

(b) **Segment reporting**

(i) **Segment information**

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment.

Accordingly, no reportable segment information is presented.

(ii) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets and other relevant non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the customers are registered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, right-of-use assets and the location of the operation to which they are allocated, in the case of intangible assets and other non-current assets.

*Revenue from external customers*

	Years ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
The PRC .....	3,753,159	6,335,896	3,880,476
The German Federal Republic (the "GFR") ....	40,472	32,436	23,512
The United States of America (the "USA") ....	18,545	14,634	24,716
The United Kingdom (the "UK") .....	—	—	86,952
Other countries .....	1,390	2,650	3,249
	<u>3,813,566</u>	<u>6,385,616</u>	<u>4,018,905</u>

*Non-current assets*

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
The PRC .....	6,235,797	5,926,172	6,648,615
The GFR .....	706	1,706	3,427
The USA .....	9	16	24
Other countries .....	189	64	132
	<u>6,236,701</u>	<u>5,927,958</u>	<u>6,652,198</u>

## 5 OTHER (LOSSES)/INCOME

	Note	Years ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Government grants . . . . .				
– Unconditional subsidies . . . . .		40,207	38,950	52,036
– Conditional subsidies . . . . .	26	18,272	8,573	15,744
Interest income from bank deposits and investments . . . . .		8,027	50,111	62,283
Interest income from related parties . . . . .		44,801	38,782	–
Net gain/(loss) on disposal of property, plant and equipment . . . . .		699	(3,813)	18,142
Fair value change on derivative financial instruments embedded in convertible bonds . . . . .	24(iv)	(859,569)	(79,796)	–
Fair value change on investments in equity securities . . . . .	15(i)	–	4,387	(2,521)
Net gain on foreign currency option contracts . . . . .	15(iii)	–	17,547	7,681
Fair value change on a private fund investment . . . . .		–	–	734
Investment income from a trust investment scheme . . . . .	15(ii)	–	4,645	–
Dividend income from listed equity securities . . . . .		–	247	309
Investment income from a private fund investment . . . . .		–	–	8,105
Impairment loss on intangible assets . . . . .	12	(190,423)	(468,726)	(68,308)
Impairment loss on goodwill . . . . .	13	(75,896)	–	–
Net foreign exchange loss . . . . .	(i)	(280,732)	(35,284)	(4,377)
Others . . . . .		602	1,708	(85)
		<u>(1,294,012)</u>	<u>(422,669)</u>	<u>89,743</u>

- (i) The amounts mainly represent foreign exchange loss for the years ended 31 December 2022 and 2023 arising from the translation of interest-bearing borrowings (see Note 24) which are denominated in United States Dollar (“USD”).

## 6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

### (a) Finance costs

	Note	Years ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Interest on convertible bonds . . . . .	24(iv)	257,329	92,178	—
Interest on financial instruments with preferential rights issued to investors . . . .	25	172,715	—	—
Interest on lease liabilities . . . . .		7,917	6,074	6,508
Interest on bank loans and other borrowings .		181,598	252,929	253,282
Interest on non-trade payables . . . . .		86,022	36,958	—
		<u>705,581</u>	<u>388,139</u>	<u>259,790</u>
Less: interest expense capitalised into construction in progress* . . . . .		<u>(18,697)</u>	<u>(7,548)</u>	<u>(20,003)</u>
		<u>686,884</u>	<u>380,591</u>	<u>239,787</u>

\* The borrowing costs have been capitalised at a rate of 3.50% – 5.40%, 3.60% – 5.50%, and 4.00% – 5.50% per annum for the years ended 31 December 2022, 2023 and 2024 respectively.

### (b) Staff costs

	Note	Years ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Salaries, wages, bonuses and benefits . . . . .		915,512	990,644	872,264
Equity-settled share-based payment expenses .	27	—	130,278	266,545
Contributions to defined contribution retirement benefit schemes . . . . .		62,694	59,963	58,597
		<u>978,206</u>	<u>1,180,885</u>	<u>1,197,406</u>

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the “Schemes”) organised by the local government authorities whereby the Group is required to make contributions to the Schemes based on certain percentages of the eligible employee’s salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other material obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

The Group’s contributions to defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

(c) Other items

	Note	Years ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Depreciation . . . . .	11	235,227	263,968	293,876
Less: amount capitalised as development costs . . . . .		(4,275)	(6,152)	(9,224)
		<u>230,952</u>	<u>257,816</u>	<u>284,652</u>
Amortisation . . . . .	12	167,768	162,331	133,622
Less: amount capitalised as development costs . . . . .		(46)	(206)	(230)
		<u>167,722</u>	<u>162,125</u>	<u>133,392</u>
Auditor's remuneration . . . . .				
– audit services . . . . .		2,700	1,950	2,178
– non-audit services . . . . .		817	867	836
Listing and privatisation expenses . . . . .		–	3,000	17,191
Lease charges . . . . .	11	12,798	12,469	9,450
Cost of inventories sold* . . . . .	17	<u>603,944</u>	<u>1,114,127</u>	<u>958,323</u>
(Reversals)/recognition of impairment loss on trade and bills receivables . . . . .		(4,109)	4,979	127,771
Recognition/(reversals) of impairment loss on other trade receivables . . . . .		1,534	(1,900)	(1,760)
		<u>(2,575)</u>	<u>3,079</u>	<u>126,011</u>

\* Cost of inventories include RMB333,600,000, RMB389,719,000, and RMB384,215,000 for the years ended 31 December 2022, 2023 and 2024 respectively relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

### (a) Taxation in the consolidated statements of profit or loss represents:

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

#### (i) Mainland China

Pursuant to the Corporate Income Tax (the “CIT”) Law of the Chinese mainland, the Company’s Chinese mainland subsidiaries are subject to the CIT at a rate of 25%.

The CIT Law of the Chinese mainland allows enterprises to apply for the certificate of “High and New Technology Enterprise” (“HNTE”) which entitles the qualified companies to a preferential income tax rate of 15%. The Company and its subsidiaries, HEC CJ Pharm and Yichang HEC Pharmaceutical Co., Ltd. (“宜昌東陽光製藥有限公司”), were recognised as “HNTE” and enjoyed a preferential CIT rate of 15% for the years ended 31 December 2022, 2023 and 2024.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the Chinese mainland that have been effective from 2021 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (the “Super Deduction”). The Group has made its best estimate for the Super Deduction to be claimed for the Group’s entities in ascertaining their assessable profits for the years ended 31 December 2022, 2023 and 2024.



(ii) *Hong Kong*

The provision for Hong Kong Profits Tax is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first Hong Kong Dollar ("HKD") 2,000,000 and 16.5% for any assessable profits in excess of HKD2,000,000. The Group's subsidiary in Hong Kong did not have any assessable profits for the years ended 31 December 2022, 2023 and 2024.

(iii) *The USA*

The Company's subsidiary is registered in New Jersey and is subject to a 9% corporate income tax rate.

(iv) *The GFR*

The Company's subsidiary is subject to corporate income tax which is charged at a rate of 15% on the taxable income. A 5.5% solidarity surcharge is charged on the CIT, resulting in an effective tax rate of 15.825%. There were no assessable profits for the years ended 31 December 2022, 2023 and 2024.

	Note	Years ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
<b>Current tax</b>				
Provision for CIT for the year.....	28(a)	60,532	368,095	95,694
Under/(over)-provision for CIT in respect of prior years.....	28(a)	6,122	(67)	5,969
		<u>66,654</u>	<u>368,028</u>	<u>101,663</u>
<b>Deferred tax</b>				
Origination and reversal of temporary differences.....	28(b)	(130,562)	3,556	14,588
<b>Total income tax (credit)/expense</b>		<u>(63,908)</u>	<u>371,584</u>	<u>116,251</u>

(b) **Reconciliation between income tax (credit)/expense and accounting (loss)/profit at applicable tax rates:**

	Note	Years ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
(Loss)/profit before taxation .....		<u>(1,479,823)</u>	<u>1,385,462</u>	<u>141,054</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to loss/profit in the jurisdictions concerned ..	7(a)	(369,956)	346,366	35,264
Under/(over)-provision for PRC CIT in respect of prior years .....		6,122	(67)	5,969
Tax effect of non-deductible expenses .....		58,474	16,855	22,896
Tax effect of preferential tax rate .....	7(a)	118,479	(175,141)	(47,474)
Tax effect of additional deduction of R&D expenses .....		(89,028)	(63,252)	(85,614)
Tax effect of additional deduction of expenditure for purchasing machinery and equipment .....		(13,779)	—	—
Tax effect of utilisation of tax losses not recognised in prior years .....		(36,571)	(5,611)	(1,001)
Tax effect of recognition of tax losses not recognised in prior years .....		—	(67,914)	—
Tax effect of derecognition of deferred tax assets recognised in prior years .....		—	48,431	—
Tax effect of unused tax losses not recognised .....		262,351	271,917	186,211
<b>Actual tax (credit)/expense .....</b>		<u>(63,908)</u>	<u>371,584</u>	<u>116,251</u>

## 8 DIRECTORS' AND SUPERVISORS' REMUNERATION

The details of directors' and supervisors' remuneration are disclosed as follows:

Year ended 31 December 2022					
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement benefit schemes	Discretionary bonuses	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>Executive Directors</b>					
Dr. Zhang Yingjun .....	—	616	36	1,140	1,792
Dr. Li Wenjia .....	—	518	34	1,219	1,771
<b>Non-executive Directors</b>					
Mr. Tang Xinfu .....	—	—	—	—	—
Mr. Zhu Yingwei .....	—	—	—	—	—
Ms. Dong Xiaowei .....	—	—	—	—	—
Mr. Zhang Jianbin .....	—	—	—	—	—
Ms. Wang Lei .....	—	—	—	—	—
<b>Supervisors</b>					
Mr. Mao Degui .....	—	—	—	—	—
Mr. Chen Gang .....	—	444	28	598	1,070
Dr. Li Jing .....	—	451	25	706	1,182
Total .....	—	2,029	123	3,663	5,815

Year ended 31 December 2023						
	Directors' fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement benefit schemes	Discretionary bonuses	Equity-settled share-based payment (note (i))	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>Executive Directors</b>						
Dr. Zhang Yingjun . . . .	—	527	34	1,296	6,761	8,618
Dr. Li Wenjia . . . . .	—	450	32	1,344	4,845	6,671
<b>Non-executive Directors</b>						
Mr. Zhang Yushuai (appointed on 5 December 2023) . . .	—	179	14	—	—	193
Mr. Tang Xinfu . . . . .	—	—	—	—	32,189	32,189
Mr. Zhu Yingwei . . . . .	—	—	—	—	—	—
Ms. Dong Xiaowei . . . .	—	—	—	—	—	—
Mr. Zhang Jianbin . . . . .	—	—	—	—	—	—
Ms. Wang Lei . . . . .	—	—	—	—	—	—
<b>Independent Non-executive Directors</b>						
Dr. Li Xintian (appointed on 15 September 2023) ..	44	—	—	—	—	44
Dr. Yin Hang Hubert (appointed on 15 September 2023) ..	44	—	—	—	—	44
Dr. Ma Dawei (appointed on 15 September 2023) ..	44	—	—	—	—	44
Dr. Lin Aimei (appointed on 15 September 2023) ..	44	—	—	—	—	44
<b>Supervisors</b>						
Mr. Mao Degui . . . . .	—	—	—	—	—	—
Mr. Chen Gang . . . . .	—	442	27	523	1,465	2,457
Dr. Li Jing . . . . .	—	468	25	630	2,254	3,377
Total . . . . .	176	2,066	132	3,793	47,514	53,681

## Year ended 31 December 2024

	Directors' fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement benefit schemes	Discretionary bonuses	Equity-settled share-based payment (note (i))	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>Executive Directors</b>						
Dr. Zhang Yingjun . . . .	—	526	36	1,296	13,522	15,380
Dr. Li Wenjia . . . . .	—	477	34	1,344	9,691	11,546
<b>Non-executive Directors</b>						
Mr. Zhang Yushuai . . . .	—	328	36	—	—	364
Mr. Tang Xinfu . . . . .	—	—	—	—	64,378	64,378
Mr. Zhu Yingwei . . . . .	—	—	—	—	—	—
Ms. Dong Xiaowei . . . .	—	—	—	—	—	—
Mr. Zeng Xuebo						
(appointed on 11 December 2024) ..	—	—	—	—	—	—
Mr. Zhang Jianbin						
(resigned on 10 May 2024) . . . . .	—	—	—	—	—	—
Ms. Wang Lei . . . . .	—	—	—	—	—	—
<b>Independent Non-executive Directors</b>						
Dr. Li Xintian . . . . .	150	—	—	—	—	150
Dr. Yin Hang Hubert . . .	150	—	—	—	—	150
Dr. Ma Dawei . . . . .	150	—	—	—	—	150
Dr. Lin Aimei . . . . .	150	—	—	—	—	150
<b>Supervisors</b>						
Mr. Mao Degui (resigned on 31 March 2024) . . .	—	—	—	—	—	—
Mr. Li Jing . . . . .	—	446	27	630	4,507	5,610
Mr. Qing Shiwei						
(appointed on 11 December 2024) ..	—	145	22	300	—	467
Mr. Chen Gang . . . . .	—	442	28	523	2,930	3,923
Total . . . . .	600	2,364	183	4,093	95,028	102,268

(i) These represent the expense recognised in respect of restricted share units granted to the directors and supervisors under the Company's restricted share scheme. The value of these restricted share units is measured according to the Group's accounting policy for share-based payments transactions as set out in Note 2(t). The details of share-based payment, including the principal terms and number of shares granted, are disclosed in Note 27.

(ii) During the years ended 31 December 2022, 2023 and 2024, no emoluments were paid by the Group to the directors, supervisors or any of the five highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. Except for Mr. Tang Xinfu, Mr. Zhu Yingwei, Ms. Dong Xiaowei, Mr. Zhang Jianbin, Ms. Wang Lei, Mr. Mao Degui, and Mr. Zeng Xuebo, no director or supervisor has waived or agreed to waive any emoluments during the Track Record Period.

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three, three, and four of them are the directors/supervisors for the years ended 31 December 2022, 2023 and 2024 respectively, whose emoluments are disclosed in Note 8 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Salaries and other emoluments . . . . .	1,115	4,043	486
Discretionary bonuses . . . . .	1,251	994	994
Contributions to defined contribution retirement benefit schemes . . . . .	50	39	32
Equity-settled share-based payment . . . . .	–	4,057	8,113
	<u>2,416</u>	<u>9,133</u>	<u>9,625</u>

The emoluments of the two, two, and one individuals with the highest emoluments for the years ended 31 December 2022, 2023 and 2024, respectively, are within the following band:

	Years ended 31 December		
	2022	2023	2024
	Number of Individuals	Number of Individuals	Number of Individuals
HKD1,000,001 – HKD1,500,000 . . . . .	2	–	–
HKD3,500,001 – HKD4,000,000 . . . . .	–	1	–
HKD6,000,001 – HKD6,500,000 . . . . .	–	1	–
HKD10,500,001 – HKD11,000,000 . . . . .	–	–	1

## 10 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue for the years ended 31 December 2022, 2023 and 2024.

As described in Note 29(c), the Company was converted into a joint stock limited liability company and 450,000,000 ordinary shares of RMB1.00 each were issued in June 2023. For the purpose of calculating basic and diluted (loss)/earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion had occurred since 1 January 2022, at the exchange ratio established in the conversion in June 2023.

	Years ended 31 December		
	2022	2023	2024
(Loss)/profit for the year/period attributable to ordinary equity shareholders of the Company (in RMB'000) (note (a)) . . . . .	(1,084,623)	184,924	(207,434)
Weighted average number of ordinary shares (in thousands) (note (b)) . . . . .	329,704	419,178	440,987
Basic (loss)/earnings per share (in RMB) . . . . .	<u>(3.29)</u>	<u>0.44</u>	<u>(0.47)</u>



(a) (Loss)/profit attributable to ordinary equity shareholders of the Company

	Years ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
(Loss)/profit for the year/period attributable to all equity shareholders of the Company .....	(1,209,205)	184,924	(207,434)
Allocation of loss for the year attributable to financial instruments with redemption rights (Note 25) .....	124,582	—	—
(Loss)/profit for the year/period attributable to ordinary equity shareholders of the Company..	<u>(1,084,623)</u>	<u>184,924</u>	<u>(207,434)</u>

(b) Weighted average number of ordinary shares in issue or deemed to be in issue

	Years ended 31 December		
	2022	2023	2024
	'000	'000	'000
Ordinary shares at 1 January in issue or deemed to be in issue .....	432,912	433,639	463,943
Effect of ordinary shares in issue or deemed to be in issue .....	606	19,242	—
Effect of financial instruments with redemption rights (Note 25) .....	(37,870)	—	—
Effect of treasury stock contributed from a shareholder (Note 29(e)) .....	(42,988)	(10,747)	—
Effect of treasury stock held by share incentive scheme platforms (Note 29(e)) .....	<u>(22,956)</u>	<u>(22,956)</u>	<u>(22,956)</u>
Weighted average number of ordinary shares at the end of the year/period in issue or deemed to be in issue .....	<u>329,704</u>	<u>419,178</u>	<u>440,987</u>

(c) Diluted (loss)/earnings per share

For the year ended 31 December 2022, there were no dilutive potential ordinary shares and therefore, diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share.

For the years ended 31 December 2023 and 2024, the restricted shares of the Company under the 2023 Restricted Share Scheme (Note 27) were not included in the calculation of diluted earnings/(loss) per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore diluted earnings/(loss) per share were the same as the basic earnings/(loss) per share.

# 11 FIXED ASSETS

## (a) Reconciliation of carrying amount

### The Group

	Property, plant and equipment					Right-of-use assets			
	Plant and buildings	Machinery	Office equipment and others	Motor vehicles	Construction in progress	Sub-total	Ownership interests in leasehold land held for own use	Other properties leased for own use	Total
							RMB '000	RMB '000	
Cost:									
At 1 January 2022 . . . . .	1,649,223	1,180,440	669,155	4,426	599,065	4,102,309	413,255	184,107	4,699,671
Additions . . . . .	10,272	8,401	14,523	35	436,114	469,345	–	41,082	510,427
Transfer from construction in progress . . . . .	110,319	70,589	178,818	–	(359,726)	–	–	–	–
Disposals . . . . .	(2,168)	(11,322)	(17,718)	(269)	–	(31,477)	–	(72,538)	(104,015)
At 31 December 2022 . . . . .	1,767,646	1,248,108	844,778	4,192	675,453	4,540,177	413,255	152,651	5,106,083
Additions . . . . .	3,427	10,231	24,407	853	388,644	427,562	–	18,277	445,839
Transfer from construction in progress . . . . .	79,874	291,729	44,898	2,314	(418,815)	–	–	–	–
Disposals . . . . .	–	(14,456)	(22,570)	(173)	–	(37,199)	–	(11,322)	(48,521)
At 31 December 2023 . . . . .	1,850,947	1,535,612	891,513	7,186	645,282	4,930,540	413,255	159,606	5,503,401
Additions . . . . .	11,383	12,116	20,085	829	450,638	495,051	–	93,082	588,133
Transfer from construction in progress . . . . .	58,279	111,815	98,557	97	(268,748)	–	–	–	–
Reclassification . . . . .	(11,181)	3,875	7,306	–	–	–	–	–	–
Disposals . . . . .	(60,354)	(65,559)	(63,986)	–	–	(189,899)	–	(8,751)	(198,650)
At 31 December 2024 . . . . .	1,849,074	1,597,859	953,475	8,112	827,172	5,235,692	413,255	243,937	5,892,884
Accumulated depreciation:									
At 1 January 2022 . . . . .	(169,939)	(363,496)	(303,356)	(1,295)	–	(838,086)	(43,976)	(81,604)	(963,666)
Charge for the year . . . . .	(53,980)	(81,029)	(62,715)	(381)	–	(198,105)	(8,917)	(28,205)	(235,227)
Written-back on disposals . . . . .	437	8,889	14,484	256	–	24,066	–	71,253	95,319
At 31 December 2022 . . . . .	(223,482)	(435,636)	(351,587)	(1,420)	–	(1,012,125)	(52,893)	(38,556)	(1,103,574)
Charge for the year . . . . .	(55,726)	(82,186)	(80,363)	(495)	–	(218,770)	(8,918)	(36,280)	(263,968)
Written-back on disposals . . . . .	–	11,923	20,304	128	–	32,355	–	11,322	43,677
At 31 December 2023 . . . . .	(279,208)	(505,899)	(411,646)	(1,787)	–	(1,198,540)	(61,811)	(63,514)	(1,323,865)
Charge for the year . . . . .	(58,021)	(99,834)	(89,429)	(701)	–	(247,985)	(8,918)	(36,973)	(293,876)
Written-back on disposals . . . . .	11,774	42,793	52,829	–	–	107,396	–	8,451	115,847
At 31 December 2024 . . . . .	(325,455)	(562,940)	(448,246)	(2,488)	–	(1,339,129)	(70,729)	(92,036)	(1,501,894)
Carrying amount:									
At 31 December 2022 . . . . .	1,544,164	812,472	493,191	2,772	675,453	3,528,052	360,362	114,095	4,002,509
At 31 December 2023 . . . . .	1,571,739	1,029,713	479,867	5,399	645,282	3,732,000	351,444	96,092	4,179,536
At 31 December 2024 . . . . .	1,523,619	1,034,919	505,229	5,624	827,172	3,896,563	342,526	151,901	4,390,990

## The Company

	Property, plant and equipment						Right-of-use assets		
	Plant and buildings	Machinery	Office equipment and others	Motor vehicles	Construction in progress	Sub-total	Ownership interests in leasehold land held for own use	Other properties leased for own use	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Cost:									
At 1 January 2022 . . . . .	73,536	422,041	277,772	2,136	31,120	806,605	17,507	134,943	959,055
Additions . . . . .	782	2,320	5,393	7	1,498	10,000	–	10,999	20,999
Transfer from construction in progress . . . . .	–	32,618	–	–	(32,618)	–	–	–	–
Disposals . . . . .	(2,168)	(8,296)	(13,411)	(269)	–	(24,144)	–	(5,516)	(29,660)
At 31 December 2022 . . . . .	72,150	448,683	269,754	1,874	–	792,461	17,507	140,426	950,394
Additions . . . . .	156	3,252	9,320	4	4,391	17,123	–	17,182	34,305
Transfer from construction in progress . . . . .	1,047	–	–	–	(1,047)	–	–	–	–
Disposals . . . . .	–	(13,150)	(20,767)	(173)	–	(34,090)	–	(11,322)	(45,412)
At 31 December 2023 . . . . .	73,353	438,785	258,307	1,705	3,344	775,494	17,507	146,286	939,287
Additions . . . . .	–	2,806	8,682	309	5,285	17,082	–	99,053	116,135
Transfer from construction in progress . . . . .	–	5,425	2,593	–	(8,018)	–	–	–	–
Disposals . . . . .	–	(56,068)	(52,170)	–	–	(108,238)	–	(2,003)	(110,241)
At 31 December 2024 . . . . .	73,353	390,948	217,412	2,014	611	684,338	17,507	243,336	945,181
Accumulated depreciation:									
At 1 January 2022 . . . . .	(21,460)	(221,537)	(201,092)	(645)	–	(444,734)	(5,974)	(53,952)	(504,660)
Charge for the year . . . . .	(2,201)	(31,312)	(15,594)	(160)	–	(49,267)	(323)	(4,569)	(54,159)
Written-back on disposals. . . . .	437	6,903	11,948	256	–	19,544	–	26,401	45,945
At 31 December 2022 . . . . .	(23,224)	(245,946)	(204,738)	(549)	–	(474,457)	(6,297)	(32,120)	(512,874)
Charge for the year . . . . .	(2,209)	(29,885)	(14,425)	(147)	–	(46,666)	(323)	(33,423)	(80,412)
Written-back on disposals. . . . .	–	10,955	18,688	128	–	29,771	–	11,322	41,093
At 31 December 2023 . . . . .	(25,433)	(264,876)	(200,475)	(568)	–	(491,352)	(6,620)	(54,221)	(552,193)
Charge for the year . . . . .	(2,246)	(26,993)	(13,042)	(149)	–	(42,430)	(322)	(36,804)	(79,556)
Written-back on disposals. . . . .	–	41,120	45,801	–	–	86,921	–	1,704	88,625
At 31 December 2024 . . . . .	(27,679)	(250,749)	(167,716)	(717)	–	(446,861)	(6,942)	(89,321)	(543,124)
Carrying amount:									
At 31 December 2022 . . . . .	48,926	202,737	65,016	1,325	–	318,004	11,210	108,306	437,520
At 31 December 2023 . . . . .	47,920	173,909	57,832	1,137	3,344	284,142	10,887	92,065	387,094
At 31 December 2024 . . . . .	45,674	140,199	49,696	1,297	611	237,477	10,565	154,015	402,057

- (i) All property, plant and equipment owned by the Group are located in the PRC, the USA, the GFR and Australia.
- (ii) As of 31 December 2022, 2023 and 2024, the Group was applying for certificates of ownership for certain properties, with carrying values of RMB453,202,000, RMB441,985,000 and RMB271,636,000 respectively. The directors of the Company are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected by the fact that the Group has not yet obtained the relevant property title certificates.
- (iii) As of 31 December 2022, 2023 and 2024, amounts of RMB170,532,000, RMB264,928,000 and RMB293,211,000 of ownership interests in leasehold land held for own use, amounts of RMB409,075,000, RMB117,949,000 and RMB228,404,000 of construction in progress, and amounts of RMB609,044,000, RMB667,593,000 and RMB913,422,000 of plant and buildings were held in pledge for bank loans (Note 22(a)) respectively.



- (iv) The Group sold some of its machinery and equipment to external parties and leased them back for a term of 1 to 3 years. The Group determined the transfers to buyer-lessor were not considered as sales under IFRS 15, thus the Group continues to recognise the underlying assets, and recognises financial liabilities for the considerations received in accordance with the accounting policy set out in Note 2(i). No gain or loss was recognised from the sale and leaseback transactions for the years ended 31 December 2022, 2023 and 2024. As of 31 December 2022, 2023 and 2024, the carrying amounts of the plant and buildings and machinery pledged for the aforementioned sale and leaseback transactions were RMB367,645,000, RMB551,036,000 and RMB465,444,000 (Note 22(b)) respectively.

**(b) Right-of-use assets**

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	As of 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Included in fixed assets:				
– Ownership interests in leasehold land held for own use . . . . .	(i)	360,362	351,444	342,526
– Other properties leased for own use . . . . .	(ii)	114,095	96,092	151,901

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Depreciation charge of right-of-use assets by class of underlying assets:			
– Ownership interests in leasehold land held for own use . . . . .	8,917	8,918	8,918
– Other properties leased for own use . . . . .	28,205	36,280	36,973
Expense relating to short-term leases . . . . .	12,798	12,469	9,450

- (i) Ownership interests in leasehold land and buildings held for own use

The Group holds several industrial buildings for its pharmaceutical business, where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

- (ii) Other properties leased for own use

The Group has obtained the right to use other properties as its warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of 2 to 5 years. Lease payments are usually increased every 3 years to reflect market rentals.

**(c) Impairment assessment of non-financial assets**

The Group follows the guidance of IAS 36 to determine when impairment indicators exist for its property, plant and equipment, right-of-use assets, intangible assets and goodwill. Except for certain intangible assets and goodwill, it was concluded that no impairment indicators existed as at 31 December 2022, 2023 and 2024.



## 12 INTANGIBLE ASSETS

## The Group

		Hepatitis C drugs		Insulin		Other drugs		
			Capitalised development costs	Intellectual property rights	Capitalised development costs	Generic drug intellectual property rights	Capitalised development costs	
	Note	Patents						Total
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Cost:								
At 1 January 2022 . . . .		431,644	193,809	150,963	199,724	1,169,604	151,540	2,297,284
Addition through internal development . . . . .		–	76,351	–	54,642	–	83,666	214,659
Addition and transfer from prepayments . . . . .	16	–	–	–	–	20,381	–	20,381
Transfer from development costs to patents . . . . .		–	–	110,106	(110,106)	–	–	–
At 31 December 2022 . . .		431,644	270,160	261,069	144,260	1,189,985	235,206	2,532,324
Addition through internal development . . . . .		–	14,581	–	45,000	–	116,687	176,268
Addition and transfer from prepayments . . . . .	16	–	–	–	–	144,977	–	144,977
Transfer from development costs to patents . . . . .		–	–	95,861	(95,861)	–	–	–
At 31 December 2023 . . .		431,644	284,741	356,930	93,399	1,334,962	351,893	2,853,569
Addition through internal development . . . . .		–	6,840	–	41,825	–	121,676	170,341
At 31 December 2024 . . .		431,644	291,581	356,930	135,224	1,334,962	473,569	3,023,910
Accumulated amortisation:								
At 1 January 2022 . . . .		(134,172)	–	(9,452)	–	(103,638)	–	(247,262)
Charge for the year . . . .		(34,610)	–	(17,230)	–	(115,928)	–	(167,768)
At 31 December 2022 . . .		(168,782)	–	(26,682)	–	(219,566)	–	(415,030)
Charge for the year . . . .		(29,591)	–	(29,302)	–	(103,438)	–	(162,331)
At 31 December 2023 . . .		(198,373)	–	(55,984)	–	(323,004)	–	(577,361)
Charge for the year . . . .		(7,630)	–	(35,693)	–	(90,299)	–	(133,622)
At 31 December 2024 . . .		(206,003)	–	(91,677)	–	(413,303)	–	(710,983)
Accumulated impairment losses:								
At 1 January 2022 . . . .		–	–	–	–	(12,014)	–	(12,014)
Recognised in the year . .	(iii)	(20,399)	(22,599)	–	–	(147,425)	–	(190,423)
At 31 December 2022 . . .		(20,399)	(22,599)	–	–	(159,439)	–	(202,437)
Recognised in the year . .	(iii)	(139,753)	(151,913)	–	–	(177,060)	–	(468,726)
At 31 December 2023 . . .		(160,152)	(174,512)	–	–	(336,499)	–	(671,163)
Recognised in the year . .	(iii)	–	–	–	–	(68,308)	–	(68,308)
At 31 December 2024 . . .		(160,152)	(174,512)	–	–	(404,807)	–	(739,471)
Net book value:								
At 31 December 2022 . . .		242,463	247,561	234,387	144,260	810,980	235,206	1,914,857
At 31 December 2023 . . .		73,119	110,229	300,946	93,399	675,459	351,893	1,605,045
At 31 December 2024 . . .		65,489	117,069	265,253	135,224	516,852	473,569	1,573,456

## The Company

	Hepatitis C drugs	Insulin	Other drugs		
	Capitalised development costs	Capitalised development costs	Generic drug intellectual property rights	Capitalised development costs	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>Cost:</b>					
At 1 January 2022 .....	17,956	747	47	51,382	70,132
Addition through internal development .....	37,377	7,055	—	31,635	76,067
At 31 December 2022 ...	55,333	7,802	47	83,017	146,199
Addition through internal development .....	14,580	19,483	—	74,688	108,751
At 31 December 2023 ...	69,913	27,285	47	157,705	254,950
Addition through internal development .....	5,620	149,316	—	59,291	214,227
At 31 December 2024 ...	75,533	176,601	47	216,996	469,177
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<b>Accumulated amortisation:</b>					
At 1 January 2022 .....	—	—	(5)	—	(5)
Charge for the year .....	—	—	(4)	—	(4)
At 31 December 2022 ...	—	—	(9)	—	(9)
Charge for the year .....	—	—	(5)	—	(5)
At 31 December 2023 ...	—	—	(14)	—	(14)
Charge for the year .....	—	—	(5)	—	(5)
At 31 December 2024 ...	—	—	(19)	—	(19)
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<b>Net book value:</b>					
At 31 December 2022 ...	55,333	7,802	38	83,017	146,190
At 31 December 2023 ...	69,913	27,285	33	157,705	254,936
At 31 December 2024 ...	75,533	176,601	28	216,996	469,158
	=====	=====	=====	=====	=====

(i) The amortisation charge for the year was included in “cost of sales” and “administrative expenses” in the consolidated statements of profit or loss, except to the extent that they are included in the development costs not yet recognised as an expense.

(ii) Development costs were development costs capitalised in accordance with the accounting policy for research and development costs set out in Note 2(h) to the Historical Financial Information.

As of 31 December 2022, 2023 and 2024, the intangible assets under development were not yet ready for intended use.

(iii) Intangible assets of the Group are tested for impairment based on the recoverable amount of the cash-generating unit (“CGU”) to which the intangible assets are related. The impairment test has been conducted by management as of 31 December 2022, 2023 and 2024. For the purpose of impairment testing, the recoverable amount of the intangible assets is determined based on value-in-use calculations. These calculations use the cash flow projections based on the financial forecasts approved by management, with reference to professional valuation reports issued by Beijing Kunyuan Zhicheng Asset Appraisal Co., Ltd. and Beijing Zhongtonghua Asset Appraisal Co., Ltd., independent firms of professionally qualified valuers.

The differences were RMB190,423,000, RMB468,726,000 and RMB68,308,000 in total based on the impairment evaluation result, which were recognised as impairment loss in “other (losses)/income” in the consolidated statements of profit or loss for the years ended 31 December 2022, 2023 and 2024 respectively.

(1) Capitalised development costs

Capitalised development costs represent internal development costs capitalised by pharmaceutical products as follows:

	Note	As of 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Olorigliflozin .....	(a)	113,446	149,165	209,218
Larotininb .....	(a)	83,016	113,379	125,521
Insulin Degludec .....	(a)	49,917	80,150	91,625
Antaitavir .....	(a)	55,334	69,914	76,754
Liraglutide .....	(a)	38,742	45,023	45,669
Clifutinib .....	(a)	—	44,325	93,157
Emitasvir phosphate follow-up compounds .....	(b)	40,315	40,315	40,315
Insulin Degludec/Insulin Aspart .....	(a)	—	13,250	43,603
Combination therapy with Emitasvir Phosphate and Furaprevir .....	(c)	151,913	—	—
Insulin .....	(d)	94,344	—	—
		<u>627,027</u>	<u>555,521</u>	<u>725,862</u>

Capitalised development costs are tested for impairment annually based on the recoverable amount of the cash-generating unit (“CGU”) to which the capitalised development costs are related until the completion or abandonment of the related research and development efforts.

- (a) Management regards each of these individual products as a separately identifiable asset and cash-generating unit (“CGU”) in the impairment test.

Based on the result of the impairment test, the recoverable amount of each of these individual products calculated based on value in use exceeded their carrying amount as of 31 December 2022, 2023 and 2024, no impairment was recognised.

- (b) Emitasvir phosphate follow-up compounds

The new drug application of Emitasvir phosphate follow-up compounds has been accepted by the National Medical Products Administration of the People’s Republic of China in August 2023 and the Group is targeting to obtain the new drug approvals and permits in 2025.

Based on the result of the impairment test, the recoverable amount of Emitasvir phosphate follow-up compounds calculated based on value in use exceeded its carrying amount as of 31 December 2022, 2023 and 2024, no impairment was recognised.

- (c) CGU of patents, capitalised development costs and goodwill related to a combination therapy with Emitasvir Phosphate and Furaprevir (collectively referred to as “Emitasvir and Furaprevir Combination Therapy Asset Group”)

The patents, capitalised development costs and goodwill of Emitasvir and Furaprevir Combination Therapy project are allocated to the Group’s CGU of Emitasvir and Furaprevir Combination Therapy Asset Group.

Based on the result of the impairment test of Emitasvir and Furaprevir Combination Therapy Asset Group (see Note 13), impairment losses of RMB75,896,000 on goodwill and RMB42,998,000 on capitalised development costs of Emitasvir and Furaprevir Combination Therapy project and patents of Emitasvir and Furaprevir Combination Therapy drugs were recognised during the year ended 31 December 2022.



During the year ended 31 December 2023, the Group decided to abandon the research and development of Emitasvir and Furaprevir Combination Therapy project due to the delayed progress of the development and the new market competitors introduced. As a result, the capitalised development costs of Emitasvir and Furaprevir Combination Therapy Asset Group and one of the patents related to this development have been fully impaired. Impairment loss on intangible assets of RMB291,666,000 was recognised in “other (losses)/income” in the consolidated statement of profit or loss for the year ended 31 December 2023.

(d) *CGU of specific property, plant and equipment, capitalised development costs and intellectual property rights related to insulin (collectively referred to as “Insulin Asset Group”)*

Based on the result of the impairment test, the recoverable amount of Insulin Asset Group calculated based on value in use exceeded its carrying amount as of 31 December 2022, 2023 and 2024, no impairment was recognised.

**(2) Impairment test of capitalised development costs (other than Emitasvir and Furaprevir Combination Therapy Asset Group)**

Management has determined CGUs at each product level. The estimated revenue of each drug is based on management’s expectations of timing of commercialization. The costs and operating expenses are estimated as a percentage over the revenue forecast period based on the current margin levels of comparable companies with adjustments made to reflect the expected future price changes. The discount rates used are pre-tax and reflect the general business and market risk of the Group. The discount rates are derived from capital asset pricing model by taking applicable market data into account, such as risk free rate, market premium, beta, company specific risk and size premium, etc..

Cash flow projections were based on financial budgets approved by the management of the Group covering 11 to 22 years which consist of development periods up to 2 years, commercialised periods, including growth and mature periods and declining periods, reflecting the periods when the drugs reaching the patent protection period of 20 years. The cash flow projection periods have covered the whole patent protection periods, taking into account of the expected timing of commercialisation, market size and penetration of related products.

The key assumptions used for value-in-use amount calculations as at 31 December 2022, 2023 and 2024 are as follows:

	As of 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Olorigliflozin			
Discount rate . . . . .	20.81%	23.67%	22.55%
Revenue growth rate . . . . .	-43.00% to 208.00%	-45.00% to 185.00%	-45.00% to 174.00%
Recoverable amount of CGU . . . . .	779,000	862,000	1,045,000
Larotiniib			
Discount rate . . . . .	14.29%	12.92%	12.77%
Revenue growth rate . . . . .	-30.00% to 1,744.64%	-30.00% to 1,744.64%	-30.00% to 7,493.77%
Recoverable amount of CGU . . . . .	460,759	697,025	584,822
Insulin Degludec			
Discount rate . . . . .	12.95%	11.33%	10.81%
Revenue growth rate . . . . .	-10.00% to 84.97%	-10.00% to 84.97%	-19.29% to 269.94%
Recoverable amount of CGU . . . . .	454,340	717,946	249,924
Antaitavir			
Discount rate . . . . .	11.52%	10.87%	10.49%
Revenue growth rate . . . . .	-81.85% to 359.13%	-61.81% to 183.98%	-52.47% to 411.16%



	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Recoverable amount of CGU . . . . .	421,335	1,288,184	1,199,127
Liraglutide			
Discount rate . . . . .	22.36%	21.60%	20.51%
Revenue growth rate . . . . .	-44.00% to 202.00%	-48.00% to 138.00%	-50.00% to 116.00%
Recoverable amount of CGU . . . . .	179,000	113,000	71,000
Clifutinib			
Discount rate . . . . .	NA	12.92%	12.77%
Revenue growth rate . . . . .	NA	-30.00% to 312.81%	-30.00% to 76.72%
Recoverable amount of CGU . . . . .	NA	233,675	336,716
Emitasvir phosphate follow-up compounds			
Discount rate . . . . .	11.52%	10.87%	10.49%
Revenue growth rate . . . . .	-81.85% to 359.13%	-61.81% to 183.98%	-52.47% to 411.16%
Recoverable amount of CGU . . . . .	446,770	1,301,263	1,209,201
Insulin Degludec/Insulin Aspart			
Discount rate . . . . .	NA	11.33%	10.81%
Revenue growth rate . . . . .	NA	-10.00% to 84.97%	-10.00% to 84.97%
Recoverable amount of CGU . . . . .	NA	673,723	126,665
Combination therapy with Emitasvir Phosphate and Furaprevir			
Discount rate . . . . .	12.81%	NA	NA
Revenue growth rate . . . . .	-89.11% to 115.22%	NA	NA
Recoverable amount of CGU . . . . .	425,057	NA	NA
Insulin			
Discount rate . . . . .	11.72%	NA	NA
Revenue growth rate . . . . .	0.00% to 228.41%	NA	NA
Recoverable amount of CGU . . . . .	1,367,291	NA	NA

#### Sensitivity analysis

The Group has performed sensitivity tests by increasing 1% of the discount rate or decreasing 5% of the revenue growth rate, which are the key assumptions for determining the recoverable amounts of the CGUs, with all other variables held constant. The impacts on the amounts by which the CGU's recoverable amount exceeds its carrying amount (headroom) are as below:

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Olorigliflozin			
Carrying amount . . . . .	113,446	149,165	209,218
Headroom . . . . .	665,554	712,835	835,782
Impact by Increasing 1% of discount rate . . . . .	(60,000)	(60,000)	(49,000)
Impact by decreasing 5% of revenue growth rate . . . . .	(253,000)	(336,000)	(220,000)
Larotiniib			
Carrying amount . . . . .	83,016	113,379	125,521
Headroom . . . . .	377,743	583,646	459,301
Impact by Increasing 1% of discount rate . . . . .	(43,894)	(54,065)	(39,700)
Impact by decreasing 5% of revenue growth rate . . . . .	(25,644)	(37,156)	(31,337)

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Insulin Degludec			
Carrying amount . . . . .	49,917	80,150	91,625
Headroom . . . . .	404,423	637,796	158,299
Impact by Increasing 1% of discount rate . . . . .	(50,531)	(66,325)	(20,043)
Impact by decreasing 5% of revenue growth rate .	(24,430)	(36,320)	(12,645)
Antitativir			
Carrying amount . . . . .	55,334	69,914	76,754
Headroom . . . . .	366,001	1,218,270	1,122,373
Impact by Increasing 1% of discount rate . . . . .	(16,240)	(65,751)	(52,835)
Impact by decreasing 5% of revenue growth rate .	(32,049)	(95,805)	(89,518)
Liraglutide			
Carrying amount . . . . .	38,742	45,023	45,669
Headroom . . . . .	140,258	67,977	25,331
Impact by Increasing 1% of discount rate . . . . .	(10,000)	(8,000)	(5,000)
Impact by decreasing 5% of revenue growth rate .	(39,000)	(41,000)	(17,000)
Clifutinib			
Carrying amount . . . . .	NA	44,325	93,157
Headroom . . . . .	NA	189,350	243,559
Impact by Increasing 1% of discount rate . . . . .	NA	(23,912)	(26,943)
Impact by decreasing 5% of revenue growth rate .	NA	(15,114)	(19,652)
Emitasvir phosphate follow-up compounds			
Carrying amount . . . . .	40,315	40,315	40,315
Headroom . . . . .	406,455	1,260,948	1,168,886
Impact by Increasing 1% of discount rate . . . . .	(16,448)	(65,810)	(52,881)
Impact by decreasing 5% of revenue growth rate .	(32,035)	(95,805)	(89,518)
Insulin Degludec/Insulin Aspart			
Carrying amount . . . . .	NA	13,250	43,603
Headroom . . . . .	NA	660,473	83,062
Impact by Increasing 1% of discount rate . . . . .	NA	(385,151)	(11,170)
Impact by decreasing 5% of revenue growth rate .	NA	(36,735)	(7,186)
Combination therapy with Emitasvir Phosphate and Furaprevir			
Carrying amount . . . . .	151,913	NA	NA
Headroom . . . . .	273,144	NA	NA
Impact by Increasing 1% of discount rate . . . . .	(15,031)	NA	NA
Impact by decreasing 5% of revenue growth rate .	(66,786)	NA	NA
Insulin			
Carrying amount . . . . .	1,285,246	NA	NA
Headroom . . . . .	82,045	NA	NA
Impact by Increasing 1% of discount rate . . . . .	(197,243)	NA	NA
Impact by decreasing 5% of revenue growth rate .	(401,063)	NA	NA

Considering there was still sufficient headroom based on the assessment, management believes that a reasonably possible change in any of the key assumptions on which management has based its determination of each CGU's recoverable amount would not cause its carrying amount to exceed its recoverable amount.

(3) *Generic drugs*

Management regards each individual drug's intellectual property rights as a separately identifiable asset and CGU in the impairment test.

Due to the price of generic drugs decreased after they have been included in national centralised procurement, new market competitors introduced or the distribution and production cost increased, the estimated recoverable amount of 11 out of 29, 13 out of 31 and 3 out of 31 generic drugs was less than their respective carrying amount as of 31 December 2022, 2023 and 2024 respectively.

Based on the life cycle of drugs and the market supply and demand of similar drugs, the life of the generic drugs for impairment evaluation is at least 10 years after the drugs listing on the market. The lifecycle of the generic drugs is 10 years in the recoverable amount calculation in the impairment test.

The calculations apply the cash flow projections based on financial budgets approved by management covering a three-year period.

The following sets out the key assumptions for the value in use calculation of generic drugs:

(a) *Revenue*

Revenue is calculated based on the tax-exclusive selling price and the sales volume, after considering the factors such as market competitors, product launch time, the price and volume in the national centralised procurement.

(b) *Cost of goods sold*

The cost of goods sold includes the cost of materials and the processing cost, in which the cost of materials is determined in combination with the production data of related units and the market price. The processing cost is mainly determined by reference to the manufacturing cost of similar drugs.

(c) *Discount rate*

The pre-tax discount rates used in the impairment evaluation were 18.42%, 17.85% and 17.99% as of 31 December 2022, 2023 and 2024 respectively and reflect specific risks relating to the generic drugs.

13 **GOODWILL**

RMB '000

<b>Cost:</b>	
At 1 January 2022, 31 December 2022, 31 December 2023 and 31 December 2024 .	75,896
	-----
<b>Impairment losses:</b>	
At 1 January 2022 . . . . .	—
Recognised in the year . . . . .	(75,896)
At 31 December 2022, 31 December 2023 and 31 December 2024 . . . . .	(75,896)
	-----
<b>Carrying amount:</b>	
At 31 December 2022, 31 December 2023 and 31 December 2024 . . . . .	—
	=====



## Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGU identified according to country of operation and operating segment.

For the purpose of impairment testing, goodwill has been allocated to the CGU of Emitasvir and Furaprevir Combination Therapy Asset Group including patents and capitalised development costs related to a combination therapy with Emitasvir Phosphate and Furaprevir, and the recoverable amount of the Emitasvir and Furaprevir Combination Therapy Asset Group was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering thirteen-year period with reference to professional valuation reports issued by independent firm of professionally qualified valuers, Beijing KYSIN Assets Appraisal Co., Ltd.. The projection period was determined to be the remaining intellectual property rights protection period.

The key assumptions used for value-in-use calculations are as follows:

### (1) Revenue

Revenue is calculated based on the tax-exclusive selling price and the number of target patients relying on the drug, after considering the factors such as market environment, product launch time, patient population. The total market volume in the future is determined and predicted based on the forecast sales volume and market share.

### (2) Costs

The unit cost of the pharmaceutical products estimated by the Company is based on the detailed cost composition analysis and considering the necessary profits considered by API manufacturing enterprises and drug manufacturers.

### (3) Discount rate

	As of 31 December		
	2022	2023	2024
Pre-tax discount rate . . . . .	<u>12.75%</u>	<u>n/a</u>	<u>n/a</u>

The discount rate used is pre-tax and reflects specific risks relating to the Emitasvir and Furaprevir Combination Therapy Asset Group.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Based on the result of impairment test of Emitasvir and Furaprevir Combination Therapy Asset Group, the goodwill relating to the Emitasvir and Furaprevir Combination Therapy Asset Group has been fully impaired and further impairment of the intangible assets in Emitasvir and Furaprevir Combination Therapy Asset Group amounting to RMB42,998,000 are also recognised in "other income/(losses)" during the year ended 31 December 2022. The impairment loss of Emitasvir and Furaprevir Combination Therapy Asset Group relates to the delayed progress of the development of Emitasvir and Furaprevir Combination Therapy and the new market competitors introduced.



## 14 INVESTMENTS IN SUBSIDIARIES

## (a) Particulars of principal subsidiaries

As of the date of this report, the Company has direct or indirect interests in the following principal subsidiaries. The particulars of the subsidiaries are set out below:

Name of company	Place of establishment/ incorporation and business	Particulars of registered/ paid-in capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
Shenzhen HEC Testing Technology Co., Ltd. (notes (i) and (iii)) (深圳市東陽光檢測技術有限公司) .....	PRC	RMB210,000,000/ RMB210,000,000	100.00%	–	Product quality inspection
Dongguan HEC Biopharmaceutical R&D Co., Ltd. (notes (i) and (iii)) (東莞市東陽光生物藥研發有限公司) .....	PRC	RMB50,000,000/ Nil	100.00%	–	R&D and transfer of biosimilar drugs and new biologic
Dongguan HEC Generic Drug R&D Co., Ltd. (notes (i) and (iii)) (東莞市東陽光仿製藥研發有限公司) .....	PRC	RMB30,000,000/ Nil	100.00%	–	Generic drug research and production
Yichang HEC ChangJiang Pharmaceutical Co., Ltd. (note (ii)) (宜昌東陽光長江藥業股份有限公司) .....	PRC	RMB879,967,700/ RMB879,967,700	25.71%	25.71%	Drugs production, wholesale, retail and import and export
Dongguan Yangzhikang Pharmaceutical Co., Ltd. (notes (i) and (ii)) (東莞市陽之康醫藥有限責任公司) .....	PRC	RMB50,000,000/ RMB50,000,000	–	51.41%	R&D, production and sales of drugs and biological products
Guangdong HEC Biopharmaceutical Co., Ltd. (notes (i) and (ii)) (廣東東陽光生物制劑有限公司) .....	PRC	RMB530,000,000/ RMB530,000,000	–	51.41%	R&D, production and sales of drugs and biologics
Yichang HEC Medical Co., Ltd. (notes (i) and (ii)) (宜昌東陽光醫藥有限公司) .....	PRC	RMB2,000,000/ RMB2,000,000	–	51.41%	Drugs wholesale, retail and import and export
Yichang HEC Pharmaceutical Co., Ltd. (notes (i) and (ii)) (宜昌東陽光製藥有限公司) ...	PRC	RMB450,000,000/ RMB450,000,000	–	51.41%	Drugs production, wholesale and import and export
Yichang HEC Medical Technology Promotion Service Co., Ltd. (notes (i) and (vi)) (宜昌東陽光醫藥科技推廣服務有限公司) (“Yichang HEC Medical Technology”) .....	PRC	RMB50,000,000/ RMB46,500,000	–	51.41%	Pharmaceutical information consultation, analysis and investigation and pharmaceutical market promotion
Dongguan HEC Medical Co., Ltd. (notes (i) and (ii)) (東莞東陽光醫藥有限公司) (“Dongguan HEC Medical”) .....	PRC	RMB683,400,000/ RMB683,400,000	–	51.41%	R&D, production and sales of chemical raw material drugs and chemical preparations
HEC (Hong Kong) Sales Co., Limited (note (iv)) (香港東陽光銷售有限公司) (“Hong Kong HEC”) .....	Hong Kong	HKD2,290,220,000/ HKD2,290,220,000	100.00%	–	Pharmaceutical sales

Name of company	Place of establishment/ incorporation and business	Particulars of registered/ paid-in capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
HEC Pharm GmbH (note (vi)) ("Germany HEC") .....	Germany	EUR50,000/ EUR50,000	90.00%	–	Import, export and distribution of pharmaceutical products, intermediates, and active pharmaceutical ingredients
HEC Pharm USA Inc. (note (v)) ("US HEC") .....	The United State of America	USD1,500/ USD1,500	–	100.00%	Import, promotion, and sales of drugs

*Notes:*

- (i) The English translation of the above companies' names is for reference only. The official names of these companies are in Chinese.
- (ii) The statutory financial statements of these companies for the years ended 31 December 2022, 2023 and 2024 were audited by KPMG Huazhen LLP Guangzhou Branch (畢馬威華振會計師事務所(特殊普通合伙)廣州分所).
- (iii) The statutory financial statements of these companies for the years ended 31 December 2022 were audited by Pan-China Certified Public Accountants Sichuan Branch (天健會計師事務所四川分所). The statutory financial statements of these companies for the year ended 31 December 2023, 2024 were audited by Dongguan Dexinkang Accounting Firm (東莞市德信康會計師事務所有限公司).
- (iv) The statutory financial statements of Hong Kong HEC for the years ended 31 December 2022 and 2023 were audited by Conpak CPA Limited (康栢會計師事務所). The statutory financial statements of this company for the year ended 31 December 2024 have not yet been issued.
- (v) The statutory financial statements of US HEC for the year ended 31 December 2022 were audited by JTC Accountancy Corp. The statutory financial statements of this company for the years ended 31 December 2023 and 2024 have not yet been issued.
- (vi) As of the date of this report, no audited statutory financial statements have been prepared for Germany HEC and Yichang HEC Medical Technology for the years ended 31 December 2022, 2023 and 2024.
- (vii) All companies comprising the Group have adopted December 31 as their financial year end date.

(b) **Material non-controlling interests**

The following table lists out the information relating to HEC CJ Pharm, the only subsidiary of the Group which has material non-controlling interests (“NCI”). The summarised financial information presented below represents the amounts before any inter-company elimination.

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
NCI percentage .....	48.59%	48.59%	48.59%
Current assets .....	5,014,020	6,053,056	5,033,403
Non-current assets .....	6,875,779	6,691,273	7,395,812
Current liabilities .....	4,940,781	4,332,220	2,840,531
Net assets .....	6,070,001	7,935,513	8,508,196
Carrying amount of NCI .....	2,859,465	3,855,866	4,134,132

  

	Years ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Revenue .....	3,744,952	6,294,585	3,723,783
Profit and total comprehensive income attributable to equity shareholders of the subsidiary for the year .....	76,603	1,992,624	482,711
Profit allocated to NCI .....	37,221	968,216	234,549
Dividend paid to NCI .....	—	—	—
Cash flows from operating activities .....	1,699,909	1,673,212	89,418
Cash flows from investing activities .....	(1,120,161)	554,568	88,261
Cash flows from financing activities .....	(787,027)	(1,476,899)	(448,313)

(c) **Transaction with non-controlling interests**

*Acquisition of NCI from TaiGen Biopharmaceuticals Co. (Beijing), Ltd. (“TaiGen”)*

On 22 November 2023, the Company’s subsidiary HEC CJ Pharm entered into equity transfer agreement (“Equity Transfer Agreement 2023”) with the minority shareholder, TaiGen to acquired remaining 40% equity interests in the Company’s subsidiary Dongguan HEC Medical held by TaiGen. The consideration of the equity transfer was USD4,980,000 (equivalent to approximately RMB35,450,000). Upon completion of the equity transfer, HEC CJ Pharm became the sole shareholder of Dongguan HEC Medical and held 100% of the equity interests of Dongguan HEC Medical.

**15 FINANCIAL ASSETS/LIABILITIES MEASURED AT FVPL**

		As of 31 December		
	Note	2022	2023	2024
		RMB '000	RMB '000	RMB '000
<b>Non-current assets</b>				
– Investment in listed equity securities ..	(i)	–	19,587	17,066
<b>Current assets</b>				
– Investment in a trust investment scheme .....	(ii)	290,000	–	–
– Foreign currency option contracts ....	(iii)	–	18,686	–
– Investment in a private fund .....		–	–	3,839
		290,000	18,686	3,839
<b>Current liabilities</b>				
– Foreign currency option contracts ....	(iii)	–	(1,139)	–



- (i) The Group's investment in listed equity securities represented share holdings in Beijing Sunho Pharmaceutical Co., Ltd., a company listed in Beijing Stock Exchange and engaged in manufacturing and sales of pharmaceutical products. The Group classified its investment in listed equity securities to financial assets measured at FVPL, as the investment is held for strategic purposes.

During the year ended 31 December 2023 and 2024, the fair value change in respect of the Group's investment in listed equity securities recognised in consolidated statements of profit or loss amounted to a gain of RMB4,387,000 and a loss of RMB2,521,000 respectively.

- (ii) On 27 December 2022, the Group invested in a trust investment scheme established and managed by a trust company as the trustee with the principal of RMB290,000,000. Pursuant to the agreement, the trust scheme is designated to make the majority of its investments in debt and equity securities, while the principal and return of the investment are not guaranteed.

In March 2023, the Group redeemed all investment in the trust investment scheme with the principal amount of RMB290,000,000 at a total consideration of RMB294,645,000 and recognised investment income from this trust investment scheme of RMB4,645,000.

- (iii) The Group entered into foreign currency option contracts with banks to mitigate the currency risk arising from certain of its interest-bearing borrowings denominated in USD. All these option contracts are matured within one year. The carrying amount of foreign currency option contracts as a liability is included in the balance of trade and other payables (Note 21).

During the years ended 31 December 2023 and 2024, the fair value gain in respect of the Group's foreign currency option contracts recognised in profit or loss amounted to RMB17,547,000 and RMBB7,681,000 respectively.

## 16 PREPAYMENTS

### The Group

	Note	As of 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
<b>Non-current</b>				
Prepayments for intangible assets . . . . .	(i)	119,012	14,516	13,576
Prepayments for property, plant and equipment . . . . .		200,323	116,290	648,712
		319,335	130,806	662,288
		-----	-----	-----
<b>Current</b>				
Prepayments for materials . . . . .		41,653	32,715	66,063
Prepayments for services . . . . .		96,319	326,149	360,317
		137,972	358,864	426,380
		-----	-----	-----
		457,307	489,670	1,088,668
		=====	=====	=====



## The Company

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
<b>Non-current</b>			
Prepayments for intangible assets .....	553,638	8,381	7,441
Prepayments for property, plant and equipment ..	8,848	6,531	4,539
	<u>562,486</u>	<u>14,912</u>	<u>11,980</u>
<b>Current</b>			
Prepayments for materials .....	12,273	14,353	23,334
Prepayments for services .....	58,977	63,563	95,765
	<u>71,250</u>	<u>77,916</u>	<u>119,099</u>
	<u>633,736</u>	<u>92,828</u>	<u>131,079</u>

- (i) The Group's prepayments for intangible assets are mainly to acquire pharmaceutical products' know-how, intellectual property rights and ownership rights from Dongguan HEC Research Co., Ltd. (東莞東陽光藥物研發有限公司). As of 31 December 2022, 2023 and 2024, such prepayments of the Group are RMB109,691,000, RMB6,135,000 and RMB nil respectively.

## 17 INVENTORIES

### The Group

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Raw materials .....	236,375	334,967	412,554
Work in progress .....	73,510	102,955	123,689
Finished goods .....	51,627	85,265	198,770
Goods in transit .....	4,961	5,793	2,808
	<u>366,473</u>	<u>528,980</u>	<u>737,821</u>

### The Company

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Raw materials .....	18,099	93,796	59,250
Work in progress .....	8,290	18,579	13,124
Finished goods .....	249	1,033	12,541
Goods in transit .....	373	952	35
	<u>27,011</u>	<u>114,360</u>	<u>84,950</u>

The analysis of the amount of inventories recognised as an expense and included in profit and loss is as follows:

	Note	Years ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Carrying amount of inventories sold....		544,212	1,089,722	913,673
Write-down of inventories .....		59,732	24,405	44,650
Cost of inventories sold .....	6(c)	<u>603,944</u>	<u>1,114,127</u>	<u>958,323</u>

## 18 TRADE AND OTHER RECEIVABLES

### The Group

	Note	As of 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Trade receivables				
– Related parties.....	32(d)	–	1,643	484
– Third parties .....		692,714	1,827,441	1,478,085
		692,714	1,829,084	1,478,569
Bills receivable .....		127,545	93,889	388,561
Less: loss allowance .....	30(a)	(11,607)	(16,586)	(144,574)
		808,652	1,906,387	1,722,556
VAT recoverable .....		41,677	63,365	110,009
Other receivables				
– Related parties.....	32(d)	1,398,718	189	121
– Third parties .....		34,438	55,974	66,191
		1,433,156	56,163	66,312
Less: loss allowance .....		(9,062)	(7,427)	(4,584)
		1,465,771	112,101	171,737
Total .....		2,274,423	2,018,488	1,894,293

### The Company

	Note	As of 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Trade receivables				
– Related parties.....	32(d)	–	–	57
– Third parties .....		39,572	83,178	205,898
		39,572	83,178	205,955
Bills receivable .....		3,169	4,037	7,667
Less: loss allowance .....		(207)	(165)	(8,102)
		42,534	87,050	205,520
VAT recoverable .....		2,191	22,484	5,218
Other receivables				
– Related parties.....	32(d)	1,195,308	–	–
– Third parties .....		843,129	961,192	712,280
		2,038,437	961,192	712,280
Less: loss allowance .....		(5,258)	(2,702)	(1,643)
		2,035,370	980,974	715,855
Total .....		2,077,904	1,068,024	921,375

- (i) Bills receivable with a total carrying value of RMB10,667,000, RMB19,512,000 and RMB105,843,000 were pledged as securities of bank loans of the Group as of 31 December 2022, 2023 and 2024 (see Note 22(a)) respectively.
- (ii) Bills receivable with a total carrying value of RMB38,370,000, nil and RMB877,000 were pledged as securities of issuing bills payable by the Group as of 31 December 2022, 2023 and 2024 respectively.

## Ageing analysis

As of the end of each reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

### The Group

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Within 3 months . . . . .	710,461	1,655,532	862,710
More than 3 months but within 1 year . . . . .	98,137	250,733	793,625
More than 1 year . . . . .	54	122	66,221
	<u>808,652</u>	<u>1,906,387</u>	<u>1,722,556</u>

### The Company

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Within 3 months . . . . .	35,518	50,019	128,364
More than 3 months but within 1 year . . . . .	7,016	18,024	75,304
More than 1 year . . . . .	—	19,007	1,852
	<u>42,534</u>	<u>87,050</u>	<u>205,520</u>

Trade debtors are generally due within 0-90 days from the date of billing. Bills receivable is due in 3 months or 6 months from the date of billing. The Group's credit policy is set out in Note 30(a). All of the trade and other receivables of the Group are expected to be recovered within one year.

## 19 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION

### (a) Cash and cash equivalents comprise:

#### The Group

	Note	As of 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Cash on hand . . . . .		6	—	—
Cash at bank . . . . .		1,081,774	3,487,458	1,916,427
Less: restricted cash . . . . .	(i)	<u>(110,270)</u>	<u>(1,567,300)</u>	<u>(435,617)</u>
Cash and cash equivalents in the consolidated statements of financial position and consolidated statements of cash flows . . . . .		<u>971,510</u>	<u>1,920,158</u>	<u>1,480,810</u>



## The Company

	Note	As of 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Cash at bank .....		74,199	219,506	103,522
Less: restricted cash .....	(i)	(33,489)	—	(40,004)
Cash and cash equivalents in the statements of financial position .....		<u>40,710</u>	<u>219,506</u>	<u>63,518</u>

- (i) As of 31 December 2022, 2023 and 2024, restricted cash mainly represented as follows: (1) pledges to banks for issuance of bills payable, letters of credit and loans; (2) restricted accounts opened and held for the purpose of credit business and receiving investment funds; (3) funds borrowed for limited purposes of use.
- (ii) As of 31 December 2022, 2023 and 2024, cash at bank situated in Mainland China amounted to RMB1,075,548,000, RMB3,463,307,000 and RMB1,904,633,000 respectively. Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control.

### (b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Note	Years ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
(Loss)/profit before taxation.....		(1,479,823)	1,385,462	141,054
Adjustments for:				
Depreciation .....	6(c)	230,952	257,816	284,652
Amortisation .....	6(c)	167,722	162,125	133,392
Interest income .....	5	(52,828)	(88,893)	(62,283)
Finance costs .....	6(a)	686,884	380,591	239,787
Net (gain)/loss on disposal of property, plant and equipment.....	5	(699)	3,813	(18,142)
Impairment loss on intangible assets ..	5	190,423	468,726	68,308
Impairment loss on goodwill .....	5	75,896	—	—
Fair value change on investment in equity securities .....	5	—	(4,387)	2,521
Fair value change on derivative financial instruments embedded in convertible bonds .....	5	859,569	79,796	—
Net gain on foreign currency option contracts .....	5	—	(17,547)	(7,681)
Fair value change on investment in a private fund .....	5	—	—	734
Investment income from a trust investment scheme .....	5	—	(4,645)	—
Investment income from a private fund .....	5	—	—	(8,105)
Equity-settled share-based payment expenses .....	27	—	130,278	266,545
Share of loss/(profit) of an associate ..		—	29	(293)
Dividend income from listed equity securities .....	5	—	(247)	(309)
Net foreign exchange loss .....		280,301	34,268	4,220
Changes in working capital:				
Increase in inventories.....		(36,280)	(162,507)	(208,841)
(Increase)/decrease in trade and other receivables .....		(511,256)	46,418	1,436
Increase/(decrease) in trade and other payables .....		<u>1,006,713</u>	<u>(1,122,499)</u>	<u>(88,822)</u>
Cash generated from operations .....		<u>1,417,574</u>	<u>1,548,597</u>	<u>748,173</u>

(c) **Reconciliation of liabilities arising from financing activities**

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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.

		Bank loans and other borrowings	Lease liabilities	Interest- bearing borrowings	Financial instruments with preferential rights issued to investors	Non-trade payables/ (receivables)	Total
	Note	RMB '000 (Note 22)	RMB '000 (Note 23)	RMB '000 (Note 24)	RMB '000 (Note 25)	RMB '000	RMB '000
At 1 January 2022 ....		2,759,933	106,927	2,600,125	7,451,661	(1,179,851)	11,738,795
<b>Changes from financing cash flows:</b>							
Proceeds from bank loans .....		1,897,029	—	—	—	—	1,897,029
Proceeds from borrowings under sale and leaseback transactions .....		159,239	—	—	—	—	159,239
Repayments of bank loans .....		(1,499,069)	—	—	—	—	(1,499,069)
Payments for capital element of obligations arising from sale and leaseback transactions ..		(63,305)	—	—	—	—	(63,305)
Repurchase of convertible bonds....		—	—	(971,386)	—	—	(971,386)
Proceeds from issuance of new shares with preferential rights ...		—	—	—	38,000	—	38,000
Capital element of lease rentals paid .....		—	(36,806)	—	—	—	(36,806)
Interest element of lease rentals paid .....		—	(7,917)	—	—	—	(7,917)
Net advance from non-trade payables and receivables.....		—	—	—	—	2,369,734	2,369,734
Interest paid .....		(176,675)	—	(78,485)	—	(56,311)	(311,471)
Total changes from financing cash flows..		317,219	(44,723)	(1,049,871)	38,000	2,313,423	1,574,048
<b>Other changes:</b>							
Interest expense .....	6(a)	181,598	7,917	257,329	172,715	86,022	705,581
Interest income .....	5	—	—	—	—	(44,801)	(44,801)
Fair value change on derivative financial instruments embedded in convertible bonds ..	24(iv)	—	—	859,569	—	—	859,569
Derecognition of financial instruments with preferential rights issued to investors ...		—	—	—	(7,662,376)	—	(7,662,376)
Net increase in lease liabilities from entering into new leases and early termination .....		—	46,179	—	—	—	46,179
Derecognition of bank loans .....	(i)	(1,576)	—	—	—	—	(1,576)
Exchange adjustment ...		—	—	239,811	—	—	239,811
At 31 December 2022 ..		3,257,174	116,300	2,906,963	—	1,174,793	7,455,230

	<i>Note</i>	<b>Bank loans and other borrowings</b>	<b>Lease liabilities</b>	<b>Interest- bearing borrowings</b>	<b>Non-trade payables/ (receivables)</b>	<b>Total</b>
		<i>RMB '000 (Note 22)</i>	<i>RMB '000 (Note 23)</i>	<i>RMB '000 (Note 24)</i>	<i>RMB '000</i>	<i>RMB '000</i>
At 1 January 2023 .....		3,257,174	116,300	2,906,963	1,174,793	7,455,230
<b>Changes from financing</b>						
<b>cash flows:</b>						
Proceeds from bank loans...		2,682,215	—	—	—	2,682,215
Proceeds from borrowings under sale and leaseback transactions .....		691,914	—	—	—	691,914
Repayments of bank loans ..		(1,123,929)	—	—	—	(1,123,929)
Payments for capital element of obligations arising from sale and leaseback transactions .....		(256,699)	—	—	—	(256,699)
Repurchase of convertible bonds .....		—	—	(3,047,989)	—	(3,047,989)
Capital element of lease rentals paid .....		—	(35,452)	—	—	(35,452)
Interest element of lease rentals paid .....		—	(6,074)	—	—	(6,074)
Net repayment of non-trade payables and receivables .....		—	—	—	(1,225,814)	(1,225,814)
Interest (paid)/received ....		(244,064)	—	(66,678)	52,845	(257,897)
Total changes from financing cash flows .....		1,749,437	(41,526)	(3,114,667)	(1,172,969)	(2,579,725)
<b>Other changes:</b>						
Interest expense .....	6(a)	252,929	6,074	92,178	36,958	388,139
Interest income .....	5	—	—	—	(38,782)	(38,782)
Fair value change on derivative financial instruments embedded in convertible bonds .....		—	—	79,796	—	79,796
Net increase in lease liabilities from entering into new leases and early termination .....		—	19,433	—	—	19,433
Derecognition of bank loans .	(i)	(8,845)	—	—	—	(8,845)
Exchange adjustment .....		(185)	—	35,730	—	35,545
At 31 December 2023 .....		5,250,510	100,281	—	—	5,350,791



	Note	Bank loans and other borrowings	Lease liabilities	Total
		RMB '000 (Note 22)	RMB '000 (Note 23)	RMB '000
At 1 January 2024 .....		5,250,510	100,281	5,350,791
<b>Changes from financing cash flows:</b>				
Proceeds from bank loans .....		3,100,917	—	3,100,917
Proceeds from borrowings under sale and leaseback transactions .....		379,556	—	379,556
Repayments of bank loans .....		(3,792,158)	—	(3,792,158)
Payments for capital element of obligations arising from sale and leaseback transactions .....		(478,177)	—	(478,177)
Capital element of lease rentals paid .....		—	(35,829)	(35,829)
Interest element of lease rentals paid .....		—	(6,508)	(6,508)
Interest paid .....		(105,172)	—	(105,172)
Total changes from financing cash flows .....		(895,034)	(42,337)	(937,371)
<b>Other changes:</b>				
Interest expense .....	6(a)	253,282	6,508	259,790
Net increase in lease liabilities from entering into new leases and early termination .....		—	76,436	76,436
Derecognition of bank loans .....	(i)	(86,331)	—	(86,331)
Exchange adjustment .....		(39,134)	—	(39,134)
At 31 December 2024 .....		4,483,293	140,888	4,624,181

(i) The amount represents the derecognition of bank loans of discounted bills with recourse upon the maturity of respective bills receivable for the years ended 31 December 2022, 2023 and 2024.

## 20 CONTRACT LIABILITIES

### The Group

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
<b>Sales of goods</b>			
– Billing in advance of performance .....	84,528	117,375	155,019

### The Company

	As of 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
<b>Research and development projects</b>			
– Billing in advance of performance .....	1,168,908	784,872	901,502
<b>Sales of goods</b>			
– Billing in advance of performance .....	9,033	13,354	91,642
	1,177,941	798,226	993,144

Contract liabilities are recognised when customers make a payment after billing before the Group satisfies its performance obligation until they receive the goods or the milestones of project work are completed.

#### Movements in contract liabilities

##### The Group

	Years ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Balance at 1 January .....	87,136	84,528	117,375
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year .....	(75,568)	(70,241)	(76,776)
Increase in contract liabilities as a result for billing in advance of sales of goods .....	72,960	103,088	114,420
Balance at 31 December .....	<u>84,528</u>	<u>117,375</u>	<u>155,019</u>

##### The Company

	Years ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Balance at 1 January .....	1,189,728	1,177,941	798,226
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year .....	(268,223)	(609,880)	(116,988)
Increase in contract liabilities as a result of billing in advance for research and development projects .....	247,861	221,486	226,091
Increase in contract liabilities as a result of billing in advance for sales of goods .....	8,575	8,679	85,815
Balance at 31 December .....	<u>1,177,941</u>	<u>798,226</u>	<u>993,144</u>

The amount of contract liabilities expected to be recognised as income after more than one year of the Group is RMB10,854,000, RMB8,402,000 and RMB58,743,000 as of 31 December 2022, 2023 and 2024 respectively. The amounts of contract liabilities expected to be recognised as income after more than one year of the Company is RMB627,520,000, RMB781,372,000 and RMB926,742,000 as of 31 December 2022, 2023 and 2024 respectively. All of the other contract liabilities are expected to be recognised as income within one year.