

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AB&B BIO-TECH CO., LTD. JS*, CITIC SECURITIES (HONG KONG) LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED**Introduction**

We report on the historical financial information of Ab&B Bio-Tech Co., Ltd. JS (“江蘇中慧元通生物科技股份有限公司”) (the “Company”) and its subsidiary (together, the “Group”) set out on pages I-4 to I-59, which comprises the consolidated statements of financial position of the Group as at December 31, 2023 and 2024 and March 31, 2025, the statements of financial position of the Company as at December 31, 2023 and 2024 and March 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended December 31, 2023 and 2024 and the three months ended March 31, 2025 (the “Track Record Period”) 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-59 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated July 31, 2025 (the “Prospectus”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified

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Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ 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 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended March 31, 2024 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period 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 Stub Period 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 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
July 31, 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

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

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Notes	Year ended December 31,		Three months ended March 31,	
		2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Revenue	6	52,168	259,612	306	413
Cost of sales		<u>(72,511)</u>	<u>(108,157)</u>	<u>(5,058)</u>	<u>(4,038)</u>
Gross (loss) profit		(20,343)	151,455	(4,752)	(3,625)
Other income	8	14,202	24,366	14,497	4,966
Impairment losses under expected credit loss model, net of reversal		(48)	(66)	21	25
Other gains and losses	9	1,312	(816)	113	9
Selling expenses		(55,433)	(140,300)	(8,842)	(19,303)
Administrative expenses		(74,663)	(58,563)	(15,475)	(11,944)
Listing expenses		–	(8,542)	–	(5,744)
Research and development expenses		(283,159)	(205,569)	(43,205)	(46,514)
Other expenses		–	(2,968)	(2,108)	(46)
Finance costs	10	<u>(6,609)</u>	<u>(17,713)</u>	<u>(3,580)</u>	<u>(5,141)</u>
Loss before tax	11	(424,741)	(258,716)	(63,331)	(87,317)
Income tax expense	12	–	–	–	–
Loss and total comprehensive expense for the year/period . . .		<u>(424,741)</u>	<u>(258,716)</u>	<u>(63,331)</u>	<u>(87,317)</u>
Loss per share					
– Basic and diluted (RMB)	14	<u>(1.18)</u>	<u>(0.72)</u>	<u>(0.18)</u>	<u>(0.24)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31,		As at March 31,
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets				
Property, plant and equipment	16	740,782	944,690	943,839
Right-of-use assets	17	94,476	86,091	83,995
Intangible assets	18	26,844	25,660	25,183
Other receivables and prepayments	23	44,396	60,861	63,448
		906,498	1,117,302	1,116,465
Current assets				
Inventories	21	41,818	57,809	87,372
Trade receivables	22	73,595	284,905	221,277
Other receivables and prepayments	23	14,772	20,491	20,932
Financial assets at fair value through profit or loss (“FVTPL”)	24	10,020	–	–
Pledged bank deposits	25	5,486	138	138
Time deposits	25	22,236	–	–
Cash and cash equivalents	25	45,318	132,194	114,561
		213,245	495,537	444,280
Current liabilities				
Trade and other payables	26	291,550	441,615	420,157
Amounts due to shareholders	39	–	27,673	–
Refund liabilities	27	13,259	84,721	81,056
Borrowings	28	217,887	347,524	405,299
Lease liabilities	29	6,467	7,146	8,027
		529,163	908,679	914,539
Net current liabilities		(315,918)	(413,142)	(470,259)
Total assets less current liabilities		590,580	704,160	646,206
Non-current liabilities				
Borrowings	28	148,262	462,012	490,412
Lease liabilities	29	48,808	42,127	40,394
Deferred income	30	30,240	37,018	36,807
Trade and other payables	26	–	16,416	16,416
		227,310	557,573	584,029
Net assets		363,270	146,587	62,177
Capital and reserves				
Share capital	32	360,000	360,000	360,000
Reserves		3,270	(213,413)	(297,823)
Total equity		363,270	146,587	62,177

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31,		As at
		2023	2024	March 31,
		<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Non-current assets				
Property, plant and equipment	16	689,902	896,153	896,945
Right-of-use assets	17	44,926	43,958	43,717
Intangible assets	18	26,844	25,660	25,183
Investment in a subsidiary	41	93,838	111,615	114,733
Other receivables and prepayments	23	42,004	58,637	62,127
		<u>897,514</u>	<u>1,136,023</u>	<u>1,142,705</u>
Current assets				
Inventories	21	39,120	55,382	85,001
Trade receivables	22	73,595	284,905	221,277
Other receivables and prepayments	23	96,050	117,732	175,549
Financial assets at FVTPL	24	10,020	–	–
Pledged bank deposits	25	5,486	138	138
Time deposits	25	22,236	–	–
Cash and cash equivalents	25	41,407	131,542	113,150
		<u>287,914</u>	<u>589,699</u>	<u>595,115</u>
Current liabilities				
Trade and other payables	26	251,609	460,893	488,093
Amounts due to shareholders	39	–	27,673	–
Refund liabilities	27	13,259	84,721	81,056
Borrowings	28	212,897	337,614	405,299
		<u>477,765</u>	<u>910,901</u>	<u>974,448</u>
Net current liabilities		<u>(189,851)</u>	<u>(321,202)</u>	<u>(379,333)</u>
Total assets less current liabilities		<u>707,663</u>	<u>814,821</u>	<u>763,372</u>
Non-current liabilities				
Borrowings	28	148,262	462,012	490,412
Deferred income	30	30,240	37,018	36,807
Trade and other payables	26	–	16,416	16,416
		<u>178,502</u>	<u>515,446</u>	<u>543,635</u>
Net assets		<u>529,161</u>	<u>299,375</u>	<u>219,737</u>
Capital and reserves				
Share capital	32	360,000	360,000	360,000
Reserves	33	169,161	(60,625)	(140,263)
Total equity		<u>529,161</u>	<u>299,375</u>	<u>219,737</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Share-based payments reserve	Accumulated losses	Total
	<i>RMB'000</i> (Note 32)	<i>RMB'000</i>	<i>RMB'000</i> (Note 31)	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	360,000	614,930	50,172	(285,618)	739,484
Loss and total comprehensive expense for the year	-	-	-	(424,741)	(424,741)
Recognition of equity-settled share-based payments (Note 31).	-	-	48,527	-	48,527
As at December 31, 2023	360,000	614,930	98,699	(710,359)	363,270
Loss and total comprehensive expense for the year	-	-	-	(258,716)	(258,716)
Recognition of equity-settled share-based payments (Note 31)	-	-	42,033	-	42,033
Vest of restricted shares	-	76,437	(76,437)	-	-
As at December 31, 2024	360,000	691,367	64,295	(969,075)	146,587
Loss and total comprehensive expense for the period	-	-	-	(87,317)	(87,317)
Recognition of equity-settled share-based payments (Note 31)	-	-	2,907	-	2,907
As at March 31, 2025	<u>360,000</u>	<u>691,367</u>	<u>67,202</u>	<u>(1,056,392)</u>	<u>62,177</u>
As at December 31, 2023	360,000	614,930	98,699	(710,359)	363,270
Loss and total comprehensive expense for the period (unaudited)	-	-	-	(63,331)	(63,331)
Recognition of equity-settled share-based payments (unaudited)	-	-	12,902	-	12,902
As at March 31, 2024 (unaudited)	<u>360,000</u>	<u>614,930</u>	<u>111,601</u>	<u>(773,690)</u>	<u>312,841</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
OPERATING ACTIVITIES				
Loss before tax	(424,741)	(258,716)	(63,331)	(87,317)
Adjustments for:				
Finance costs	6,609	17,713	3,580	5,141
Interest income	(3,158)	(474)	(221)	(67)
Depreciation of property, plant and equipment . . .	39,378	49,039	10,720	14,664
Depreciation of right-of-use assets	7,559	8,385	2,096	2,096
Amortisation of intangible assets	1,039	1,778	405	477
Impairment losses under expected credit loss, net of reversal	48	66	(21)	(25)
Income from government grants	(509)	(1,772)	(1,138)	(211)
Write-down of inventories, net of reversal	45,698	18,095	10	(779)
Loss on disposal of property, plant and equipment	40	1,057	-	-
Gain from changes in fair value of financial assets at FVTPL	(1,352)	(241)	(113)	(9)
Recognition of equity-settled share-based payments	47,915	41,666	12,902	2,907
Operating cash flows before movements in working capital	(281,474)	(123,404)	(35,111)	(63,123)
Increase in inventories	(67,653)	(34,086)	(29,914)	(28,784)
(Increase) decrease in trade receivables	(73,643)	(211,376)	6,314	63,653
Increase in other receivables and prepayments	(11,759)	(14,570)	(9,470)	7,766
Decrease (increase) in trade and other payables . . .	115,282	112,465	(18,523)	2,345
Increase (decrease) in refund liabilities	13,259	71,462	97	(3,665)
NET CASH USED IN OPERATING ACTIVITIES	(305,988)	(199,509)	(86,607)	(21,808)
INVESTING ACTIVITIES				
Receipt of interest from banks	2,475	474	221	67
Purchases of financial assets measured at FVTPL . .	(430,600)	(120,000)	(42,000)	(28,900)
Redemption of financial assets at FVTPL	632,089	130,261	52,133	28,909
Purchases of property, plant and equipment	(265,297)	(199,573)	(72,148)	(32,068)
Proceeds from disposal of property, plant and equipment	-	500	-	-
Payments for right-of-use assets	(9,290)	-	-	-
Receipt of government grants	1,000	8,550	-	-
Payments for rental deposits	(1,095)	-	-	-
Withdrawal of rental deposits	-	125	50	-
Purchases of intangible assets	(16,590)	(594)	(119)	-
Placement of pledged bank deposits	(43,994)	(138)	-	-
Withdrawal of pledged bank deposits	90,796	5,486	228	-
Placement of time deposits with maturity of more than three months	(50,000)	-	-	-
Withdrawal of time deposits with maturity of more than three months	90,000	22,236	22,236	-
NET CASH USED IN INVESTING ACTIVITIES	(506)	(152,673)	(39,399)	(31,992)

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
FINANCING ACTIVITIES				
Proceeds from bank borrowings	380,883	765,535	195,260	172,131
Repayments of bank borrowings	(34,000)	(336,190)	(31,150)	(103,751)
Loans from shareholders	–	27,500	–	7,000
Repayments of loans from shareholders	–	–	–	(34,500)
Issue cost paid	–	(1,266)	–	(1,152)
Interest paid	(6,830)	(10,519)	(2,212)	(2,709)
Payments of lease liabilities	(4,887)	(6,002)	(1,401)	(852)
NET CASH FROM FINANCING ACTIVITIES . .	335,166	439,058	160,497	36,167
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,672	86,876	34,491	(17,633)
Cash and cash equivalents at beginning of the year/period	16,646	45,318	45,318	132,194
Cash and cash equivalents at end of the year/period	45,318	132,194	79,809	114,561

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Ab&B Bio-Tech Co., Ltd. JS (“the Company”) was founded on October 28, 2015, by Mr. An Youcai (“Mr. An”), the controlling shareholder, in Taizhou as a limited liability company under the laws of the People’s Republic of the China (the “PRC”). On February 22, 2022, the Company was converted to a joint stock company with limited liability under the Company Law of the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” in the Prospectus.

The Group is principally engaged in the research and development, manufacturing and commercialization of vaccine products for human use. Particulars and principal activities of the Company’s subsidiary are disclosed in Note 41.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards as issued by the IASB.

As at March 31, 2025, the Group’s current liabilities exceeded its current assets by RMB470,259,000. As of May 31, 2025, the Group had credit facilities in an aggregate principal amount of RMB930,000,000, of which RMB713,980,000 had been drawn and RMB216,020,000 remained available to the Group. After taking into account of the Group’s cash flow projection, expected working capital requirements and the financing plans, the directors of the Company are satisfied that the Group is able to have sufficient working capital to finance its operations and to meet its financial obligations for twelve months after March 31, 2025 and it is appropriate to prepare Historical Financial Information on a going concern basis.

The statutory financial statements of the Company for the year ended December 31, 2023 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by 容誠會計師事務所(特殊普通合夥)/RSM China Certified Public Accountants LLP*, certified public accountants registered in the PRC. The statutory financial statements of the Company for the year ended December 31, 2024 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by 江蘇方成會計師事務所(普通合夥)/Jiangsu Fangcheng Certified Public Accountants Firm*, certified public accountants registered in the PRC.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the Group’s accounting period beginning on January 1, 2025, throughout the Track Record Period.

New and revised IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2026.

3 Effective for annual periods beginning on or after January 1, 2027.

* English name is for identification purpose only

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statements of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statements of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statements of profit or loss and disclosures in the future financial statements, but no impact on the Group's financial positions and performance.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies in line with the Group's accounting policies.

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

Investment in a subsidiary

Investment in a subsidiary is included in the statement of financial position of the Company at cost less any identified impairment losses.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 6 and 27.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of equipment and staff quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments are fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Government grants

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

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

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Restricted Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact

of the revision of the original estimates, if any, is recognized in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When shares granted are vested, the amount previously recognized in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

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

Current and deferred tax are recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than property, plant and equipment in the course of construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Intangible assets

Intangible assets acquired separately

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

Internally-generated intangible assets—research and development expenditure

The Group incurs significant costs and efforts on research and development activities, which include expenditures on vaccine products. Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs for inventories which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, other receivables, pledged bank deposits, time deposits and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables.

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

(i) *Significant increase in credit risk*

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
or

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration internal credit rating information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities the Group hold are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities including borrowings and trade and other payables and amounts due to shareholders are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

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

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Research and development expenses

Development expenses incurred on the Group's vaccine product pipelines are capitalised and deferred only when the Group could demonstrate (i) the technical feasibility of completing the development of the relevant intangible asset so that it will be available for use or sale; (ii) the Group's intention to complete and the Group's ability to use or sell the asset; (iii) the ability to use or sell the intangible asset; (iv) how the asset will generate future economic benefits; (v) the availability of resources to complete the pipeline; and (vi) the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determine whether the criteria are met for capitalization. During the Track Record Period, research and development expenses on research activities are recognized as expenses in which they are incurred.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months.

Provision of ECL for trade receivables

Trade receivables are assessed to ECL collectively. In estimating ECL on trade receivables, the Group uses the provision rates which are based on internal credit ratings and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each year.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 22 and 35.

Estimation of refund liabilities

The Group recognizes a refund liability if the Group expects it would not be entitled to consideration of all goods delivered arising from the rights granted by the Group to the customers to return some or all the goods purchased. Upon revenue recognition, the Group estimates the future sales return of the goods sold and a corresponding adjustment to revenue is recognized for those products expected to be returned. The estimation of sales return requires the use of judgment and estimates. When determining the sales return of the goods sold, the Company considers various factors, including but not limited to market data and impact of seasonal effect for the products. Where the actual return rate is different from the original estimate, such difference will be trued up in subsequent periods. As at December 31, 2023 and 2024, and March 31, 2025, the Group recognized a refund liability of approximately RMB13,259,000 and RMB84,721,000 and RMB81,056,000, respectively.

Allowance for inventories

The Group reviews the carrying amount of inventories at each balance sheet date to determine whether the inventories are carried at the lower of cost and realizable value. In estimating the net realizable value of inventories, the Group takes into account the expire dates of the inventories and the estimation on future demand for the vaccine products to reflect the best estimation of the net realizable value of inventories as at December 31, 2023 and 2024 and March 31, 2025. When preparing the forecast of future demand for vaccine products, the Group makes reference to the current relevant vaccination policies, estimates the expected vaccination of population, and considers possible technological iterations and future uncertainties of the relevant demand. The abovesaid assumptions involves management estimates and judgements, and also with uncertainty. Changing the assumptions and estimates, could affect the net realizable value and a reversal or further recognition of write-down may arise and be recognized in profit or loss of future periods.

As at December 31, 2023 and 2024 and March 31, 2025, the carrying amounts of inventories were RMB41,818,000, RMB57,809,000 and RMB87,372,000, respectively (net of write-down of RMB46,140,000, RMB18,319,000 and RMB17,465,000).

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect recoverable amounts.

During the Track Record Period, the management of the Group assessed whether an event has occurred or any indicators that may affect the asset value. At the end of each reporting period, according to *IAS 36 Impairment of Assets*, the Group reviews its property, plant and equipment, right-of-use assets and intangible assets ready for use to determine whether there is any indication that an impairment loss may have occurred. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss. As at December 31, 2023, 2024 and March 31, 2025, considering evidence available from external and internal sources of information, as well as other evidence, the management of the Group concluded that no indication of impairment for property, plant and equipment, right-of-use assets and intangible assets ready for use was identified. Based on the assessment, no impairment incurred on property, plant and equipment, right-of-use assets and intangible assets ready for use. As for intangible assets not ready for use, which amounted to RMB18,000,000 as at December 31, 2023, 2024 and March 31, 2025, respectively, the management of the Group performed impairment testing annually, which was further disclosed in Note 19. As at March 31, 2025, the management assessed whether an event has occurred or any indicators on the respective cash-generating unit that indicates the carrying amount of the cash-generating unit exceeds its recoverable amount. As a result, no impairment assessment as at March 31, 2025 was performed. The management concluded that the recoverable amounts of intangible assets not ready for use were higher than the carrying amounts. Based on the testing, no impairment loss has been recognized on intangible assets not ready for use.

6. REVENUE

(i) Disaggregation of revenue from contracts with the customers

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Type of goods				
Sales of vaccine products	52,168	259,612	306	413
Geographical market				
Mainland China	52,168	259,612	306	413
Timing of revenue recognition				
At a point in time	52,168	259,612	306	413

(ii) Performance obligations for contracts with customers and revenue recognition policies

Revenue from the sales of vaccine products is recognized when control of the vaccine products has transferred, being when the goods have been shipped to the specific location and accepted by customers. The normal credit term is mainly 6 to 9 months upon delivery.

At the point of sale, a refund liability and a corresponding adjustment to revenue are made for those products expected to be returned. The Group estimates the future sales return of the products sold based on various factors, including but not limited to market data and impact of seasonal effect of the products. The Group's right to recover the product when customers exercise their right is recognized as a right to returned goods asset and a corresponding adjustment to cost of sale. In consideration that the returned goods might be expired or about to expire, the management has written off the returned goods and therefore the Group recognized returned goods asset amounting to nil for the Track Record Period.

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

All the contracts are for periods of one year or less. As the Group applies the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENTS INFORMATION

For the purpose of resource allocation and assessment of segment performance, the chief operating decision maker ("CODM"), which is also identified as the chief executive officer of the Group, reviews the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies as set out in Note 4. Accordingly, the Group has only one single operating segment.

Geographical information

The Group's operations are located in PRC. As at December 31, 2023 and 2024 and March 31, 2025, all non-current assets were located in the PRC.

Information about major customers

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

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Customer A*	N/A	N/A	N/A	97

* Revenue from vaccine products.

8. OTHER INCOME

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Government grants related to				
– Income (Note)	10,418	21,983	13,001	4,507
– Assets (Note 30)	509	1,772	1,138	211
Interest income from banks	3,158	474	221	67
Others	117	137	137	181
	<u>14,202</u>	<u>24,366</u>	<u>14,497</u>	<u>4,966</u>

Note: The amount represents various unconditional subsidies received from the PRC local government authorities as incentives mainly for the Group's research and development activities.

9. OTHER GAINS AND LOSSES

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Fair value change of financial assets at				
FVTPL	1,352	241	113	9
Net loss on disposal of property, plant and equipment	(40)	(1,057)	–	–
	<u>1,312</u>	<u>(816)</u>	<u>113</u>	<u>9</u>

10. FINANCE COSTS

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Interest expense on				
– Lease liabilities	2,435	2,365	616	547
– Bank borrowings	4,769	22,196	4,332	7,140
– Amounts due to shareholders	–	173	–	59
	<u>7,204</u>	<u>24,734</u>	<u>4,948</u>	<u>7,746</u>
Less: interest expense capitalized in qualifying assets (Note)	(595)	(7,021)	(1,368)	(2,605)
	<u>6,609</u>	<u>17,713</u>	<u>3,580</u>	<u>5,141</u>

Note: Interest expense capitalized arose on specific borrowings and are calculated by applying capitalization rates of 3.79%, 3.69%, 3.80% (unaudited) and 3.39% per annum during the years ended December 31, 2023 and 2024 and the three months ended March 31, 2024 and 2025, respectively.

11. LOSS BEFORE TAX

Loss before tax over the Track Record Period has been arrived at after charging (crediting):

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation of property, plant and equipment . . .	39,378	49,039	10,720	14,664
Depreciation of right-of-use assets	7,559	8,385	2,096	2,096
Amortization of intangible assets	1,039	1,778	405	477
Total depreciation and amortization	47,976	59,202	13,221	17,237
Capitalized in inventories	(11,900)	(23,845)	(5,868)	(6,927)
	<u>36,076</u>	<u>35,357</u>	<u>7,353</u>	<u>10,310</u>
Listing expenses	–	8,542	–	5,744
Auditor's remuneration	967	771	–	520
Research and development costs recognized as an expense	283,159	205,569	43,205	46,514
Cost of inventories recognized as cost of sales (including write-down of inventories amounting to RMB45,698,000, RMB18,095,000 and RMB10,000 (unaudited) and reversal of write- down of RMB779,000 respectively)	56,891	89,854	943	24
Directors and supervisors' remuneration (Note 13)	19,535	16,340	4,838	2,193
Other staff costs:				
– Salaries and other benefits	93,855	100,580	24,937	25,244
– Retirement benefit scheme contributions	12,251	14,051	3,502	3,494
– Performance-based bonus	24,563	18,820	3,595	4,758
– Share-based payments	35,655	32,046	11,037	2,073
	<u>185,859</u>	<u>181,837</u>	<u>47,909</u>	<u>37,762</u>
Capitalized in inventories	(21,475)	(49,039)	(13,351)	(13,065)
Capitalized in property, plant and equipment	(2,143)	(1,941)	(520)	(384)
	<u>162,241</u>	<u>130,857</u>	<u>34,038</u>	<u>24,313</u>
Impairment losses, under expected credit loss model, net of reversal				
Trade receivables	48	66	(21)	(25)

12. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (“EIT Law”) and Implementation Regulation of the EIT Law, the statutory tax rate of the Company and its PRC subsidiary is 25% during the Track Record Period.

Pursuant to Caishui 2018 circular No. 99, the Company and its PRC subsidiary enjoyed super deduction of 100% on qualifying research and development expenditures throughout the Track Record Period.

During the year ended December 31, 2024, the Company’s subsidiary operating in the PRC was accredited as “High and New Technology Enterprise” and was therefore entitled to a preferential tax rate of 15% for a period of 3 years from 2024 to 2026.

Income tax expense for the Track Record Period can be reconciled to loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax	(424,741)	(258,716)	(63,331)	(87,317)
Tax at the applicable PRC tax rate of 25%. . .	(106,185)	(64,679)	(15,833)	(21,829)
Tax effect of expenses not deductible for tax purposes	17,070	11,539	3,894	843
Effect of additional deduction on research and development expense	(49,757)	(34,327)	(9,429)	(11,133)
Utilization of tax losses previously not recognized	–	(4,157)	(573)	–
Tax at concessionary rate	–	(2,337)	(249)	1,507
Tax effect of tax losses not recognized	125,996	54,177	21,215	32,715
Tax effect of deductible temporary differences not recognized.	12,876	39,784	975	934
Utilization of deductible temporary differences previously not recognized	–	–	–	(3,037)
Income tax expense for the year/period. . . .	–	–	–	–

13. DIRECTORS’, CHIEF EXECUTIVE’S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

During the Track Record Period, directors’ and chief executive’s remuneration disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Director’s fee	Salaries and other benefits	Retirement benefit scheme contributions	Performance based bonus (Note i)	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2023						
<i>Executive directors:</i>						
Mr. An (Note ii)	–	2,476	68	419	7,604	10,567
Ms. Li Runxiang	–	803	68	211	1,995	3,077
Mr. He Yiming	–	556	64	144	1,225	1,989
<i>Non-executive directors:</i>						
Mr. Yu Jianlin	–	–	–	–	–	–
Mr. Cheng Qianwen	–	–	–	–	–	–
<i>Independent non-executive directors:</i>						
Mr. Li Xiangming	120	–	–	–	–	120
Mr. Chen Chenbei	120	–	–	–	–	120
Ms. Li Xiaoqing	120	–	–	–	–	120
<i>Supervisors:</i>						
Mr. Tao Hang	–	762	68	203	1,095	2,128
Mr. Wang Shuguang	–	–	–	–	–	–
Mr. Feng Hao	–	337	46	78	953	1,414
	<u>360</u>	<u>4,934</u>	<u>314</u>	<u>1,055</u>	<u>12,872</u>	<u>19,535</u>

	Director's fee	Salaries and other benefits	Retirement benefit scheme contributions	Performance based bonus (Note i)	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended						
December 31, 2024						
<i>Executive directors:</i>						
Mr. An (Note ii)	–	2,326	71	416	5,414	8,227
Ms. Li Runxiang	–	803	71	143	1,333	2,350
Mr. He Yiming	–	551	66	118	1,207	1,942
<i>Non-executive directors:</i>						
Mr. Yu Jianlin	–	–	–	–	–	–
Mr. Cheng Qianwen	–	–	–	–	–	–
<i>Independent non-executive directors:</i>						
Mr. Li Xiangming	120	–	–	–	–	120
Mr. Chen Chenbei	120	–	–	–	–	120
Ms. Li Xiaoqing	120	–	–	–	–	120
<i>Supervisors:</i>						
Mr. Tao Hang	–	762	71	149	1,000	1,982
Mr. Wang Shuguang	–	–	–	–	–	–
Mr. Feng Hao	–	333	45	68	1,033	1,479
	<u>360</u>	<u>4,775</u>	<u>324</u>	<u>894</u>	<u>9,987</u>	<u>16,340</u>
For the period ended						
March 31, 2025						
<i>Executive directors:</i>						
Mr. An (Note ii)	–	573	18	92	307	990
Ms. Li Runxiang	–	182	–	30	–	212
Mr. He Yiming	–	138	18	20	246	422
<i>Non-executive directors:</i>						
Mr. Yu Jianlin	–	–	–	–	–	–
Mr. Cheng Qianwen	–	–	–	–	–	–
<i>Independent non-executive directors:</i>						
Mr. Li Xiangming	30	–	–	–	–	30
Mr. Chen Chenbei	30	–	–	–	–	30
Ms. Li Xiaoqing	30	–	–	–	–	30
<i>Supervisors:</i>						
Mr. Wang Wei (Note iii)	–	58	10	8	25	101
Mr. Tao Hang (Note iii)	–	13	1	2	22	38
Mr. Wang Shuguang	–	–	–	–	–	–
Mr. Feng Hao	–	84	11	11	234	340
	<u>90</u>	<u>1,048</u>	<u>58</u>	<u>163</u>	<u>834</u>	<u>2,193</u>

	Director's fee	Salaries and other benefits	Retirement benefit scheme contributions	Performance based bonus (Note i)	Share-based payments	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
For the period ended March 31, 2024						
<i>Executive directors:</i>						
Mr. An (Note ii)	–	604	18	100	1,864	2,586
Ms. Li Runxiang	–	201	18	30	497	746
Mr. He Yiming	–	137	15	13	373	538
<i>Non-executive directors:</i>						
Mr. Yu Jianlin	–	–	–	–	–	–
Mr. Cheng Qianwen	–	–	–	–	–	–
<i>Independent non-executive directors:</i>						
Mr. Li Xiangming	30	–	–	–	–	30
Mr. Chen Chenbei	30	–	–	–	–	30
Ms. Li Xiaoqing	30	–	–	–	–	30
<i>Supervisors:</i>						
Mr. Tao Hang	–	191	18	29	249	487
Mr. Wang Shuguang	–	–	–	–	–	–
Mr. Feng Hao	–	83	11	11	286	391
	<u>90</u>	<u>1,216</u>	<u>80</u>	<u>183</u>	<u>3,269</u>	<u>4,838</u>

Notes:

- (i) Performance-based bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.
- (ii) Mr. An is the Chief Executive Officer of the Company.
- (iii) Mr. Tao Hang resigned as a Supervisor on January 8, 2025 and Mr. Wang Wei was assigned as Supervisor on January 2, 2025.

The executive directors' and chief executive's emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period.

Five highest paid individuals

During the Track Record Period, the five highest paid employees of the Group included 1 director of the Company, details of whose emoluments are set out above. Details of the remuneration of the remaining 4 individuals are as follows (unaudited for the three months ended March 31, 2024):

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits	5,630	5,167	1,408	1,323
Performance based bonus	2,713	2,278	485	403
Retirement benefit scheme contributions	114	94	29	29
Share-based payments	9,081	9,246	2,299	2,274
	<u>17,538</u>	<u>16,785</u>	<u>4,221</u>	<u>4,029</u>

The numbers of the five highest paid individuals (including directors of the Company) are within the following bands (presented in Hong Kong Dollar (“HK\$”)):

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
			<i>(unaudited)</i>	
			<i>No. of employees</i>	
Nil to HK\$1,000,000	–	–	1	1
HK\$1,000,001 to HK\$1,500,000	–	–	3	4
HK\$2,500,001 -HK\$3,000,000	–	–	1	–
HK\$3,500,001 -HK\$4,000,000	1	1	–	–
HK\$4,000,001 -HK\$4,500,000	–	1	–	–
HK\$4,500,001 -HK\$5,000,000	1	–	–	–
HK\$5,000,001 -HK\$5,500,000	1	2	–	–
HK\$5,500,001 -HK\$6,000,000	1	–	–	–
HK\$8,500,001 -HK\$9,000,000	–	1	–	–
HK\$11,500,001 -HK\$12,000,000	1	–	–	–
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Track Record Period, no emoluments were paid by the Group to the management of the Group or the five highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the management of the Group waived or agreed to waive any emoluments during the Track Record Period.

During the year, certain non-director and non-chief executive highest paid employees were granted restricted shares, in respect of their services to the Group under the restricted shares scheme of the Company. Details of the restricted shares scheme are set out in Note 31.

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Loss (RMB'000):				
Loss for the year/period attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(424,741)</u>	<u>(258,716)</u>	<u>(63,331)</u>	<u>(87,317)</u>
Number of shares ('000):				
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>
Loss per share (RMB)				
– Basic and diluted	<u>(1.18)</u>	<u>(0.72)</u>	<u>(0.18)</u>	<u>(0.24)</u>

The basic loss per share is calculated based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares.

15. DIVIDENDS

No dividend was declared or paid by the Company in respect of the Track Record Period.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Production facilities	Buildings	Electronic devices, furniture and office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
As at January 1, 2023.	291,181	102,817	7,333	1,867	14,087	118,119	535,404
Additions	11,738	1,743	153	864	148	286,854	301,500
Transfers from construction in progress	45,947	2,437	2,398	–	2,200	(52,982)	–
Disposals	(65)	–	(8)	–	–	–	(73)
As at December 31, 2023	348,801	106,997	9,876	2,731	16,435	351,991	836,831
Additions	6,062	4,549	208	–	300	243,385	254,504
Transfers from construction in progress	157,556	25,846	–	–	–	(183,402)	–
Disposals	(2,682)	–	–	–	–	–	(2,682)
As at December 31, 2024	509,737	137,392	10,084	2,731	16,735	411,974	1,088,653
Additions	121	–	–	–	–	13,692	13,813
Transfers from construction in progress	1,915	–	15	–	–	(1,930)	–
As at March 31, 2025.	511,773	137,392	10,099	2,731	16,735	423,736	1,102,466
DEPRECIATION							
As at January 1, 2023.	37,217	12,601	3,338	589	2,959	–	56,704
Provided for the year .	30,505	5,014	1,698	382	1,779	–	39,378
Eliminated on disposals	(29)	–	(4)	–	–	–	(33)
As at December 31, 2023	67,693	17,615	5,032	971	4,738	–	96,049
Provided for the year .	39,281	5,738	1,510	519	1,991	–	49,039
Eliminated on disposals	(1,125)	–	–	–	–	–	(1,125)
As at December 31, 2024	105,849	23,353	6,542	1,490	6,729	–	143,963
Provided for the period	12,125	1,631	273	130	505	–	14,664
As at March 31, 2025.	117,974	24,984	6,815	1,620	7,234	–	158,627
CARRYING VALUES							
As at December 31, 2023	281,108	89,382	4,844	1,760	11,697	351,991	740,782
As at December 31, 2024	403,888	114,039	3,542	1,241	10,006	411,974	944,690
As at March 31, 2025.	393,799	112,408	3,284	1,111	9,501	423,736	943,839

The Company

	Production facilities	Buildings	Electronic devices, furniture and office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
As at January 1, 2023.	263,870	102,817	6,763	1,156	3,701	117,877	496,184
Additions	11,738	1,743	152	–	–	267,613	281,246
Transfers from construction in progress	29,479	2,437	1,583	–	–	(33,499)	–
Disposals	(65)	–	(8)	–	–	–	(73)
As at December 31, 2023	305,022	106,997	8,490	1,156	3,701	351,991	777,357
Additions	6,062	4,549	208	–	300	239,285	250,404
Transfers from construction in progress	153,456	25,846	–	–	–	(179,302)	–
Disposals	(2,682)	–	–	–	–	–	(2,682)
As at December 31, 2024	461,858	137,392	8,698	1,156	4,001	411,974	1,025,079
Additions	121	–	–	–	–	13,692	13,813
Transfers from construction in progress	1,915	–	15	–	–	(1,930)	–
As at March 31, 2025.	463,894	137,392	8,713	1,156	4,001	423,736	1,038,892
DEPRECIATION							
As at January 1, 2023.	35,412	12,601	3,238	421	1,431	–	53,103
Provided for the year .	27,143	5,014	1,502	220	506	–	34,385
Eliminated on disposals	(29)	–	(4)	–	–	–	(33)
As at December 31, 2023	62,526	17,615	4,736	641	1,937	–	87,455
Provided for the year .	34,856	5,738	1,247	220	535	–	42,596
Eliminated on disposals	(1,125)	–	–	–	–	–	(1,125)
As at December 31, 2024	96,257	23,353	5,983	861	2,472	–	128,926
Provided for the period	10,987	1,631	207	55	141	–	13,021
As at March 31, 2025.	107,244	24,984	6,190	916	2,613	–	141,947
CARRYING VALUES							
As at December 31, 2023	242,496	89,382	3,754	515	1,764	351,991	689,902
As at December 31, 2024	365,601	114,039	2,715	295	1,529	411,974	896,153
As at March 31, 2025.	356,650	112,408	2,523	240	1,388	423,736	896,945

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis over the following estimated useful lives after taking into account their residual values:

	<u>Useful lives</u>	<u>Residual value</u>
Production facilities	10 years	5%
Buildings	20 years	5%
Electronic devices, furniture and office equipment . .	5 years	5%
Motor vehicles	5 years	5%
Leasehold improvements	Over the shorter of the relevant lease terms or 10 years	5%

As at December 31, 2023 and 2024 and March 31, 2025, buildings amounted RMB89,382,000, RMB114,039,000 and RMB112,408,000, and construction in progress amounted RMB44,798,000, nil and nil of the Company were pledged to secure banking borrowings, respectively.

17. RIGHT-OF-USE ASSETS

The Group

	<u>Leasehold lands</u>	<u>Office buildings</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount			
As at January 1, 2023	36,479	39,184	75,663
Additions	9,290	17,082	26,372
Depreciation charge	<u>(843)</u>	<u>(6,716)</u>	<u>(7,559)</u>
As at December 31, 2023	44,926	49,550	94,476
Depreciation charge	<u>(968)</u>	<u>(7,417)</u>	<u>(8,385)</u>
As at December 31, 2024	43,958	42,133	86,091
Depreciation charge	<u>(241)</u>	<u>(1,855)</u>	<u>(2,096)</u>
As at March 31, 2025	<u>43,717</u>	<u>40,278</u>	<u>83,995</u>

The Company

	<u>Leasehold lands</u>
	<i>RMB'000</i>
Carrying amount	
As at January 1, 2023	36,479
Additions	9,290
Depreciation charge	<u>(843)</u>
As at December 31, 2023	44,926
Depreciation charge	<u>(968)</u>
As at December 31, 2024	43,958
Depreciation charge	<u>(241)</u>
As at March 31, 2025	<u>43,717</u>

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Expenses relating to short-term leases	3,386	1,989	536	318
Total cash outflow for leases	<u>10,708</u>	<u>10,356</u>	<u>2,553</u>	<u>1,717</u>

During the Track Record Period, the Group leased various properties for its operating activities. Lease contracts are entered into for fixed term of 3 to 6 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for equipment and staff quarters. As at December 31, 2023 and 2024 and March 31, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner and has made lump sum payments upfront to government for leasehold lands. The Group has obtained the land use right certificates for all such leasehold lands.

Restrictions or covenants on leases

As at December 31, 2023 and 2024 and March 31, 2025, the Group has pledged land use rights of RMB35,697,000, RMB35,111,000 and RMB34,720,000, respectively, as collateral under the Group's borrowing arrangements.

As at December 31, 2023 and 2024 and March 31, 2025, lease liabilities of RMB55,275,000, RMB49,273,000 and RMB48,421,000 are recognized with related right-of-use assets of RMB49,550,000, RMB42,133,000 and RMB40,278,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Except for land use rights, leased assets may not be used as security for borrowing purposes.

18. INTANGIBLE ASSETS

The Group and the Company

	Patent	Development costs	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
As at January 1, 2023	–	10,000	1,613	11,613
Additions	<u>4,215</u>	<u>8,000</u>	<u>4,375</u>	<u>16,590</u>
As at December 31, 2023	4,215	18,000	5,988	28,203
Additions	<u>227</u>	<u>–</u>	<u>367</u>	<u>594</u>
As at December 31, 2024 and March 31, 2025	<u>4,442</u>	<u>18,000</u>	<u>6,355</u>	<u>28,797</u>
AMORTISATION				
As at January 1, 2023	–	–	320	320
Provided for the year	<u>166</u>	<u>–</u>	<u>873</u>	<u>1,039</u>
As at December 31, 2023	166	–	1,193	1,359
Provided for the year	<u>432</u>	<u>–</u>	<u>1,346</u>	<u>1,778</u>
As at December 31, 2024	598	–	2,539	3,137
Provided for the period	<u>114</u>	<u>–</u>	<u>363</u>	<u>477</u>
As at March 31, 2025	<u>712</u>	<u>–</u>	<u>2,902</u>	<u>3,614</u>
CARRYING AMOUNT				
As at December 31, 2023	<u>4,049</u>	<u>18,000</u>	<u>4,795</u>	<u>26,844</u>
As at December 31, 2024	<u>3,844</u>	<u>18,000</u>	<u>3,816</u>	<u>25,660</u>
As at March 31, 2025	<u>3,730</u>	<u>18,000</u>	<u>3,453</u>	<u>25,183</u>

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

	Useful lives
Patent	10 years
Computer software	5 years
Development costs	Over the residual useful life when ready for use

During the year ended December 31, 2023, the Group capitalized in-license related payment amounting to RMB8,000,000, with the goal of developing and commercialising a vaccine product. Such intangible assets have finite useful lives and will start to amortise after ready for use.

As development costs are not ready for use up to December 31, 2023 and 2024 and March 31, 2025 and the date of this report, the management of the Group performed impairment testing annually, which was further disclosed in Note 19. In the opinion of directors of the Company, no impairment loss was recognized in profit or loss during the years ended December 31, 2023 and 2024 and the three months ended March 31, 2025.

19. IMPAIRMENT TESTING ON INTANGIBLE ASSETS NOT READY FOR USE

Impairment test

Development costs, which is intangible assets not yet ready for use, is tested impairment annually based on the recoverable amount of the cash-generating unit to which the intangible asset is related. The appropriate cash-generating unit is at the pipeline level.

Impairment review on the development costs of the Group has been conducted by the management of the Group by engaging an independent qualified professional valuer, PG Advisory, to estimate the recoverable amount of the cash-generating unit at the end of each year. The address of PG Advisory is Room 2107-09, East Tower, Hongshoufang, No. 1143, Xikang Road, Putuo District, Shanghai. For the purpose of impairment review, the recoverable amount of the cash-generating unit is determined based on a value in use calculation by using the discounted cash flow approach.

With the assistance of PG Advisory, the management determined the recoverable amount of the above cash-generating unit based on the following approach and the key assumptions:

- The cash-generating unit will generate cash inflows starting from year 2028 based on the timing of clinical development and regulatory approval, commercial ramp up to reach expected revenue potential till year 2033, and up to the end of the exclusivity for the product;
- The management considers the length of the forecast period is appropriate because it generally takes longer for a biopharma company to generate positive cash flows, compared to companies in other industries, especially when the products related to development costs are under clinical trial. Hence, the management believes that a forecast period for the cash generating unit longer than five years is justifiable and consistent with industry practice;
- The expected market penetration rate was based on the expected selling conditions considering the features of marketing and technology development;
- The discount rate used is pre-tax and reflect specific risks relating to the relevant products that would be considered by market participants; and
- The expected success rate of commercialization by reference to practices of pharmaceutical industries, development of technologies and related regulations from administrations.

The key parameters used for recoverable amount calculations are as follows:

	As at December 31, 2023	As at December 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Expected annual growth rates till 2033	5%-43%	5%-43%
Pre-tax discount rate	15.2%	15.3%
Long-term growth rate	2%	2%

The revenue growth rate for the forecast period and budgeted gross margin were determined by the management based on their expectation for market and product development.

Based on the result of the development costs impairment testing, the recoverable amount of the cash-generating unit exceeded its carrying amount as at December 31, 2023 and 2024. Thus, no impairment is noted.

Impairment test – sensitivity analysis

The management of the Group performed sensitivity test by increasing of 1% pre-tax discount rate or decreasing of 5% expected revenue growth rate, which are the key assumptions determine the recoverable amount of the intangible asset, with all other variables held constant. The impacts on the amount by which the intangible asset's recoverable amount above its carrying amount (headroom) are as below:

	As at December 31, 2023	As at December 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Headroom	67,000	112,000
Impact by increasing pre-tax discount rate of 1%.	(18,000)	(20,000)
Impact by decreasing expected annual growth rates of 5% . . .	(5,000)	(7,000)

If the pre-tax discount rate used as at December 31, 2023 and 2024 was changed to 18.77% and 24.74%, respectively, while other parameters remain constant, the recoverable amount of the cash-generating unit would equal its carrying amount. If the annual revenue growth rate used as at December 31, 2023 and 2024 was decreased by 15% and 23%, respectively, while other parameters remain constant, the recoverable amount of the cash-generating unit would equal its carrying amount. Management believes that any reasonably possible changes in key assumptions would not lead to impairment as of December 31, 2023 and 2024.

As at March 31, 2025, the management is not aware of any significant adverse changes on the respective cash-generating unit that indicates the carrying amount of the cash-generating unit exceeds its recoverable amount. As a result, no impairment assessment as at March 31, 2025 was performed.

20. DEFERRED TAXATION

The Group

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

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	12,388	6,320	6,042
Deferred tax liabilities	(12,388)	(6,320)	(6,042)
	—	—	—

The following are the major deferred tax balances recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	(9,796)	9,796	–
(Charged) credited to profit or loss	(2,592)	2,592	–
As at December 31, 2023	(12,388)	12,388	–
Credited (charged) to profit or loss	6,068	(6,068)	–
As at December 31, 2024	(6,320)	6,320	–
Credited (charged) to profit or loss	278	(278)	–
As at March 31, 2025	(6,042)	6,042	–

As at December 31, 2023 and 2024 and March 31, 2025, the Group has unused tax losses of RMB1,257,213,000, RMB1,389,572,000 and RMB1,399,978,000 and deductible temporary differences of RMB78,700,000, RMB239,570,000 and RMB232,271,000, respectively. No deferred tax asset has been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2024	56,637	–	–
2025	130,555	126,375	–
2026	258,911	236,063	236,063
2027	307,131	306,447	306,447
2028	503,979	503,979	503,979
2029	–	216,708	216,708
2030	–	–	136,781
	<u>1,257,213</u>	<u>1,389,572</u>	<u>1,399,978</u>

21. INVENTORIES

The Group

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	38,278	33,683	35,997
Work in progress	3,438	24,350	51,656
Finished goods	46,242	18,095	17,184
	<u>87,958</u>	<u>76,128</u>	<u>104,837</u>
Less: allowance	(46,140)	(18,319)	(17,465)
	<u>41,818</u>	<u>57,809</u>	<u>87,372</u>

The Company

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	35,572	31,186	33,565
Work in progress	3,438	24,350	51,656
Finished goods	46,242	18,095	17,184
	<u>85,252</u>	<u>73,631</u>	<u>102,405</u>
Less: allowance	(46,132)	(18,249)	(17,404)
	<u>39,120</u>	<u>55,382</u>	<u>85,001</u>

22. TRADE RECEIVABLES

The Group and the company

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from contracts with customers	73,643	285,019	221,366
Less: allowance for expected credit losses	(48)	(114)	(89)
	<u>73,595</u>	<u>284,905</u>	<u>221,277</u>

As at January 1, 2023, trade receivables from contracts with customers amounted to nil.

The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on dates of delivery of goods:

The Group and the Company

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1-90 days	67,017	50,066	542
91-180 days	6,578	216,095	42,514
181-270 days	–	13,007	166,232
271-365 days	–	219	8,220
over 1 year	–	5,518	3,769
	<u>73,595</u>	<u>284,905</u>	<u>221,277</u>

Details of the assessment on the provision of the allowance for expected credit loss of the trade receivables of the Group and the Company as at December 31, 2023 and 2024 and March 31, 2025 are set out in Note 35.

23. OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other receivables			
Value added tax recoverable	32,978	37,967	39,826
Deferred issue cost	–	1,822	3,016
Rental deposits	2,441	2,316	2,316
Others	1,590	1,046	1,049
	<u>37,009</u>	<u>43,151</u>	<u>46,207</u>
Prepayments for			
Acquisition of long-term assets	17,031	24,771	25,546
Raw material purchase	2,030	8,903	3,235
Service fee	1,904	2,939	3,591
Others	1,194	1,588	5,801
	<u>22,159</u>	<u>38,201</u>	<u>38,173</u>
	<u>59,168</u>	<u>81,352</u>	<u>84,380</u>
Less: non-current assets	(44,396)	(60,861)	(63,448)
Current assets	<u>14,772</u>	<u>20,491</u>	<u>20,932</u>

The Company

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other receivables			
Amount due from a subsidiary (Note)	89,676	–	–
Deferred issue cost	–	1,822	3,016
Value added tax recoverable	24,924	33,908	36,488
Rental deposits	97	92	92
Others	1,590	964	996
	<u>116,287</u>	<u>36,786</u>	<u>40,592</u>
Prepayments for			
Acquisition of long-term assets	16,982	24,769	25,546
Raw material purchase	2,026	8,903	3,223
Service fee	1,675	104,332	162,523
Others	1,084	1,579	5,792
	<u>21,767</u>	<u>139,583</u>	<u>197,084</u>
	<u>138,054</u>	<u>176,369</u>	<u>237,676</u>
Less: Non-current assets	(42,004)	(58,637)	(62,127)
Current assets	<u>96,050</u>	<u>117,732</u>	<u>175,549</u>

Note: The amount due from a subsidiary was non-trade in nature, unsecured, interest-free and repayable on demand.

Details of the assessment on the provision of the allowance for credit loss of the other receivables of the Group and the Company as at December 31, 2023 and 2024 and March 31, 2025 are set out in Note 35.

24. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products (Note)	<u>10,020</u>	–	–

Note: During the years ended December 31, 2023 and 2024 and the three months ended March 31, 2025, the Group entered into contracts of wealth management products with a bank with maturity term within 4 months. The returns of the wealth management products are determined by reference to the performance of the underlying instruments in the currency market, therefore they are recognized as financial assets at FVTPL. The weighted average annual return rate were 2.52%, 2.21% and 2.52% for the years ended December 31, 2023 and 2024 and the three months ended March 31, 2025, respectively.

The Group has redeemed all the wealth management products as at December 31, 2024 and March 31, 2025.

Details of the fair value measurement of the financial assets at FVTPL are set out in Note 35.

25. CASH AND CASH EQUIVALENTS/TIME DEPOSITS/PLEDGED BANK DEPOSITS

Cash and cash equivalents include short term deposits for the purpose of meeting the Group's short term cash commitments, which carried interest at market rates range from 0.10% to 0.30% during the Track Record Period.

As at December 31, 2023, time deposits amounted to RMB22,236,000 and carried fixed rates of 3.99% per annum, with original maturity of three years.

As at December 31, 2023 and 2024 and March 31, 2025, pledged bank deposits carried fixed interest rate of 0.20%, 1.00% and 1.00%, respectively, and represented deposits pledged to banks to secure notes payables and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant notes payables.

Details of the assessment on the provision of the expected credit loss of the cash and cash equivalents, time deposits and pledged bank deposits of the Group and the Company as at December 31, 2023 and 2024 and March 31, 2025 are set out in Note 35.

26. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payables for raw material and service fee	83,876	98,385	86,295
Notes payables	5,486	689	689
Payables for acquisition of property, plant and equipment	109,909	159,706	139,640
Payroll and welfare payables	38,549	33,500	37,713
Payables for marketing activities	19,217	109,929	117,539
Deposits from suppliers	18,032	27,558	24,894
Other tax payables	863	1,118	662
Accrued listing expenses and issue costs	–	6,385	7,401
Others	15,618	20,761	21,740
	<u>291,550</u>	<u>458,031</u>	<u>436,573</u>
Less: non-current liabilities	–	(16,416)	(16,416)
	<u>291,550</u>	<u>441,615</u>	<u>420,157</u>

The average credit period on purchases of materials and services of the Group is mainly 30 days. The following is an aged analysis of the trade payables, presented based on the invoice dates, at the end of the reporting period:

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
1-30 days	81,583	88,801	69,761
31 days to 1 year	2,293	9,584	16,534
	<u>83,876</u>	<u>98,385</u>	<u>86,295</u>

The Company

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payables for raw material and service fee	61,169	72,204	60,260
Notes payables	5,486	689	689
Payables for acquisition of property, plant and equipment	109,017	158,420	138,836
Payroll and welfare payables	22,664	21,785	24,766
Payables for marketing activities	19,217	109,929	117,539
Deposits from suppliers	18,032	27,558	24,894
Amount due to a subsidiary (Note)	–	60,124	111,124
Other tax payables	850	1,100	657
Accrued listing expenses and issue costs	–	6,385	7,401
Others	15,174	19,115	18,343
	<u>251,609</u>	<u>477,309</u>	<u>504,509</u>
Less: non-current liabilities	–	(16,416)	(16,416)
	<u>251,609</u>	<u>460,893</u>	<u>488,093</u>

Note: The amount due to a subsidiary were non-trade in nature, unsecured, interest-free and repayable on demand.

The average credit period on purchases of materials and services of the Group is mainly 30 days. The following is an aged analysis of the trade payables, presented based on the invoice dates, at the end of each reporting period:

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
1-30 days	59,473	62,654	59,144
31 days to 1 year	1,696	9,550	1,116
	<u>61,169</u>	<u>72,204</u>	<u>60,260</u>

27. REFUND LIABILITIES

The Group and the company

The Group recognizes a refund liability if the Group expects it would not be entitled to consideration of all goods delivered arising from the rights granted by the Group to the customers to return some or all the goods purchased. Upon revenue recognition, the Group estimates the future sales return of the goods sold and a corresponding adjustment to revenue is recognized for those products expected to be returned.

For a sale of products with a right to return products, the Group recognizes all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled. Therefore, revenue would not be recognized for the products expected to be returned; and
- (b) a refund liability.

The right to returned goods asset represents the Group's right to recover products from customers where customers exercise their right of return under the Group's return policy.

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Refund liabilities			
Arising from right of return	<u>13,259</u>	<u>84,721</u>	<u>81,056</u>

28. BORROWINGS

The Group

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank borrowings	366,149	809,536	883,126
Bank borrowings under supplier finance arrangements (Note)	<u>–</u>	<u>–</u>	<u>12,585</u>
	<u>366,149</u>	<u>809,536</u>	<u>895,711</u>

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Borrowings from banks – unsecured and unguaranteed	256,897	384,030	470,505
Borrowings from banks – secured and unguaranteed	104,262	375,551	425,206
Borrowings from banks – unsecured and guaranteed	<u>4,990</u>	<u>49,955</u>	<u>–</u>
	366,149	809,536	895,711
Less: current portion	<u>(217,887)</u>	<u>(347,524)</u>	<u>(405,299)</u>
Non-current portion	<u>148,262</u>	<u>462,012</u>	<u>490,412</u>
Analysed as:			
Fixed interest rate	128,087	295,646	302,727
Variable interest rate	<u>238,062</u>	<u>513,890</u>	<u>592,984</u>
	<u>366,149</u>	<u>809,536</u>	<u>895,711</u>

Maturity of borrowings

The carrying amounts of the borrowings are repayable:			
Within one year	217,887	347,524	405,299
Within a period of more than one year but not exceeding two years	<u>–</u>	<u>108,237</u>	<u>103,691</u>
Within a period of more than two years but not exceeding five years	124,000	136,686	149,953
Within a period of more than five years	<u>24,262</u>	<u>217,089</u>	<u>236,768</u>
	<u>366,149</u>	<u>809,536</u>	<u>895,711</u>

Note: The Group has entered into a supplier finance arrangement with a bank in 2025. Under this arrangement, the bank will settle the payables and prepayment to the suppliers on behalf of the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant bank. The Group then settles with the banks within 1 year with fixed interest rate of 3.25% per annum. This arrangement has extended the payment terms, which were extended beyond the original due dates of respective invoices. Information of the Group's supplier finance arrangement is set out in note 37b.

The ranges of effective interest rates on the Group's fixed and variable-rate borrowings are as follows:

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Effective interest rate:			
Fixed-rate borrowings	3.20%-3.65%	3.00%-3.60%	3.00%-3.45%
Variable-rate borrowings	3.20%-4.10%	3.00%-4.10%	3.00%-3.50%

The Company

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank borrowings	361,159	799,626	883,126
Bank borrowings under supplier finance arrangement (Note)	—	—	12,585
	<u>361,159</u>	<u>799,626</u>	<u>895,711</u>

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Borrowings from banks – unsecured and unguaranteed	256,897	384,030	470,505
Borrowings from banks – secured and unguaranteed	104,262	375,551	425,206
Borrowings from banks – unsecured and guaranteed	—	40,045	—
	<u>361,159</u>	<u>799,626</u>	<u>895,711</u>
Less: current portion	<u>(212,897)</u>	<u>(337,614)</u>	<u>(405,299)</u>
Non-current portion	<u>148,262</u>	<u>462,012</u>	<u>490,412</u>
Analysed as:			
Fixed interest rate	123,097	285,736	302,727
Variable interest rate	238,062	513,890	592,984
	<u>361,159</u>	<u>799,626</u>	<u>895,711</u>

Maturity of borrowings

The carrying amounts of the borrowings are repayable:

Within one year	212,897	337,614	405,299
Within a period of more than one year but not exceeding two years	—	108,237	103,691
Within a period of more than two years but not exceeding five years	124,000	136,686	149,953
Within a period of more than five years	24,262	217,089	236,768
	<u>361,159</u>	<u>799,626</u>	<u>895,711</u>

The ranges of effective interest rates on the Company's fixed and variable-rate borrowings are as follows:

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Effective interest rate:			
Fixed-rate borrowings	3.20%-3.65%	3.00%-3.60%	3.00%-3.45%
Variable-rate borrowings	3.35%-4.10%	3.00%-4.10%	3.00%-4.10%

Details of the security are set out in Notes 16 and 17. As of December 31, 2023 and 2024, loans of RMB4,990,000 and RMB49,955,000 of the Group were guaranteed by Mr. An. The guarantee from Mr. An has been released as of March 31, 2025.

29. LEASE LIABILITIES

The Group

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities payable			
Within one year	6,467	7,146	8,027
Within a period of more than one year but not exceeding two years	6,340	7,023	7,243
Within a period of more than two years but not exceeding five years	24,950	24,574	24,194
Within a period of more than five years	<u>17,518</u>	<u>10,530</u>	<u>8,957</u>
	55,275	49,273	48,421
Less: Amount due for settlement within one year shown as current liabilities	<u>(6,467)</u>	<u>(7,146)</u>	<u>(8,027)</u>
Amount due for settlement after one year shown as non-current liabilities.	<u>48,808</u>	<u>42,127</u>	<u>40,394</u>

During the Track Record Period, the incremental borrowing rates applied to lease liabilities range from 4.30% to 4.65%.

30. DEFERRED INCOME

The Group and the Company

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants			
– Asset related grants (Note)	30,240	37,018	36,807
			<u>Assets related</u>
			<u><i>RMB'000</i></u>
Movements of such grants:			
As at January 1, 2023			29,749
Grants received			1,000
Credited to profit or loss (Note 8)			(509)
As at December 31, 2023			30,240
Grants received			8,550
Credited to profit or loss (Note 8)			(1,772)
As at December 31, 2024			37,018
Credited to profit or loss (Note 8)			(211)
As at March 31, 2025			36,807

Note: The asset-related grants are the subsidies received from the government for the purpose of purchase of the Group's property, plant and equipment.

31. SHARE-BASED PAYMENT TRANSACTIONS

Restricted shares scheme

In recognition of the contributions of certain eligible directors, supervisors and employees, two employee stock ownership platforms were established in August 2017, namely 泰州慧融企業管理諮詢服務合夥企業(有限合夥)/Taizhou Huirong Enterprise Management Consulting Service Partnership (Limited Partnership) (“Taizhou Huirong”) and 泰州慧隆企業管理諮詢服務合夥企業(有限合夥) Taizhou Huilong Enterprise Management Consulting Service Partnership (Limited Partnership) (“Taizhou Huilong”), to hold the Company's share capital of RMB10,000,000, to implement first-batch restricted shares award scheme (“2017 Employee Incentive Scheme”).

Under the 2017 Employee Incentive Scheme, eligible directors, supervisors and employees shall subscribe for partnership interest of employee stock ownership platforms at a consideration price of RMB1 or RMB1.5 for RMB1 partnership interest and indirectly hold 16,267,000 incentive shares of the Company after the joint stock company conversion.

Details of the restricted shares issued under the 2017 Employee Incentive Scheme are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term
	<i>RMB'000</i>		
August 29, 2017	810	A supervisor and employees	100% five years after grant date
August 29, 2017	4,660	A director and employees	100% on grant date
July 18, 2019	2,180	A supervisor and employees	100% five years after grant date
July 18, 2019	2,350	A director and employees	100% on grant date

In December 2020, an employee stock ownership platform was established, namely 泰州慧遠企業管理諮詢服務合夥企業(有限合夥)/Taizhou Huida Enterprise Management Consulting Service Partnership (Limited Partnership) (“Taizhou Huida”), together with three employee stock ownership nested platforms, namely 泰州慧寧企業管理諮詢服務合夥企業(有限合夥)/Taizhou Huining Enterprise Management Consulting Service Partnership (Limited Partnership) (“Taizhou Huining”), 泰州慧新企業管理諮詢服務合夥企業(有限合夥)/Taizhou Huixin Enterprise Management Consulting Service Partnership (Limited Partnership) (“Taizhou Huixin”) and 泰州慧嘉企業管理諮詢服務合夥企業(有限合夥)/Taizhou Huijia Enterprise Management Consulting Service Partnership (Limited Partnership) (“Taizhou Huijia”), to hold the Company’s share capital of RMB11,500,000, to implement second-batch restricted shares award scheme (“2020 Employee Incentive Scheme”).

Under the 2020 Employee Incentive Scheme, eligible directors, supervisors and employees shall subscribe for partnership interest of Taizhou Huida and the nested platforms at a consideration of RMB3.964 for RMB1 partnership interest and indirectly hold 18,707,000 incentive shares of the Company after the joint stock company conversion.

Details of the restricted shares issued under the 2020 Employee Incentive Scheme are as follows:

Grant date	Amount of registered capital	Grantee	Vesting schedule defined in contract term
	<i>RMB'000</i>		
June 1, 2021	1,750	A director, a supervisor and employees	100% three years after grant date
September 1, 2021	4,110	Directors and employees	100% three years after grant date
May 31, 2022	1,500	A supervisor and employees	100% three years after grant date
December 15, 2022	2,480	A director, a supervisor and employees	100% three years after grant date
March 10, 2023	1,280	Employees	100% three years after grant date
April 1, 2023	130	Employees	100% three years after grant date
May 4, 2023	1,040	A director, a supervisor and employees	100% three years after grant date
September 26, 2024	180	Employees	100% three years after grant date
December 24, 2024	120	Employees	100% three years after grant date

Other details of 2017 Employee Incentive Scheme and 2020 Employee Incentive Scheme were included in “Appendix VI – Statutory and General Information” in this prospectus.

The Company was converted to a joint stock company on February 22, 2022, 360,000,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day and following table reflects the impact of the conversion. One registered share capital before the conversion represented 1.63 shares of the joint stock company.

The consideration was fully settled.

Set out below are details of the movements of the outstanding restricted shares during the years ended December 31, 2023 and 2024 and three months ended March 31, 2025:

	Outstanding as at January 1, 2023	Granted	Vested	Forfeited	Outstanding as at December 31, 2023	Fair value per share at the date of grant
	'000	'000	'000	'000	'000	RMB
Director and Supervisor						
July 18, 2019	65	-	-	-	65	3.03
June 1, 2021	228	-	-	-	228	11.64
September 1, 2021	2,684	-	-	-	2,684	11.64
May 31, 2022	325	-	-	-	325	11.64
December 15, 2022	439	-	-	-	439	11.64
May 4, 2023	-	602	-	-	602	11.64
Employee						
July 18, 2019	1,773	-	-	81	1,692	3.03
June 1, 2021	2,229	-	-	358	1,871	11.64
September 1, 2021	3,693	-	-	439	3,254	11.64
May 31, 2022	2,115	-	-	98	2,017	11.64
December 15, 2022	3,595	-	-	146	3,449	11.64
March 10, 2023	-	2,082	-	33	2,049	11.64
April 1, 2023	-	211	-	-	211	11.64
May 4, 2023	-	1,090	-	-	1,090	11.64
Total	<u>17,146</u>	<u>3,985</u>	<u>-</u>	<u>1,155</u>	<u>19,976</u>	
Weighted average fair value per share (RMB).	10.71	11.64	-	11.03	10.88	

	Outstanding as at January 1, 2024	Granted	Vested	Forfeited	Outstanding as at December 31, 2024	Fair value per share at the date of grant
	'000	'000	'000	'000	'000	RMB
Director and Supervisor						
July 18, 2019	65	-	65	-	-	3.03
June 1, 2021	228	-	228	-	-	11.64
September 1, 2021	2,684	-	2,684	-	-	11.64
May 31, 2022	325	-	-	-	325	11.64
December 15, 2022	439	-	-	-	439	11.64
May 4, 2023	602	-	-	-	602	11.64
Employee						
July 18, 2019	1,692	-	1,692	-	-	3.03
June 1, 2021	1,871	-	1,806	65	-	11.64
September 1, 2021	3,254	-	3,189	65	-	11.64
May 31, 2022	2,017	-	-	65	1,952	11.64
December 15, 2022	3,449	-	-	81	3,368	11.64
March 10, 2023	2,049	-	-	49	2,000	11.64
April 1, 2023	211	-	-	-	211	11.64
May 4, 2023	1,090	-	-	-	1,090	11.64
September 26, 2024	-	293	-	-	293	11.64
December 24, 2024	-	195	-	-	195	11.64
Total	<u>19,976</u>	<u>488</u>	<u>9,664</u>	<u>325</u>	<u>10,475</u>	
Weighted average fair value per share (RMB).	10.88	11.64	10.07	11.64	11.64	

	Outstanding as at January 1, 2025	Granted	Transfer (Note)	Forfeited	Outstanding as at March 31, 2025	Fair value per share at the date of grant
	'000	'000	'000	'000	'000	RMB
Director and Supervisor						
July 18, 2019	-	-	-	-	-	3.03
June 1, 2021	-	-	-	-	-	11.64
September 1, 2021	-	-	-	-	-	11.64
May 31, 2022	325	-	(293)	-	32	11.64
December 15, 2022	439	-	-	-	439	11.64
May 4, 2023	602	-	-	-	602	11.64
Employee						
July 18, 2019	-	-	-	-	-	3.03
June 1, 2021	-	-	-	-	-	11.64
September 1, 2021	-	-	-	-	-	11.64
May 31, 2022	1,952	-	293	-	2,245	11.64
December 15, 2022	3,368	-	-	326	3,042	11.64
March 10, 2023	2,000	-	-	439	1,561	11.64
April 1, 2023	211	-	-	-	211	11.64
May 4, 2023	1,090	-	-	-	1,090	11.64
September 26, 2024	293	-	-	-	293	11.64
December 24, 2024	195	-	-	-	195	11.64
Total	<u>10,475</u>	<u>-</u>	<u>-</u>	<u>765</u>	<u>9,710</u>	
Weighted average fair value per share (RMB)	11.64	-	-	11.64	11.64	

Note: Mr. Tao Hang resigned as a Supervisor on 8 January 2025 and Mr. Wang Wei was assigned as Supervisor on 2 January 2025.

Fair value of restricted share

The Group used the income approach and back-solve method to determine the underlying equity fair value of the Company. The fair value of shares at grant date was valued by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, PG Advisory, whose address is disclosed in Note 19. The fair value of restricted share at grant date was determined to be in the range from RMB3.03 to RMB11.64, by referring to the equity fair value of the Company.

The Group recognized total expense of approximately RMB48,527,000 and RMB42,033,000 and RMB 2,907,000 for the years ended December 31, 2023 and 2024 and three months ended March 31, 2025, respectively, in relation to restricted shares.

32. SHARE CAPITAL

Issued and fully paid:

	Numbers of shares	Share capital
	'000	RMB'000
As at January 1, 2023, December 31, 2023 and 2024 and March 31, 2025	<u>360,000</u>	<u>360,000</u>

33. CAPITAL RESERVES OF THE COMPANY

	Share premium	Share-based payments reserve	Accumulated Losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	614,930	50,172	(189,871)	475,231
Loss and total comprehensive expense for the year	–	–	(354,597)	(354,597)
Recognition of equity settled share- based payments	<u>–</u>	<u>48,527</u>	<u>–</u>	<u>48,527</u>
As at December 31, 2023	614,930	98,699	(544,468)	169,161
Loss and total comprehensive expense for the year	–	–	(271,819)	(271,819)
Recognition of equity settled share-based payments	–	42,033	–	42,033
Vest of restricted shares	<u>76,437</u>	<u>(76,437)</u>	<u>–</u>	<u>–</u>
As at December 31, 2024	691,367	64,295	(816,287)	(60,625)
Loss and total comprehensive expense for the period	–	–	(82,545)	(82,545)
Recognition of equity settled share-based payments	<u>–</u>	<u>2,907</u>	<u>–</u>	<u>2,907</u>
As at March 31, 2025	<u>691,367</u>	<u>67,202</u>	<u>(898,832)</u>	<u>(140,263)</u>

34. CAPITAL COMMITMENTS

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment in the Historical Financial Information contracted for but not provided	<u>175,813</u>	<u>378,123</u>	<u>427,598</u>

35. FINANCIAL INSTRUMENTS

a. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes borrowings, lease liabilities and amounts due to shareholders disclosed in Notes 28, 29 and 39 respectively, net of cash and cash equivalents and equity of the Group, comprising share capital and reserves. The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issue of new shares and borrowing, if necessary.

b. Categories of financial instruments

The Group

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortized cost	150,666	420,599	339,341
Financial assets at FVTPL	10,020	–	–
	<u> </u>	<u> </u>	<u> </u>
Financial liabilities			
Financial liabilities at amortized cost	618,285	1,260,622	1,293,909
	<u> </u>	<u> </u>	<u> </u>

The Company

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at amortised cost	234,087	417,641	335,653
Financial assets at FVTPL	10,020	–	–
	<u> </u>	<u> </u>	<u> </u>
Financial liabilities			
Financial liabilities at amortised cost	587,199	1,281,723	1,374,797
	<u> </u>	<u> </u>	<u> </u>

c. Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade receivable, other receivables, financial assets at FVTPL, pledged bank deposits, time deposits, cash and cash equivalents, trade and other payables, amounts due to shareholders and borrowings. Details of these financial instruments are disclosed on respective notes and the policies on how to mitigate these risks are set out below. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings, amounts due to shareholders, lease liabilities, pledged bank deposits and time deposits (see Notes 28, 39, 29 and 25 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate borrowings (see Notes 25 and 28 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and borrowings. As the management considers that the exposure of cash flow interest rate risk arising from variable rate bank balances and variable-rate borrowings is insignificant, therefore no sensitivity analysis on such risk has been prepared.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, pledged bank deposits, time deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

In order to minimize credit risk, the Group has developed and maintained the Group's credit risk gradings to categorize exposures according to their degree of risk of default.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivable are assessed collectively, based on the internal credit rating and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each period. The expected credit loss of trade receivables as at December 31, 2023 and 2024 and March 31, 2025 were RMB48,000 and RMB114,000 and RMB89,000, respectively. Details of the quantitative disclosures are set out below in this note.

Other receivables

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL, except for certain other receivables with significant increase in credit risk are provided impairment based on lifetime ECL. During the Track Record Period, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognized.

Cash and cash equivalents, time deposits and pledged bank deposits

The credit risk on cash and cash equivalents, time deposits and pledged bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group assessed 12m ECL for cash and cash equivalents, time deposits and pledged bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents, time deposits and pledged bank deposits is considered to be insignificant and therefore no loss allowance was recognized.

The Group and The Companies' internal credit risk grading assessment comprises the following categories:

<u>Internal credit rating</u>	<u>Description</u>	<u>Trade receivables</u>	<u>Other financial assets</u>
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit impaired
Write-off	Amount is >90 days past due or there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets which are subject to ECL assessment:

The Group

Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount			
			As at December 31,		As at March 31,	
			2023	2024	2025	
			RMB'000	RMB'000	RMB'000	
Financial assets at amortized cost						
Cash and cash equivalents	25	Low risk	12-month ECL	45,318	132,194	114,561
Time deposits	25	Low risk	12-month ECL	22,236	–	–
Pledged bank deposits	25	Low risk	12-month ECL	5,486	138	138
Trade receivables	22	Low risk	Lifetime ECL (collective assessment)	73,643	285,019	221,366
Other receivables	23	Low risk	12-month ECL	4,031	3,362	3,365

The Company

Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount			
			As at December 31,		As at March 31,	
			2023	2024	2025	
			RMB'000	RMB'000	RMB'000	
Financial assets at amortized cost						
Cash and cash equivalents	25	Low risk	12-month ECL	41,407	131,542	113,150
Time deposits	25	Low risk	12-month ECL	22,236	–	–
Pledged bank deposits	25	Low risk	12-month ECL	5,486	138	138
Trade receivables	22	Low risk	Lifetime ECL (collective assessment)	73,643	285,019	221,366
Other receivables	23	Low risk	12-month ECL	91,363	1,056	1,088

Movement in lifetime ECL that has been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9 as at December 31, 2023 and 2024 and March 31, 2025:

The Group and the Company

Gross carrying amount

Internal credit rating	As at December 31, 2023		
	Average loss rate	Gross carrying amount of trade receivables	Lifetime ECL
		RMB'000	RMB'000
Low risk	0.07%	73,643	48

Internal credit rating	As at December 31, 2024		
	Average loss rate	Gross carrying amount of trade receivables	Lifetime ECL
		RMB'000	RMB'000
Low risk	<u>0.04%</u>	<u>285,019</u>	<u>114</u>

Internal credit rating	As at December 31, 2025		
	Average loss rate	Gross carrying amount of trade receivables	Lifetime ECL
		RMB'000	RMB'000
Low risk	<u>0.04%</u>	<u>221,366</u>	<u>89</u>

The Group and the Company

	Lifetime ECL (not credit-impaired)
	RMB'000
As at January 1, 2023	–
Impairment losses recognized, net of reversal	48
As at December 31, 2023	48
Impairment losses recognized, net of reversal	66
As at December 31, 2024	114
Impairment losses recognized, net of reversal	(25)
As at March 31, 2025	<u>89</u>

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on management's best estimates from interest rate at the end of each reporting period, taking into consideration interest rate curve, if available.

The Group

	Weighted average interest rate	On demand or less than one year	One to five years	More than five years	Total undiscounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023						
Trade and other payables	–	252,136	–	–	252,136	252,136
Borrowings						
– Fixed interest rate	3.41	130,186	–	–	130,186	128,087
– Variable interest rate	3.55	96,880	134,080	29,940	260,900	238,062
Lease liabilities	4.56	8,410	37,562	18,560	64,532	55,275
		<u>487,612</u>	<u>171,642</u>	<u>48,500</u>	<u>707,754</u>	<u>673,560</u>
As at December 31, 2024						
Trade and other payables	–	423,413	–	–	423,413	423,413
Borrowings						
– Fixed interest rate	3.24	300,339	–	–	300,339	295,646
– Variable interest rate	3.57	68,998	291,687	222,249	582,934	513,890
Lease liabilities	4.56	8,758	36,436	10,928	56,122	49,273
Amounts due to shareholders	3.00	27,698	–	–	27,698	27,673
		<u>829,206</u>	<u>328,123</u>	<u>233,177</u>	<u>1,390,506</u>	<u>1,309,895</u>
As at March 31, 2025						
Trade and other payables	–	398,198	–	–	398,198	398,198
Borrowings						
– Fixed interest rate	3.14	308,375	–	–	308,375	302,727
– Variable interest rate	3.33	118,946	296,753	244,996	660,695	592,984
Lease liabilities	4.56	9,565	35,922	9,238	54,725	48,421
		<u>835,084</u>	<u>332,675</u>	<u>254,234</u>	<u>1,421,993</u>	<u>1,342,330</u>

The Company

	Weighted average interest rate	On demand or less than one year	One to five years	More than five years	Total undiscounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023						
Trade and other payables	–	226,040	–	–	226,040	226,040
Borrowings						
– Fixed interest rate	3.41	125,185	–	–	125,185	123,097
– Variable interest rate	3.55	96,880	134,080	29,940	260,900	238,062
		<u>448,105</u>	<u>134,080</u>	<u>29,940</u>	<u>612,125</u>	<u>587,199</u>
As at December 31, 2024						
Trade and other payables	–	454,424	–	–	454,424	454,424
Borrowings						
– Fixed interest rate	3.24	290,428	–	–	290,428	285,736
– Variable interest rate	3.57	68,998	291,687	222,249	582,934	513,890
Amounts due to shareholders	3.00	27,698	–	–	27,698	27,673
		<u>841,548</u>	<u>291,687</u>	<u>222,249</u>	<u>1,355,484</u>	<u>1,281,723</u>

	Weighted average interest rate	On demand or less than one year	One to five years	More than five years	Total undiscounted cash flows	Total carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at March 31, 2025						
Trade and other payables	–	479,086	–	–	479,086	479,086
Borrowings						
– Fixed interest rate	3.14	308,375	–	–	308,375	302,727
– Variable interest rate	3.33	118,946	296,753	244,996	660,695	592,984
		<u>906,407</u>	<u>296,753</u>	<u>244,996</u>	<u>1,448,156</u>	<u>1,374,797</u>

d. Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique and key inputs
	December 31,		March 31,		
	2023	2024	2025		
	RMB'000	RMB'000	RMB'000		
Financial assets at FVTPL	10,020	–	–	Level 2	Discounted cash flows method, estimated based on expected return and market foreign exchange rate.

There were no transfers between Level 1 and 2 during the Track Record Period.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair value.

36. RETIREMENT BENEFIT PLANS

The employees of the Group are members of the state-managed retirement benefits schemes operated by government. The Group is required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to profit or loss in respect of the above-mentioned schemes amounted to approximately RMB 12,565,000, RMB 14,375,000, RMB 3,582,000 (unaudited) and RMB 3,553,000 for the years ended December 31, 2023 and 2024 and three months ended March 31, 2024 and 2025, respectively.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings	Amounts due to shareholders	Accrued issue cost	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023 . . .	19,266	–	–	43,080	62,346
Net financing cash flows . .	342,114	–	–	(6,948)	335,166
New leases entered	–	–	–	17,082	17,082
Lease modification	–	–	–	(374)	(374)
Interest expenses	4,769	–	–	2,435	7,204
As at December 31, 2023 . .	366,149	–	–	55,275	421,424
Net financing cash flows . .	421,191	27,500	(1,266)	(8,367)	439,058
Interest expenses	22,196	173	–	2,365	24,734
Deferred issue cost	–	–	1,822	–	1,822
As at December 31, 2024 . .	809,536	27,673	556	49,273	887,038
Net financing cash flows . .	66,450	(27,732)	(1,152)	(1,399)	36,167
Interest expenses	7,140	59	–	547	7,746
Deferred issue cost	–	–	1,194	–	1,194
New bank borrowings under supplier finance arrangement entered	12,585	–	–	–	12,585
As at March 31, 2025	895,711	–	598	48,421	944,730
As at December 31, 2023 . .	366,149	–	–	55,275	421,424
Net financing cash flows . .	162,514	–	–	(2,017)	160,497
Interest expenses	4,332	–	–	616	4,948
As at March 31, 2024 (unaudited)	532,995	–	–	53,874	586,869

37b. INFORMATION OF SUPPLIER FINANCE ARRANGEMENTS

	As at December 31,		As at March 31,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of the financial liabilities that are subject to supplier finance arrangements			
Presented as part of borrowings (Note 28)			
– Of which suppliers have already received payment from the finance provider		N/A	N/A
			12,585

For trade payables with original payment due dates of 30 days, the Group settles with the banks within 1 year after the banks pay suppliers the amounts owned by the Group under the supplier finance arrangements. For prepayments required by suppliers before the contracts commence, the Group also settles with the banks within 1 year after settlement by the banks under these arrangements.

Changes in liabilities that are subject to supplier finance arrangement are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. During the three months ended March 31, 2025, borrowings under supplier finance arrangement of RMB12,585,000 represent the payments to the suppliers by the relevant bank directly. There were no other material non-cash changes in these liabilities.

38. MAJOR NON-CASH TRANSACTIONS

During the year ended December 31, 2023, the Group entered into a new lease agreement for property for 6 years. On the lease commencement date, the Group recognized right-of-use assets amounting to RMB17,082,000 and lease liabilities amounting to RMB17,082,000.

Pursuant to the agreement entered by the Group with certain construction suppliers during the year ended December 31, 2024, both parties mutually agreed to offset the related prepayments with the other payables amounting to RMB67,400,000.

During the three months ended March 31, 2025, bank borrowings under supplier finance arrangement amounted to RMB12,585,000 represent the payments to the suppliers by the relevant bank directly.

39. RELATED PARTY TRANSACTIONS

Save as disclosed in Note 28, the Group has the following transactions and balances with the related parties during the years ended December 31, 2023 and 2024 and three months ended March 31, 2025.

(a) Names and relationships with related party

The following individuals are related parties of the Group that had transactions with the Group during the Track Record Period.

Name of related party	Relationships
Mr. An	Shareholder and director of the Company
He Yiming	Shareholder and director of the Company

(b) Transactions and outstanding balances with related parties

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Interest expense on amounts due to shareholders				
Mr. An	–	164	–	58
He Yiming	–	9	–	1
	–	173	–	59
	=	=	=	=
		As at December 31,		As at March 31,
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to shareholders				
Mr. An	–	26,664	–	–
He Yiming	–	1,009	–	–
	–	27,673	–	–
	=	=	=	=

The amounts due to shareholders were non-trade in nature, unsecured, repayable on demand, which carry fixed interest of 3.00% during the Track Record Period. The amounts due to shareholders have been settled as of March 31, 2025.

(c) Compensation of key management personnel

The remuneration of the directors of the Company and key management of the Group during the years ended December 31, 2023 and 2024 and three months ended March 31, 2024 and 2025 were as follows:

	Year ended December 31,		Three months ended March 31,	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Director's fee	360	360	90	90
Salaries and other benefits	6,504	6,349	1,611	1,429
Performance-based bonus (Note)	1,565	1,231	243	222
Retirement benefit scheme contributions	428	441	109	87
Share-based payments	16,128	13,068	4,200	1,241
	<u>24,985</u>	<u>21,449</u>	<u>6,253</u>	<u>3,069</u>

Note: Performance-based bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

40. PLEDGE OF ASSETS

The Group's borrowings and notes payables had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	134,180	114,039	112,408
Pledged bank deposits	5,486	138	138
Right-of-use assets	35,697	35,111	34,720
	<u>175,363</u>	<u>149,288</u>	<u>147,266</u>

41. PARTICULARS OF SUBSIDIARY AND INVESTMENT IN A SUBSIDIARY

During the Track Record Period and as at the date of this report, the Company has direct shareholding interests in the following subsidiary:

Name of subsidiary	Place of incorporation/ establishment, date of incorporation	Registered and paid-up capital	Equity interest attributable to the Company as at				Principal activities
			December 31,		March 31,	the date of this report	
			2023	2024	2025		
<i>Directly held:</i> Yither biotech (Shanghai) Co., Ltd.	Shanghai, July 2, 2020	RMB50,000,000	100%	100%	100%	100%	Research, development and commercialization of vaccine

The subsidiary now comprising the Group is limited liability company and have adopted December 31 as their financial year end.

Note: The statutory financial statements of Yither biotech (Shanghai) Co., Ltd. for the year ended December 31, 2023 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by 容誠會計師事務所(特殊普通合夥)/RSM China Certified Public Accountants LLP, certified public accountants registered in the PRC. The statutory financial statements of the Yither biotech (Shanghai) Co., Ltd. for the year ended December 31, 2024 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by 江蘇方成會計師事務所(普通合夥)/Jiangsu Fangcheng Certified Public Accountants Firm, certified public accountants registered in the PRC.

	As at December 31,		As at March 31,
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment in a subsidiary			
– Unlisted shares, at cost	50,000	50,000	50,000
– Deemed capital contributions to the subsidiary (Note).	<u>43,838</u>	<u>61,615</u>	<u>64,733</u>
	<u>93,838</u>	<u>111,615</u>	<u>114,733</u>

Note: The amounts represent the equity-settled share-based compensation in respect of the restricted shares granted by the Company to certain directors and employees of the subsidiary for employees' services rendered to the respective subsidiary under the Company's restricted share scheme as disclosed in Note 31. Since the subsidiary has no obligation to settle the share-based payment transaction, the amounts are treated as deemed capital contribution by the Company to the subsidiary and included in the Company's cost of investment in a subsidiary.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or its subsidiary have been prepared in respect of any period subsequent to the end of the Track Record Period and up to the date of this report.

43. SUBSEQUENT EVENTS

No significant subsequent events have occurred subsequent to the end of the Track Record Period and up to the date of this report.