excellent Apex Group Limited. In October 2022, the Target repaid the loans and all pledges/guarantees provided by the aforementioned affiliated parties were fully released, and all the puttable ordinary shares issued in prior years in relation to the loan were repurchased.

(b) In February 2020, Maxi Vantage Limited entered into a loan agreement with Credit Suisse, among others, amounting to US$200,000,000 for a period of 3 years. In April 2020, Maxi Vantage Limited upsized the loan to US$220,000,000.

The loan was guaranteed by Eddingpharm Group (Cayman) Holdings Limited ("Eddingpharm Cayman"), Eddingpharm Group Company Limited, Eddingpharm (Asia) Co., Ltd., Eddingpharm (Asia) Macau and the Target and was also secured by, among others, (a) a fixed and floating security over all assets of Maxi Vantage Limited prior to utilization and floating security over Maxi Vantage Limited's all cash amounting to US$61,000 for the year ended 31 December 2022; (b) mortgages over all issued share capital of Maxi Vantage Limited; (c) mortgages over all issued share capital of Eddingpharm Group Company Limited; (d) mortgages over all issued share capital of Eddingpharm (Asia) Co., Ltd; (e) mortgages over all issued share capital of Vancocin Italia S.r.L.; (f) a commitment to pledge over all of the equity interests in Maxi Vantage (Suzhou) Co., Ltd.; (g) a commitment to pledge over Ceclor/Vancocin trademarks; and (h) the Debt Service Reserve Account ("DSRA") Arrangement, which requires the account to maintain an amount determined in US$equal to the aggregate amount of interest payable in the following three months.

As at 31 December 2022, the outstanding balances drawn down by the Target Group were RMB1,139,126,000.

In February 2023, Maxi Vantage Limited refinanced the loan borrowed in February 2020 with a new senior term loan led by Bank of China Limited Macau Branch and Bank of China Limited Suzhou Industrial Park Branch with a total credit facility of US$150,000,000. The facility has a term of 18 months, with option to extend the term to 31 months upon satisfactory test results on certain financial terms. A loan with an amount of US$110,000,000 was drawn down by the Target Group in February 2023, which is interest bearing at SOFR plus 3%, and a loan with an amount of HKD120,000,000 was drawn down by the Target Group in March 2023, which is interest bearing at HIBOR plus 3%. The loans were guaranteed by Mr. Ni Xin, the Target, Eddingpharm (Asia) Macau, Eddingpharm Group Company Limited, Eddingpharm (Asia) Co., Ltd., Maxi Vantage (Suzhou) Co., Ltd., Eddingpharm (Suzhou) Co., Ltd. (Formerly known as Suzhou Ceclor Pharmaceutical Co., Ltd.), Eddingpharm Suzhou Co., Ltd., Shanghai Eddingpharm Co., Ltd., Vancocin Italia S.r.L., and Excellent Apex Group Limited, secured by the mortgage of the manufacturing facilities in Suzhou, and the pledge of certain equipment, trademarks and the Target's equity interest in some of the subsidiaries.

In August 2024, the Target Group extended the borrowings which ought to be due in August 2024 to September 2025.

As at 31 December 2023, 31 December 2024 and 30 June 2025, the outstanding balance drawn down by the Target Group were RMB864,620,000, RMB667,930,000 and RMB536,914,000, respectively.

In July 2025, the Target repaid the loans and part of pledges/guarantees provided by the aforementioned affiliated parties were still in the process of being released.

(c) In October 2022, the Target entered into a loan agreement with Abax and SPDBI, to borrow loans amounting to US$55,000,000 and US$50,000,000, respectively. Such loans after deducting the amount expressly indicated in the relevant utilization requests for payment of interest of the loans were remitted directly to Credit Suisse AG, Singapore Branch, as partial settlement of the mezzanine loan of US$110 million with Credit Suisse. The remainder part of the mezzanine loan was settled in cash.

The loan was guaranteed by (a) first ranking fixed security over the entire issued share capital of Excellent Apex Group Limited; (b) first ranking fixed and floating security over all assets (other than assets subject to security under the senior term loan facility) of Excellent Apex Group Limited; (c) first ranking assignment of intercompany loan made to Excellent Apex Group Limited by any group member; (d) negative pledge: any equity interests of Maxi Vantage, any security asset, or any other asset of the Target which is not or does not comprise any security asset, except for those expressly permitted in the facility agreement (including without limitation any security provided under the senior term loan facility); (e) a guarantee provided by Mr. Ni Xin.

In July 2024, the Target Group extended the loan borrowed from SPDBI which ought to be due in October 2024 to October 2025.

In October 2024, the Target Group repaid the loan borrowed from Abax through a new loan of US$55,000,000 lent by Bank of China Limited Macau Branch. In connection with this new loan, the Target Group pledged cash equal to the aggregate amount of the outstanding principal and three months' interests to the new borrower.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the outstanding balances from SPDBI, Abax and Bank of China Limited Macau Branch to refinance mezzanine drawn down by the Target Group were RMB722,051,000, RMB807,475,000, RMB802,501,000 and RMB759,493,000, respectively.

In July 2025, the Target repaid the loan from Bank of China Limited Macau Branch amounting to RMB333,284,000 and all pledged cash was released.

(d) In June 2025, Maxi Vantage Limited refinanced the loan borrowed in February and March 2023 with a new senior term loan led by Shanghai Pudong Development Bank with a total credit facility of RMB 762,846,000. The facility has a term of 21 months, with option to extend the term to 36 months upon satisfactory test results on certain financial terms. A loan with an amount of RMB 543,846,000 was drawn down by the Target Group in June 2025, which is interest bearing at 5.8%. The loans were guaranteed by Mr. Ni Xin, the Target, Eddingpharm (Asia) Macau, Eddingpharm Group Company Limited, Maxi Vantage (Suzhou) Co., Ltd., Eddingpharm (Suzhou) Co., Ltd. (Formerly known as Suzhou Ceclor Pharmaceutical Co., Ltd.), Eddingpharm Suzhou Co., Ltd., Shanghai Eddingpharm Co., Ltd., Vancocin Italia S.r.L., and Excellent Apex Group Limited, secured by the mortgage of the manufacturing facilities in Suzhou, and the pledge of certain equipment, trademarks and the Target's equity interest in some of the subsidiaries.

As at 30 June 2025, the outstanding balance was RMB530,720,000.

29. LIABILITY COMPONENT OF PUTTABLE ORDINARY SHARES

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liability component of puttable ordinary shares – current	69,646	–	–	–

In 2020, the Target issued 22,819,405 puttable ordinary shares to Abax for a consideration of USD20,000,000. On 28 November 2021, Abax exercised part of the put option mentioned above. On 1 January 2023, Abax exercised the rest of the put option mentioned above and the consideration of US$10,000,000 (equivalent to RMB67,737,000) was paid on 6 February 2023.

The Target issued 11,017,610 puttable ordinary shares to Credit Suisse, SPDB International (Hong Kong) Limited ("SPDBI") and Ace City Venture Limited ("Ace City") at par value in 2020. On 28 October 2022, Credit Suisse, SPDBI and Ace City exercised the put option of the puttable ordinary shares at a consideration of US$12,140,000 (equivalent to RMB86,473,000).

These ordinary shares will become puttable if the Target Group's listing application subsequently lapses or if an initial public offering is determined to be no longer viable by the board of directors and the holders of the warrants determined to exercise the put option pursuant to the agreements.

30. OTHER LIABILITIES

		As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Commercialization payments relating to the license-in contract	*(a)*	–	36,626	34,439	37,338
Government grants related to property, plant and equipment	*(b)*	–	4,080	5,638	5,568
Total		–	40,706	40,077	42,906

(a) According to a drug license-in agreement, the Target Group shall make milestone payments to the licensor upon the 3rd, 5th and 8th anniversary since the first commercial sale of the drug in the agreed territory. A liability of RMB35,289,000 has been recognized according to the present value of the future payments in November of 2023 when the first commercial sale occurred.

(b) Government grants were received by the Target Group as financial subsidies for capital expenditure incurred for the machineries in December 2023 and January 2024. The amounts are deferred and amortized over the estimated useful lives of the respective assets. There are no unfulfilled conditions or contingencies relating to these grants.

31. SHARE CAPITAL

Shares

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
Number of authorized shares	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Par value of each share	USD0.00002	USD0.00002	USD0.00002	USD0.00002

	As at 31 December 2022 *RMB'000*	As at 31 December 2023 *RMB'000*	As at 31 December 2024 *RMB'000*	As at 30 June 2025 *RMB'000*
Issued and fully paid:	77	72	72	72

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

	Number of shares in issue	Share capital *RMB'000*
At 1 January 2022	558,898,530	78
Repurchase of shares	(11,017,610)	(1)
At 31 December 2022	547,880,920	77
Repurchase of shares	(42,865,241)	(5)
At 31 December 2023, 2024 and 30 June 2025	505,015,679	72

The Target was incorporated in the Cayman Islands on 8 June 2020. On 28 October 2022, Credit Suisse, SPDBI and Ace City exercised the put option of 11,017,610 ordinary shares with a total consideration of US$12,140,000 (equivalent to RMB86,473,000). On 1 January 2023, Abax exercised the put option of 12,318,440 ordinary shares and a total consideration of US$10,000,000 (equivalent to RMB67,737,000) was paid on 6 February 2023. On 7 February 2023, Suremoment Investments Limited exercised the put option of 21,743,984 ordinary shares with a total consideration of US$24,701,000 (equivalent to RMB167,887,000). On 7 February 2023, OrbiMed, SCC Growth, Pink Crystal China Fund L.P. and NOVEL SKY exercised the put option of 8,802,817 ordinary shares with a total consideration of US$10,000,000 (equivalent to RMB67,967,000).

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the number of issued shares was 547,880,920, 505,015,679, 505,015,679 and 505,015,679, respectively, and the share capital was RMB77,000, RMB72,000, RMB72,000 and RMB72,000, respectively.

Share-based payment arrangement

Details of the Target's share-based payment arrangements are included in note 33 to the Historical Financial Information.

32. RESERVES

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

(a) Share-based payment reserve

Details of the share-based payment arrangements are disclosed in note 33 to the Historical Financial Information.

(b) Capital reserve

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

On 7 February 2023, the Target resolved to repurchase 21,743,984 Ordinary Shares held by Surememoment Investments Limited, a company controlled by the Controlling Shareholder, at a total consideration of US$24,701,000. Accordingly, the capital reserve was reduced by RMB167,883,000.

On 7 February 2023, the Target resolved to repurchase 8,802,817 Series E Ordinary Shares held by certain Series E Investors in an aggregate repurchase price of US$10,000,000. Accordingly, the capital reserve was reduced by RMB67,966,000.

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

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

33. SHARE-BASED PAYMENT ARRANGEMENT

A parent of the Target and the Target operate a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Target Group's operations. Unless otherwise agreed by the board of directors in writing, the grantee can exercise up to 25% of the share options at any time during the period commencing from the first anniversary after the date of the Target's initial listing of the shares of the Target (the "Listing Date") and thereafter, commencing from the second anniversary after the Target's Listing Date, an additional up to 25% of the share options granted to such grantee each year (subject to the expiry of the Option Period which should be no more than ten years from the date on which the shares options are duly granted and accepted and the total number of share options granted to such grantee), as long as the grantee continues to be an eligible participant. The Target accounted for these stock options as share-based payments, and evaluated their fair value on the grant date, and accrues expenses in the subsequent vesting period.

In October 2020, the Target granted 41,240,000 share options to certain eligible participants. The exercise price of the share options ranges from US$0.1 to US$0.5 per share. Reversals amounting to RMB26,725,000 (or US$3,955,000 in equivalent), RMB12,942,000 (or US$1,834,000 in equivalent) and RMB750,000 (or US$105,000 in equivalent) had been recognized in 2022, 2023 and 2024 majorly due to the forfeiture of share options upon resignation of the employees. Expenses amounting to RMB1,789,000 (or US$254,000 in equivalent) had been recognized in 2023 as a result of the cancellation of share options upon employees' failure to achieve performance targets. Expenses amounting to RMB2,237,000 (or US$314,000 in equivalent) had been recognized in 2024 as the result of cancellation of share options, as the Target Group withdrew part of share options granted to the employees for management purposes. Expenses amounting to RMB1,560,000 (or US$217,000 in equivalent) had been recognized during the period ended 30 June 2025.

In February 2021, a company which was ultimately controlled by Mr. Ni Xin, agreed to transfer, upon fulfillment of certain conditions, a total number of 11,654,720 ordinary shares of the Target to certain key management and a director of the Target by entering into certain restricted share transfer agreements with such transferees. During the period commencing from the first anniversary of the Listing Date and ending upon the fourth anniversary of the Listing Date, up to 25% of the total restricted shares will be transferred annually. The Target accounted for these transferring of shares as share-based payments. The Target reversed the equity-settled share-based payment expense of RMB12,873,000 (or US$1,905,000 in equivalent) based on the fair value at the grant date during the year ended 31 December 2022 as a result of the forfeiture upon resignation of the employees.

In April 2021 and June 2021, the Target granted 16,950,000 and 11,820,000 share options to certain eligible participants, respectively. The exercise price of the share options is US$0.5 per share. The Target accounted for these stock options as share-based payments, and evaluated their fair value on the grant date, and accrues expenses in the subsequent vesting period. Expenses amounting to RMB9,000 (or US$1,000 in equivalent) and RMB1,926,000 (or US$273,000 in equivalent) had been recognized during the years ended 31 December 2022 and 2023, respectively. Expenses amounting to RMB2,937,000 (or US$416,000 in equivalent) had been recognized in 2023 as a result of cancellation of share options upon failure to achieve performance targets of the employees. Reversals amounting to RMB3,015,000 (or US$424,000 in equivalent) and RMB2,755,000 (or US$384,000 in equivalent) had been recognized in 2024 and 30 June 2025 majorly due to the forfeiture of share options upon resignation of the employees. Expenses amounting to RMB2,328,000 (or US$327,000 in equivalent) and RMB1,068,000 (or US$149,000 in equivalent) had been recognized in 2024 and in the six-month period ended 30 June 2025 as the result of cancellation of share options, as the Target Group withdrew part of share options granted to the employees for management purposes.

In June 2023, the Target canceled 10,355,000 shares options and granted 60,755,180 share options to certain eligible participants, of which 9,405,000 share options were granted as the replacement of the corresponding share options granted by the Target as the modification of the outstanding options from 2020 to 2021, and 950,000 shares options were canceled. The exercise price of the share options ranges from US$0.1 to US$0.5 per share. The Target accounted for these stock options as share-based payments, and evaluated their fair value on the grant date, and accrues expenses in the subsequent vesting period. Expenses amounting to RMB39,137,000 (or US$5,547,000 in equivalent), RMB17,553,000 (or US$2,466,000 in equivalent) and RMB17,455,000 (or US$2,430,000 in equivalent) had been recognized during the year ended 31 December 2023, 2024 and the six-month period ended 30 June 2025, respectively. Expenses amounting to RMB723,000 (or US$103,000 in equivalent) had been recognized in 2023 as a result of cancellation of share options upon employees' failure to achieve performance targets. Expenses amounting to RMB11,310,000 (or US$1,589,000 in equivalent) and RMB1,596,000 (or US$222,000 in equivalent) had been recognized in 2024 and in the six-month period ended 30 June 2025 as the result of cancellation of share options, as the Target Group withdrew part of share options granted to the employees for management purposes.

In December 2024, the Target granted 14,730,000 share options to certain eligible participants. The exercise price of the share options is US$0.5 per share. The Target accounted for these stock options as share-based payments, and evaluated their fair value on the grant date, and accrues expenses in the subsequent vesting period. Expenses amounting to RMB3,631,000 (or US$510,000 in equivalent) and RMB9,245,000 (or US$1,287,000 in equivalent) had been recognized in 2024 and in the six-month period ended 30 June 2025, respectively. Expenses amounting to RMB3,819,000 (or US$532,000 in equivalent) had been recognized in the six-month period ended 30 June 2025 as the result of cancellation of share options, as the Target Group withdrew part of share options granted to the employees for management purposes.

In April 2025, the Target granted 2,400,000 share options to certain eligible participants. The exercise price of the share options is US$0.5 per share. The Target accounted for these stock options as share-based payments, and evaluated their fair value on the grant date, and accrues expenses in the subsequent vesting period. Expenses amounting to RMB844,000 (or US$118,000 in equivalent) had been recognized in the six-month period ended 30 June 2025.

The maximum number of shares in respect of which options permitted to be granted by the Target Group under the scheme is 68,750,000 ordinary shares of the Target (the "Scheme Limit"). Options which lapsed and/or canceled in accordance with the terms of the scheme shall not be counted for the purpose of calculating the Scheme Limit, and, subject to the scheme period, the number of shares of which options may be granted under the scheme shall be increased by the same number of options which lapsed and/or which are canceled.

The offer of a grant of share options may be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HKD1 (or in an equivalent amount in RMB) in total by the grantee. The exercise period of the share options granted is subject to the listing on the Main Board of the Stock Exchange and shall not exceed a period of 10 years from the date of grant of the share options (the "Option Period"). The options are exercisable in installments during the exercise period in the manner as follows:

During the period commencing from the 1st anniversary of the Listing Date and ending on the 2nd anniversary of the Listing Date	Up to 25% of the shares that are subject to the option so granted
During the period commencing from the 2nd anniversary of the Listing Date and ending on the 3rd anniversary of the Listing Date	Up to 50% of the shares that are subject to the option so granted less the number of shares which have been exercised
During the period commencing from the 3rd anniversary of the Listing Date and ending on the 4th anniversary of the Listing Date	Up to 75% of the shares that are subject to the option so granted less the number of shares which have been exercised
During the period commencing from the 4th anniversary of the Listing Date and ending upon the expiry of the Option Period	Up to 100% of the shares that are subject to the option so granted less the number of shares which have been exercised

Each 25% of shares to be vested above was accounted for as a separate tranche of share options, and the accumulated expenses related to each tranche were reversed when such tranche expired.

The exercise price of share options is determinable by the Directors but may not be less than US$0.1 per share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The immediate termination of employment should be accounted for as the forfeiture of share options while the legal expiry is three months after the date of resignation.

The following share options were outstanding during the Relevant Periods:

	Weighted average exercise price *US$ per share*	**Number of options** *'000*
At 1 January 2022	0.4	68,565
Forfeited during the year*	0.5	(48,155)
At 31 December 2022 and 1 January 2023	0.5	20,410
Granted during the year	0.5	51,350
Canceled during the year	0.5	(1,100)
Forfeited during the year	0.5	(16,795)
At 31 December 2023 and 1 January 2024	0.5	53,865
Granted during the year	0.5	14,730
Canceled during the year	0.5	(3,185)
Forfeited during the year	0.5	(1,400)
At 31 December 2024 and 1 January 2025	0.5	64,010
Granted during the period	0.5	2,400
Canceled during the period	0.5	(1,262)
Forfeited during the period	0.5	(1,738)
At 30 June 2025	0.5	63,410

* The number of options forfeited in 2022 includes 11,654,720 restricted shares to be transferred by Suremoment Investments Limited.

The exercise prices and exercise periods of the share option scheme outstanding as at end of each of the Relevant Periods are as follows:

At 31 December 2022

Number of options *'000*	**Exercise price** *US$ per share*	**Exercise period**
60	0.1	Up to 29 October 2030
1,040	0.2	Up to 29 October 2030
8,140	0.5	Up to 29 October 2030
5,650	0.5	Up to 20 April 2031
5,520	0.5	Up to 24 June 2031
20,410		

At 31 December 2023

Number of options *'000*	**Exercise price** *US$ per share*	**Exercise period**
60	0.1	Up to 29 October 2030
990	0.2	Up to 29 October 2030
4,690	0.5	Up to 29 October 2030
2,725	0.5	Up to 20 April 2031
2,850	0.5	Up to 24 June 2031
42,550	0.5	Up to 9 June 2033
53,865		

At 31 December 2024

Number of options *'000*	**Exercise price** *US$ per share*	**Exercise period**
930	0.2	Up to 29 October 2030
4,500	0.5	Up to 29 October 2030
2,300	0.5	Up to 20 April 2031
2,700	0.5	Up to 24 June 2031
39,000	0.5	Up to 9 June 2033
14,580	0.5	Up to 18 December 2034
64,010		

At 30 June 2025

Number of options	Exercise price	Exercise period
000	*US$ per share*	
930	0.2	Up to 29 October 2030
4,500	0.5	Up to 29 October 2030
2,300	0.5	Up to 20 April 2031
2,700	0.5	Up to 24 June 2031
38,075	0.5	Up to 9 June 2033
12,755	0.5	Up to 18 December 2034
2,150	0.5	Up to 9 April 2035
63,410		

The Target Group recognized expenses of equity-settled share-based payments of RMB33,570,000, RMB33,294,000 and RMB32,832,000 during the years ended 31 December 2023, and 2024 and six months ended 30 June 2025, respectively, and reversed expenses of equity-settled share-based payments of RMB39,589,000 during the year ended 31 December 2022.

The weighted average fair values of each of the outstanding share options as at 31 December 2022, 2023 and 2024 and 30 June 2025, were US$0.8, US$0.7, US$0.7 and US$0.7, respectively.

The fair values of the share options granted during the years ended 31 December 2022, 2023 and 2024 and 30 June 2025 were RMB178,888,000, RMB218,732,000, RMB81,073,000 and RMB13,581,000, respectively.

The fair value of equity-settled share options granted during the Relevant Periods was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
Expected volatility (%)	N/A	45	45	45.5
Risk-free interest rate (%)	N/A	3.8	3.8	4.4
Expected life of options (year)	N/A	10	10	10
Weighted average share price (US$ per share)	N/A	1	0.8	0.8

The expected life of the options is based on the estimation of when the shares commence listing on the Main Board of the Stock Exchange and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, the Target Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,449,000, RMB31,903,000, RMB18,872,000 and RMB24,191,000, respectively, in respect of lease arrangements for offices.

On 7 February 2023, the Target resolved to repurchase 21,743,984 Ordinary Shares held by Suremoment Investments Limited, a company controlled by the Controlling Shareholder, at a total consideration of US$24,701,000 (equivalent to RMB167,886,000). The consideration was offset by the loans lent to the Controlling Shareholder of RMB172,460,000 and an exchange difference of RMB4,574,000 was recorded.

On 13 September 2024, the Target Group obtained know-how license and medical rights from independent third parties for a consideration of RMB103,430,000 of which RMB92,769,000 is settled by the exchange of the Target Group's existing drug distribution rights.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	Bank and other loans *RMB'000*	Liability component of puttable ordinary shares *RMB'000*	Lease liabilities *RMB'000*	Dividends payable *RMB'000*
At 1 January 2022	2,491,733	118,616	61,335	–
Changes from financing cash flows	(564,077)	(86,473)	(24,465)	(56,592)
Interest accrued	266,773	23,891	2,591	–
New leases	–	–	5,449	–
Dividends declared	–	–	–	67,405
Termination	–	–	(21,671)	–
Foreign exchange movement	175,241	13,612	(222)	–
At 31 December 2022	2,369,670	69,646	23,017	10,813

Year ended 31 December 2023

	Bank and other loans *RMB'000*	Liability component of puttable ordinary shares *RMB'000*	Lease liabilities *RMB'000*	Dividends payable *RMB'000*
At 1 January 2023	2,369,670	69,646	23,017	10,813
Changes from financing cash flows	(277,061)	(67,737)	(18,000)	(31,439)
Interest accrued	274,350	–	1,758	–
New leases	–	–	31,903	–
Dividends declared	–	–	–	67,737
Foreign exchange movement	15,970	(1,909)	(20)	2,414
At 31 December 2023	2,382,929	–	38,658	49,525

Year ended 31 December 2024

	Bank and other loans *RMB'000*	Lease liabilities *RMB'000*	Dividends payable *RMB'000*
At 1 January 2024	2,382,929	38,658	49,525
Changes from financing cash flows	(665,065)	(18,113)	–
Interest accrued	257,165	1,654	–
New leases	–	18,872	–
Foreign exchange movement	18,111	(82)	739
At 31 December 2024	1,993,140	40,989	50,264

Six months ended 30 June 2024

	Bank and other loans *RMB'000*	Lease liabilities *RMB'000*	Dividends payable *RMB'000*
At 1 January 2024	2,382,929	38,658	49,525
Changes from financing cash flows	(220,226)	(8,962)	–
Interest accrued	138,244	887	–
New leases	–	902	–
Foreign exchange movement	13,687	(39)	308
At 30 June 2024	2,314,634	31,446	49,833

Six months ended 30 June 2025

	Bank and other loans *RMB'000*	Lease liabilities *RMB'000*	Dividends payable *RMB'000*
At 1 January 2025	1,993,140	40,989	50,264
Changes from financing cash flows	342,844	(11,491)	–
Interest accrued	92,633	949	–
New leases	–	24,191	–
Foreign exchange movement	(9,461)	24	(120)
At 30 June 2025	2,419,156	54,662	50,144

(c) Total cash outflow for leases

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

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within operating activities	765	589	816	735	374
Within financing activities	24,465	18,000	18,113	8,962	11,491
Total	25,230	18,589	18,929	9,697	11,865

35. PLEDGE OF ASSETS

Details of the Target Group's bank loans and bank accepted drafts which are secured by the assets of the Target Group, are included in notes 24 and 28, respectively, to the Historical Financial Information.

36. COMMITMENTS

(a) The Target Group had the following contractual commitments at the end of the Relevant Periods:

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Plant and machinery	13,814	10,434	7,632	3,859
Intangible assets	54,095	43,906	33,146	17,699
Total	67,909	54,340	40,778	21,558

(b) Other business agreements

The Target Group enters into collaboration agreements with companies for intellectual property licensing transactions. The Target Group may be obligated to make future development, regulatory and commercial milestone payments and royalty payments on future sales of specified products associated with its collaboration agreements. Payments under these agreements generally become due and payable upon achievement of such milestones or sales. These commitments are not recorded in the Historical Financial Information because the achievement and timing of these milestones are not fixed and determinable. When the achievement of these milestones or sales has been reached, the corresponding amounts are recognized in the Historical Financial Information.

37. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed detailed about due from the controlling shareholder in note 23 to the Historical Financial Information, the Target Group had the following transactions with related parties during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025:

During the year of 2024, the Target Group recognized revenue and royalty fee expenses of RMB1,946,000 and RMB1,832,000, respectively, from rendering of promotion services to Taizhou EOC.

Borrowings guaranteed by related parties are included in note 28 to the Historical Financial Information.

(b) Outstanding balance with a related party:

	As at 31 December 2022 *RMB'000*	**As at 31 December 2023** *RMB'000*	**As at 31 December 2024** *RMB'000*	**As at 30 June 2025** *RMB'000*
Due from the Controlling Shareholder *(i)*:				
Mr. Ni Xin	172,460	223,304	237,582	238,944
Prepayments for medicine license *(ii)*:				
Taizhou EOC Pharma Co., Ltd.	–	40,000	–	–
Amounts due from a related party *(iii)*:				
Taizhou EOC Pharma Co., Ltd.	–	–	120	120

i. The amounts due from the Controlling Shareholder, as at 31 December 2022, 2023 and 2024 and 30 June 2025, were non-trade in nature, bore interest at rate of 0.60% to 4.66%, and were repayable on demand and unsecured. The amounts of financial charge for the unsettled balance due from the Controlling Shareholder were RMB1,333,000, RMB6,997,000, RMB9,246,000 and RMB4,611,000 for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, respectively. The loans are expected to be repaid prior to the Listing. Further details about due from the Controlling Shareholder are set out in Note 23.

ii. On 9 May 2023, Eddingpharm (Suzhou) Co., Ltd. entered into an agreement to obtain an exclusive sublicense with Taizhou EOC. The prepayments for medicine license were trade in nature. The Target Group made an upfront payment of RMB40,000,000 in 2023 to EOC Taizhou. In 2024, the medicine license received new drug application approval and Target Group made a milestone payment of RMB20,000,000 to EOC Taizhou; the exclusive sublicense was transferred from prepayment to intangible assets.

iii. The amounts due from Taizhou EOC generated from rendering of promotion services were trade in nature.

(c) Compensation of key management personnel of the Target Group:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Six months ended 30 June 2024 RMB'000 (Unaudited)	Six months ended 30 June 2025 RMB'000
Short-term employee benefits	28,740	18,968	18,905	7,569	7,790
Equity-settled share-based payment expense*	(51,601)	28,551	17,720	12,869	17,638
Total compensation paid to key management personnel	(22,861)	47,519	36,625	20,438	25,428

* In 2022, equity-settled share-based payment expense included the reversal of accumulated expenses for resigned employees.

(d) Guarantee provided by the related party

During the Relevant Periods, Eddingpharm Cayman, a related company controlled by the Controlling Shareholder, had provided guarantee for Maxi Vantage, a subsidiary of the Target Group, to obtain loans from Credit Suisse. The guarantee was released after the repayment of loans in February 2023. Further details about guarantee provided by the related party are set out in Note 28(b).

(e) Outstanding balances of the Target due from/(due to) the Controlling Shareholder and subsidiaries:

	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 June 2025 RMB'000
Due from the Controlling Shareholder:				
Mr. Ni Xin	112,094	–	–	–
Due from/(due to) subsidiaries:				
Eddingpharm Group Company Limited	396,635	371,061	378,654	375,703
Eddingpharm Suzhou Co., Ltd.	100,000	100,496	100,596	100,646
Eddingpharm (Asia) Macao Commercial Offshore Limited	628,903	493,423	75,935	78,158
Eddingpharm (Hong Kong) Company Limited	(1,872)	(3,937)	(9,876)	(8,775)
Total	1,123,666	961,043	545,309	545,732

The outstanding balances of the Target's due from/(due to) the Controlling Shareholder and subsidiaries above were at Target-level and non-trade in nature. The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

(f) The breakdown of investments in subsidiaries of the Target is as below:

	As at 31 December 2022 *RMB'000*	As at 31 December 2023 *RMB'000*	As at 31 December 2024 *RMB'000*	As at 30 June 2025 *RMB'000*
Excellent Apex Group Limited	1,031,715	1,049,211	1,064,868	1,062,336
Eddingpharm International Company Limited	31,657	32,193	32,674	32,596
Ease Pacific Limited	315	320	325	324
Total	1,063,687	1,081,724	1,097,867	1,095,256

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition *RMB'000*	Financial assets at amortized cost *RMB'000*	Financial assets at fair value through OCI *RMB'000*	Total *RMB'000*
Trade and bills receivables	–	215,501	147,334	362,835
Financial assets included in prepayments, other receivables and other assets	–	32,333	–	32,333
Financial asset at fair value through profit or loss	50,000	–	–	50,000
Due from the Controlling Shareholder	–	172,460	–	172,460
Pledged deposits	–	428	–	428
Cash and cash equivalents	–	537,635	–	537,635
Total	50,000	958,357	147,334	1,155,691

Financial liabilities

	Financial liabilities at amortized cost *RMB'000*
Trade payables	248,173
Financial liabilities included in other payables and accruals	226,221
Interest-bearing bank and other borrowings	2,369,670
Liability component of puttable ordinary shares	69,646
Lease liabilities	23,017
Total	2,936,727

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition *RMB'000*	Financial assets at amortized cost *RMB'000*	Financial assets at fair value through OCI *RMB'000*	Total *RMB'000*
Trade and bills receivables	–	217,523	150,287	367,810
Financial assets included in prepayments, other receivables and other assets	–	31,819	–	31,819
Financial assets at fair value through profit or loss	50,000	–	–	50,000
Due from the Controlling Shareholder	–	223,304	–	223,304
Pledged deposits	–	404	–	404
Cash and cash equivalents	–	467,127	–	467,127
Total	50,000	940,177	150,287	1,140,464

Financial liabilities

	Financial liabilities at amortized cost *RMB'000*
Trade payables	187,764
Financial liabilities included in other payables, accruals and other liabilities	296,125
Interest-bearing bank and other borrowings	2,382,929
Lease liabilities	38,658
Total	2,905,476

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition *RMB'000*	**Financial assets at amortized cost** *RMB'000*	**Financial assets at fair value through OCI** *RMB'000*	**Total** *RMB'000*
Trade and bills receivables	–	262,820	56,704	319,524
Financial assets included in prepayments, other receivables and other assets	–	45,717	–	45,717
Amounts due from a related party	–	120	–	120
Financial assets at fair value through profit or loss	50,000	–	–	50,000
Due from the Controlling Shareholder	–	237,582	–	237,582
Pledged deposits	–	395,740	–	395,740
Cash and cash equivalents	–	111,703	–	111,703
Total	50,000	1,053,682	56,704	1,160,386

Financial liabilities

	Financial liabilities at amortized cost *RMB'000*
Trade payables	332,164
Financial liabilities included in other payables, accruals and other liabilities	306,501
Interest-bearing bank and other borrowings	1,993,140
Lease liabilities	40,989
Total	2,672,794

As at 30 June 2025

Financial assets

	Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition	**Financial assets at amortized cost**	**Financial assets at fair value through OCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	130,341	7,134	137,475
Financial assets included in prepayments, other receivables and other assets	–	51,739	–	51,739
Amounts due from a related party	–	120	–	120
Financial assets at fair value through profit or loss	50,000	–	–	50,000
Due from the Controlling Shareholder	–	238,944	–	238,944
Pledged deposits	–	335,630	–	335,630
Cash and cash equivalents	–	778,462	–	778,462
Total	50,000	1,535,236	7,134	1,592,370

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	196,142
Financial liabilities included in other payables, accruals and other liabilities	223,758
Interest-bearing bank and other borrowings	2,419,156
Lease liabilities	54,662
Total	2,893,718

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts			
	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss	50,000	50,000	50,000	50,000
Financial assets at fair value through OCI	147,334	150,287	56,704	7,134
Total	197,334	200,287	106,704	57,134
Financial liabilities				
Interest-bearing bank and other borrowings	722,051	–	–	530,720
Total	722,051	–	–	530,720

	Fair values			
	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial asset at fair value through profit or loss	50,000	50,000	50,000	50,000
Financial assets at fair value through OCI	147,334	150,287	56,704	7,134
Total	197,334	200,287	106,704	57,134
Financial liabilities				
Interest-bearing bank and other borrowings	722,051	–	–	530,720
Total	722,051	–	–	530,720

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

The Target Group's finance team headed by the chief finance controller/his or her designator is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the finance head. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance head.

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

The fair values of non-current interest-bearing other borrowings and a liability component of puttable ordinary shares have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Target Group's own non-performance risk for long-term liabilities was assessed to be insignificant.

For debt investments at fair value through other comprehensive income, the management estimate their fair values using discounted cash flow method, based on the market discounted rates and the residual due terms of the bills and letter of credit.

The fair value of unlisted equity investments has been estimated using market approach. Management has used the following key inputs to the valuation of unlisted equity investments:

Below is a summary of significant unobservable inputs to the valuation of unlisted equity investments together with a quantitative sensitivity analysis during the Relevant Periods.

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of fair value to the input**
Unlisted equity investments	Backsolve method	Discount for lack of marketability	As at 31 December 2022: 3%-24%	A 1% increase (decrease) in discount for lack of marketability would result in a decrease (increase) in fair value of RMB536,000 as at 31 December 2022.
		Risk free interest rate	As at 31 December 2022: 2.15%	A 1% increase (decrease) in risk free interest rate would result in a decrease in fair value of RMB286,000 (increase in fair value of RMB385,000) as at 31 December 2022.

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted equity investments	Backsolve method	Discount for lack of marketability	As at 31 December 2023: 5%-30%	A 1% increase (decrease) in discount for lack of marketability would result in a decrease (increase) in fair value of RMB562,200 as at 31 December 2023.
		Risk free interest rate	As at 31 December 2023: 2.24%	A 1% increase (decrease) in risk free interest rate would result in a decrease in fair value of RMB727,300 (increase in fair value of RMB986,400) as at 31 December 2023.
Unlisted equity investments	Backsolve method	Discount for lack of marketability	As at 31 December 2024: 5%-30%	A 1% increase (decrease) in discount for lack of marketability would result in a decrease (increase) in fair value of RMB562,200 as at 31 December 2024.
		Risk free interest rate	As at 31 December 2024: 2.24%	A 1% increase (decrease) in risk free interest rate would result in a decrease in fair value of RMB727,300 (increase in fair value of RMB986,400) as at 31 December 2024.
Unlisted equity investments	Backsolve method	Discount for lack of marketability	As at 30 June 2025:5%-30%	A 1% increase (decrease) in discount for lack of marketability would result in a decrease (increase) in fair value of RMB566,372 as at 30 June 2025.
		Risk free interest rate	As at 30 June 2025:1.36%	A 1% increase (decrease) in risk free interest rate would result in a decrease in fair value of RMB472,918 (increase in fair value of RMB478,254) as at 30 June 2025.

Fair value hierarchy

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

Assets measured at fair value

As at 31 December 2022

	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*
Unlisted equity investments, at fair value	–	–	50,000	50,000
Financial assets at fair value through OCI	–	147,334	–	147,334
Total	–	147,334	50,000	197,334

As at 31 December 2023

	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*
Unlisted equity investments, at fair value	–	–	50,000	50,000
Financial assets at fair value through OCI	–	150,287	–	150,287
Total	–	150,287	50,000	200,287

As at 31 December 2024

	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*
Unlisted equity investments, at fair value	–	–	50,000	50,000
Financial assets at fair value through OCI	–	56,704	–	56,704
Total	–	56,704	50,000	106,704

As at 30 June 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value	–	–	50,000	50,000
Financial assets at fair value through OCI	–	7,134	–	7,134
Total	–	7,134	50,000	57,134

Liabilities for which fair values are disclosed

As at 31 December 2022

	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*
Long-term interest-bearing other borrowings	–	722,051	–	722,051

As at 30 June 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Long-term interest-bearing other borrowings	–	530,720	–	530,720

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 financial liabilities or financial assets.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments comprise interest-bearing bank and other borrowings, a liability component of puttable ordinary shares as well as cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Target Group's operations. The Target Group has various other financial assets and liabilities such as trade and bill receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the Relevant Periods under review, the Target Group's policy that no trading in financial instruments shall be undertaken.

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

(a) Foreign currency risk

The Target Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Target Group's profit before tax.

As at 31 December 2022

	Increase/(decrease) In foreign currency rate	**Increase/(decrease) In profit before tax**
	%	*RMB'000*
If RMB weakens against USD	5	(9,638)
If RMB strengthens against USD	(5)	9,638
If RMB weakens against EUR	5	467
If RMB strengthens against EUR	(5)	(467)

As at 31 December 2023

	Increase/(decrease) In foreign currency rate	**Increase/(decrease) In profit before tax**
	%	*RMB'000*
If RMB weakens against USD	5	(1,623)
If RMB strengthens against USD	(5)	1,623
If RMB weakens against EUR	5	2,083
If RMB strengthens against EUR	(5)	(2,083)

As at 31 December 2024

	Increase/(decrease) In foreign currency rate	Increase/(decrease) In profit before tax
	%	*RMB'000*
If RMB weakens against USD	5	(2,265)
If RMB strengthens against USD	(5)	2,265
If RMB weakens against EUR	5	2,360
If RMB strengthens against EUR	(5)	(2,360)

As at 30 June 2025

	Increase/(decrease) In foreign currency rate	Increase/(decrease) In profit before tax
	%	*RMB'000*
If RMB weakens against USD	5	(6,751)
If RMB strengthens against USD	(5)	6,751
If RMB weakens against EUR	5	1,392
If RMB strengthens against EUR	(5)	(1,392)

(b) Credit risk

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

The credit risk of the Target Group's other financial assets, which comprise cash and cash equivalents, trade and bills receivables, amounts due from related parties and deposits, and other receivables and other assets, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Target Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer. There are concentrations of credit risk within the Target Group as the customer bases of the Target Group's trade receivables are narrowly among several large distributors.

At the end of each reporting period, the Target Group had certain concentrations of credit risk as 54%, 38%, 24% and 6% respectively, of the Target Group's trade receivables were due from the Target Group's largest customer as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Target Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022, 2023 and 2024 and 30 June 2025. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	2,530	–	–	362,008	364,538
Financial assets included in prepayments, other receivables and other assets – Normal**	32,551	–	–	–	32,551
Due from the Controlling Shareholder – Normal**	172,460	–	–	–	172,460
Pledged deposits – Not yet past due	428	–	–	–	428
Cash and cash equivalents – Not yet past due	537,635	–	–	–	537,635
Total	745,604	–	–	362,008	1,107,612

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	12,968	–	–	356,475	369,443
Financial assets included in prepayments, other receivables and other assets – Normal**	32,139	–	–	–	32,139
Due from the Controlling Shareholder – Normal**	223,304	–	–	–	223,304
Pledged deposits – Not yet past due	404	–	–	–	404
Cash and cash equivalents – Not yet past due	467,127	–	–	–	467,127
Total	735,942	–	–	356,475	1,092,417

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	320,457	320,457
Financial assets included in prepayments, other receivables and other assets – Normal**	46,068	–	–	–	46,068
Amounts due from a related party – Normal**	–	–	–	120	120
Due from the Controlling Shareholder – Normal**	237,582	–	–	–	237,582
Pledged deposits – Not yet past due	395,740	–	–	–	395,740
Cash and cash equivalents – Not yet past due	111,703	–	–	–	111,703
Total	791,093	–	–	320,577	1,111,670

As at 30 June 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	138,368	138,368
Financial assets included in prepayments, other receivables and other assets – Normal**	52,146	–	–	–	52,146
Amounts due from a related party – Normal**	–	–	–	120	120
Due from the Controlling Shareholder – Normal**	238,944	–	–	–	238,944
Pledged deposits – Not yet past due	335,630	–	–	–	335,630
Cash and cash equivalents – Not yet past due	778,462	–	–	–	778,462
Total	1,405,182	–	–	138,488	1,543,670

* For trade receivables to which the Target Group applies the simplified approach for impairment, information based on the credit risk exposure is disclosed in note 21 to the Historical Financial Information.

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

Further quantitative data in respect of the Target Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the Historical Financial Information.

(c) Liquidity risk

The Target Group monitors its risk to a shortage of funds by considering the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Target Group closely monitors interest-bearing bank and other borrowings which will mature in 12-month periods and makes reliable plan to extend or refinance the debts.

The maturity profile of the Target Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At 31 December 2022

	On demand	**Less than 1 year**	**1 to 5 years**	**Above 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	1,759,273	919,326	–	2,678,599
Lease liabilities	–	10,257	12,306	5,539	28,102
Trade payables	248,173	–	–	–	248,173
Financial liabilities included in other payables and accruals	226,221	–	–	–	226,221
Liability component of puttable ordinary shares	–	69,646	–	–	69,646
Total	474,394	1,839,176	931,632	5,539	3,250,741

At 31 December 2023

	On demand	**Less than 1 year**	**1 to 5 years**	**Above 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	3,375,013	–	–	3,375,013
Lease liabilities	–	23,485	36,150	2,518	62,153
Trade payables	187,764	–	–	–	187,764
Financial liabilities included in other payables, accruals and other liabilities	259,499	–	17,575	25,107	302,181
Total	447,263	3,398,498	53,725	27,625	3,927,111

At 31 December 2024

	On demand	Less than 1 year	1 to 5 years	Above 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	2,173,660	–	–	2,173,660
Lease liabilities	–	16,432	29,032	–	45,464
Trade payables	332,164	–	–	–	332,164
Financial liabilities included in other payables, accruals and other liabilities	272,062	–	15,658	22,369	310,089
Total	604,226	2,190,092	44,690	22,369	2,861,377

As at 30 June 2025

	On demand	Less than 1 year	1 to 5 years	Above 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	–	2,024,999	484,113	–	2,509,112
Lease liabilities	–	21,427	37,840	–	59,267
Trade and bills payables	196,142	–	–	–	196,142
Financial liabilities included in other payables, accruals and other liabilities	186,420	–	17,360	24,800	228,580
Total	382,562	2,046,426	539,313	24,800	2,993,101

(d) Capital management

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

The Target Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Target Group monitors capital using a total debt to total capitalization ratio, which is total debt divided by total equity plus total debt. Total debt includes interest-bearing bank and other borrowings and the liability component of puttable ordinary shares. Total equity includes equity attributable to equity holders of the company and non-controlling interests. The total debt to total capitalization ratios as at the end of the reporting periods were as follows:

	As at 31 December 2022 *RMB'000*	As at 31 December 2023 *RMB'000*	As at 31 December 2024 *RMB'000*	As at 30 June 2025 *RMB'000*
Interest-bearing bank and other borrowings	2,369,670	2,382,929	1,993,140	2,419,156
Liability component of puttable ordinary shares	69,646	–	–	–
Total debt	2,439,316	2,382,929	1,993,140	2,419,156
Equity	1,912,507	1,964,875	2,409,562	2,554,934
Total equity plus total debt	4,351,823	4,347,804	4,402,702	4,974,090
Total debt to total capitalization ratio	56%	55%	45%	49%

41. EVENTS AFTER THE REPORTING PERIOD

There was no significant event that took place after the reporting period and up to the date of approval of this Historical Financial Information.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target, the Target Group or any of the Target Group's subsidiaries in respect of any period subsequent to 30 June 2025.