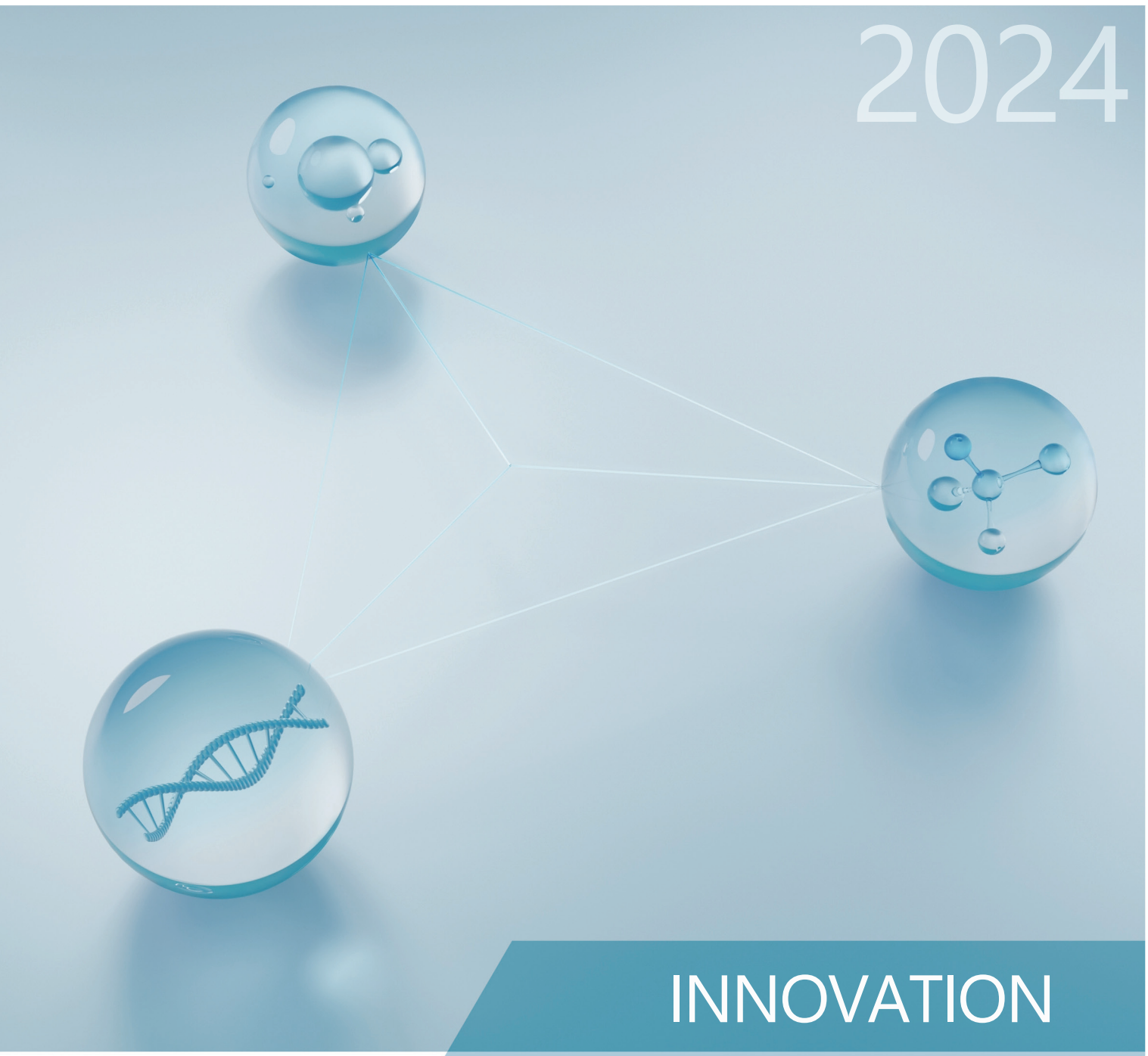
石藥集團有限公司
CSPC PHARMACEUTICAL GROUP LIMITED
(Stock Code : 1093)

Annual Report 2024



INNOVATION

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Corporate Information

Board of Directors

Executive Directors

CAI Dongchen *(Chairman)*
ZHANG Cuilong *(Vice-Chairman and CEO)*
WANG Zhenguo
PAN Weidong
WANG Huaiyu
LI Chunlei
YAO Bing
CAI Xin
CHEN Weiping

Independent Non-executive Directors

WANG Bo
CHEN Chuan
WANG Hongguang
AU Chun Kwok Alan
LAW Cheuk Kin Stephen
LI Quan

Audit Committee

AU Chun Kwok Alan *(Chairman)*
WANG Bo
CHEN Chuan

Nomination Committee

CAI Dongchen *(Chairman)*
WANG Bo
CHEN Chuan

Remuneration Committee

AU Chun Kwok Alan *(Chairman)*
WANG Bo
CHEN Chuan

Company Secretary

LO Tai On

Registered Office

Suite 3206
32nd Floor
Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Stock Exchange

The Stock Exchange of Hong Kong Limited

Stock Code

1093

Website

www.cspc.com.hk

Financial Highlights

	2024	2023	Change
(in RMB'000, unless otherwise stated)			
Revenue by business units:			
Finished drugs	**23,736,157**	25,637,134	-7.4%
Bulk products	**3,583,163**	3,641,328	-1.6%
Functional food and others	**1,689,934**	2,171,647	-22.2%
Total revenue	**29,009,254**	31,450,109	-7.8%
Profit attributable to shareholders			
Underlying profit *(Note)*	**4,682,909**	6,275,253	-25.4%
As reported	**4,328,035**	5,873,325	-26.3%
Earnings per share *(RMB cents)*			
Based on underlying profit attributable to shareholders			
— Basic	**39.90**	52.86	-24.5%
— Diluted	**39.90**	52.85	-24.5%
Based on profit attributable to shareholders as reported			
— Basic	**36.87**	49.47	-25.5%
— Diluted	**36.87**	49.47	-25.5%
Final dividend per share *(HK cents)*	**10.00**	14.00	-28.6%
Full-year dividend per share *(HK cents)*	**26.00**	28.00	-7.1%

Note: Underlying profit attributable to shareholders, a non-HKFRS measure, represents profit attributable to shareholders before taking into account fair value loss on financial assets measured at fair value through profit or loss ("FVTPL"), employee share-based compensation expenses and gain on deemed disposal of partial interests in an associate. Reconciliation between the reported and underlying profit is provided on pages 31 to 32 of this report.

CHAIRMAN'S STATEMENT

Results

In 2024, the profit attributable to shareholders was RMB4,328 million, compared with RMB5,873 million in 2023. The underlying profit attributable to shareholders for the year (excluding fair value loss on financial assets measured at fair value through profit or loss, employee share-based compensation expenses and gain on deemed disposal of partial interest in an associate) was RMB4,683 million, compared with RMB6,275 million in 2023.

Dividend and Share Buy-Backs

The Board recommended a final dividend of HK10 cents per share for 2024. Subject to the approval of shareholders at the forthcoming annual general meeting, the proposed final dividend will be paid on 18 July 2025 to shareholders whose names appear on the register of members on 9 June 2025. Together with an interim dividend of HK16 cents per share, the full-year dividend for 2024 amounted to HK26 cents per share, a decrease of 7.1% as compared to 2023.

In the first half of 2024, the Company completed share buy-back of HK$387 million. On 21 August 2024, the Company announced a further share buy-back of up to HK$1 billion, which was completed in November 2024. On 19 September 2024, the Company announced a further share buy-back of up to HK$5 billion within 24 months, and HK$334 million has been utilised as of 31 December 2024. A total of 340,168,000 shares have been repurchased during the year.

Industry Review

In 2024, China's pharmaceutical industry ushered in new opportunities and challenges for development driven by policies such as deepening reforms and strengthened regulations. In the field of innovation, the Implementation Plan for Full-Chain Support for the Development of Innovative Drugs explicitly proposed to strengthen policy support in an all-round way and pool resources from various parties to promote breakthrough developments in innovative drugs. In terms of payment reform, the National Healthcare Security Administration continued advancing reforms in medical insurance payment methods, with the DRG (Diagnosis Related Groups) and DIP (Disease-Intervention Packet) payment models being implemented in more regions.

At the same time, the 2024 National Reimbursement Drug List negotiation further focused on the inclusion of innovative drugs. Among the 91 newly added drugs, 90 were newly launched within the past five years, and 38 were "global new" innovative drugs, hitting historical highs in terms of both proportion and absolute quantity. These concrete actions have incentivised enterprises to engage in original innovation, and propelled domestic enterprises of innovative drugs towards a higher-level of technological breakthroughs.

The number of innovative chemical and biological drugs newly approved for marketing during the year also reached an all-time high. The launch of these innovative drugs has expanded the clinical treatment options and promoted the transformation and upgrading of the pharmaceutical industry. In addition, China's pharmaceutical companies set new highs in terms of the scale of out-licensing collaborations, with multiple innovative drugs successfully entering the European and American markets and obtaining marketing approvals. This demonstrates a gradual improvement in R&D and innovation capabilities of China's pharmaceutical companies over the years, further aligning them with international standards.

Artificial intelligence (AI) technology is accelerating its empowerment in the pharmaceutical and healthcare industries, driving industrial upgrades, and has broad application prospects in the fields of medicine and health. With a forward-looking vision, the Group has taken the lead in applying AI technology to key aspects such as R&D and manufacturing. In particular, our independently developed AI-driven small molecule drug design platform has successfully developed YS2302018 and SYH2039, which have been licensed to AstraZeneca and BeiGene, respectively. These two licensing deals not only demonstrate the Group's leading position in the field of AI-driven drug development but also provide a strong support for future innovative development.

Business Review

The Group underwent organisational restructuring and established a more flattened organisational structure in 2024. This series of management reforms effectively reduced operating costs and significantly enhanced the organisational flexibility and decision-making efficiency, establishing a solid foundation for the steady development of the Group in the complex and ever-changing market environment.

In 2024, the Group faced significant challenges, with the pressure from centralised volume-based procurement being particularly notable. The prices of two products of the Group, Jinyouli and Duomeisu, were reduced by approximately 58% and 23%, respectively, after being included in the centralised volume-based procurement of the Beijing-Tianjin-Hebei "3+N" Alliance. Following the gradual implementation of the centralised volume-based procurement in the relevant provinces starting from March 2024, the revenue from these two products experienced a substantial decline. However, several new products launched in recent years, including Mingfule (recombinant human TNK tissue-type plasminogen activator for injection), Duoenyi (irinotecan hydrochloride liposome injection), Duoenda (mitoxantrone hydrochloride liposome injection), Yishuning (nifedipine controlled-release tablets), Geruite (lenvatinib mesilate capsules) and Enliwei (lacosamide injection/ lacosamide tablets), achieved rapid growth and contributed significantly to sales.

In addition, a number of blockbuster drugs, such as the new indication of Mingfule for the treatment of acute ischemic stroke patients, Enshuxing (enlonstobart injection) and the first monoclonal antibody biosimilar Enyitan (omalizumab for injection), were approved for marketing in 2024. The approval of these new indications/new products provides a solid foundation for the growth of the Group's sales revenue, and have also led to a more balanced product portfolio across various therapeutic areas.

The Group continued to increase R&D investments, with steady improvements in R&D efficiency. The R&D and clinical development of innovative drugs were progressing as planned. In 2024, the Group obtained 16 marketing approvals, 66 clinical trial approvals and 3 breakthrough therapy designations, among which, several are blockbuster products with global patents and high market value.

In terms of internationalisation, the Group has moved forward steadily. By newly establishing a preparation sales company in the United States and a new drug development division in Southeast Asia, the Group is committed to accelerating the project initiation and expansion of various types of high-end products such as high-end complex injectable preparations, monoclonal and bispecific antibody drugs and inhalants in the European and American markets. At the same time, we have set up companies in countries along the "Belt and Road", such as Singapore, Thailand, Malaysia and Vietnam, to promote product registration and sales. In Indonesia and the Philippines, we have collaborated with strategic customers to carry out business development for new drugs, continuously enhancing the contribution of our overseas business through a series of measures.

In terms of business expansion, the Group has completed the in-licensing of one project and the out-licensing of three projects during the year. For in-licensing, the Group has obtained the rights to develop and commercialise JSKN003 (a biparatopic HER2-targeting antibody-drug conjugate) in mainland China from Jiangsu Alphamab. For out-licensing, we have reached collaboration agreements with internationally renowned pharmaceutical companies to license the global rights of a preclinical-stage Lp(a) small molecule inhibitor to AstraZeneca, the global rights of a novel methionine adenosyltransferase 2A (MAT2A) inhibitor to BeiGene, and the development and commercialisation rights of the antibody-drug conjugate SYS6005 in several countries including the United States and the United Kingdom to Radiance Biopharma, Inc. Such collaborations mark the international recognition of the Group's innovation capabilities and also enhance our global reputation, paving the way for expanding international markets and deepening international cooperation.

The Group attaches great importance to its ESG standard and is committed to creating a green, harmonious and sustainable development path, improving corporate governance and actively giving back to society. The MSCI ESG rating of the Company has remained at A for four consecutive years.

Outlook

We strongly believe that R&D innovation is the core competitiveness of a pharmaceutical enterprise. Looking forward, the Group will continue to focus on in-house pipeline development with our existing eight innovative R&D platforms, adhere to a clinical demand-oriented approach and endeavor to expand into new therapeutic targets. Besides, the Group will actively venture into emerging fields such as gene therapy and cell therapy. Concurrently, we will further enhance the application of AI technology and broaden our AI-driven drug development platform based on our existing AI platform. This will enable us to empower pharmaceutical innovation with technological advancement, accelerate our transformation into an AI-enabled pharmaceutical company, and holistically improve R&D efficiency.

In terms of internationalisation, we will expedite the R&D, regulatory approval and commercialisation processes of key innovative drugs in overseas markets, and increase our market share through cooperation with international commercial companies. Furthermore, we will intensify our out-licensing initiatives and license the rights of a number of innovative drugs to international pharmaceutical companies. Leveraging our partners' global sales networks and clinical capabilities, we will accelerate the product internationalisation, delivering more innovative results to the global market and showcasing the strength of pharmaceutical innovation.

The Group will actively seize policy opportunities and adhere to the "dual-driver" of innovation and internationalisation. The Group is also committed to the philosophy of "All for Better Medicine, All for a Healthier World", striving to become an innovative pharmaceutical company with international influence.

Appreciation

I would like to take this opportunity to express my gratitude to all staff for their dedication and diligence, and to all our shareholders, business partners and customers for their continued support.

CAI Dongchen
Chairman

28 March 2025

Management Discussion and Analysis

Overview

The Group is an innovation-driven pharmaceutical enterprise integrating R&D, manufacture and sales. With the corporate mission of "All for Better Medicine, All for a Healthier World", the Group is committed to developing innovative products to address unmet clinical needs and provide cutting-edge treatment options for patients.

"Leading Innovation and Creating an Excellent CSPC" is the core vision of CSPC people. Under the leadership of the Chairman, consistently adhering to the dual-drive strategy of "innovation and internalisation", the Group has continuously increased its investment in R&D, promoted the R&D team and capability building, enhanced its domestic and international competitiveness, which provides the driving force for the long-term sustainable development of the Group.

The Group has built an internationalised R&D team with more than 2,000 professionals and R&D centers located in Shijiazhuang, Shanghai, Beijing and the US respectively, focusing on key therapeutic areas such as oncology, psychiatry and neurology, cardiovascular, immunology and respiratory, digestion and metabolism, and anti-infectives, etc..

The Group has made outstanding contributions towards safeguarding the safety of people's lives and enhancing industrial competitiveness. The Group had taken the initiative to successfully develop the first Class 1 new drug NBP in the field of stroke before other domestic enterprises were paying attention to innovative drugs, benefiting more than 40 million patients; in order to solve the problem of bone marrow suppression in tumor chemotherapy, the first long-acting white blood cell booster drug Jinyouli was developed in China; we independently developed the China's first COVID-19 mRNA vaccine in response to the national call during the COVID-19 pandemic, achieving a breakthrough in mRNA vaccines in China; in order to further meet the emergency needs of stroke patients, we developed the first thrombolytic drug Mingfule that can be administered in ambulances in China; we took the lead in the R&D and launch of several nano-formulations in China, such as Duomeisu, Keaili, Duoenyi, Anfulike and Duoenda, which successfully broke the technological monopoly of foreign countries, significantly reduced the cost of medication and benefited countless patients.

The Group has achieved rapid advancements in innovative drug research and development with innovative achievements continuously emerging. In the field of large molecules, we successfully built a leading anti-body drug conjugate (ADC) platform with more than 10 ADC products entering into different clinical stages, and took the initiative to license ADCs such as Claudin 18.2, Nectin 4 and ROR 1 to overseas companies; in the field of small molecules, the Group took the lead in using AI technology for design and screening, and successfully licensed small molecule drugs such as Lp(a) and MAT2A to international companies, setting off a wave of domestic AI design of small molecule drugs; in the field of cell therapy, the Group was the first in the world to advance LNP/mRNA-based CAR-T therapy to clinical trial for the treatment of multiple myeloma, systemic lupus erythematosus and myasthenia gravis; in terms of long-acting drug administration technology, an in situ gel platform has been created to advance long-acting agents such as octreotide, semaglutide and leuprorelin to clinical trial; in terms of nano-formulation, the Group invented new albumin nano-delivery technology. In a head-to-head comparative study, product candidate paclitaxel (albumin-bound) II demonstrated better efficacy and safety results compared to the paclitaxel albumin preparation. Docetaxel, sirolimus and other albumin preparations have entered the stage of registrational clinical trials; the research and development of small nucleic acid drugs also ranks in the first echelon in China, products such as PCSK9 and AGT have successively entered clinical trials; the development of mRNA vaccines has expanded from preventive vaccines to therapeutic vaccines, and the clinical trials of a number of vaccine products such as VZV and HPV are actively progressing. As a whole, in terms of technology, the Group has established eight innovative technology R&D platforms, encompassing nano-formulation, messenger RNA (mRNA), small interfering RNA (siRNA), antibody/fusion protein, cell therapy, and antibody-drug conjugates (ADC), which provide strong support for the R&D in innovative drugs.

Our efforts and dedications have been recognised by the government, regulatory authorities and various sectors of society. The Group is recognised as a "National Innovative Enterprise" with two national key laboratories, i.e. "National Key Laboratory for New Pharmaceutical Preparations and Excipients" and "National Engineering Laboratory of Chiral Drugs". It is also the "National Enterprise Technology Center" and the only "National Nano Intelligent Manufacturing Industry Innovation Center" (jointly built with the National Institute of Nanotechnology Innovation in the Guangdong-Hong Kong-Macao Greater Bay Area) in China, among which the National Key Laboratory and National Enterprise Technology Center was rated as Excellent in the previous evaluations. The Group has also won the Second Prize of the National Award for Science and Technology Progress four times, China Grand Awards for Industry twice and China Patent Gold Prize three times.

The Group's R&D achievements (such as Mingfule, NBP and mRNA vaccines) have been published multiple times in the top international journals such as *The New England Journal of Medicine* and *The Lancet*, and have rewritten the Chinese or even international diagnosis and treatment guidelines. Other products including mitoxantrone liposomes, EGFR ADC, EGFR monoclonal antibody, SYH1813 and docetaxel (albumin-bound) have been selected for oral presentations at American Society of Clinical Oncology (ASCO), European Society for Medical Oncology (ESMO), American Society of Hematology (ASH) and other international conferences, receiving good international response and wide attention from the industry.

The Group has rich innovation pipelines and has ranked among the top 25 pharmaceutical companies by size of pipeline by Citeline for two consecutive years. At present, more than 200 innovative drugs and preparations are under research and development, including over 90 large molecule drugs, over 60 small molecule drugs, over 50 new preparations and more than 160 clinical trials in progress, nearly 60 of which were in the phase III clinical trials. EGFR ADC, Nectin 4 ADC, HER2 bispecific antibody, sirolimus albumin preparation and other developed products have been granted breakthrough therapy designation and fast track designation by Chinese and US regulatory authorities. It is expected that, by the end of 2028, there will be more than 50 new drugs/new indications to be submitted for marketing approval application. Examples of some of the core drugs in several areas are as follows:

In the field of breast cancer, our products include paclitaxel (albumin-bound) II for the treatment of advanced breast cancer, KN026 in combination with docetaxel (albumin-bound) for HER2-positive breast cancer neoadjuvant therapy and HER2-positive breast cancer first-line treatment, sirolimus albumin preparation (granted breakthrough therapy designation) in combination with fluvestrant for the second-line treatment of HR-positive/HER2-negative breast cancer, JSKN003 for the treatment of HER2-positive breast cancer in second-line and beyond, and for the treatment of HER2-low expression breast cancer in second-line and beyond.

In the field of lung cancer, our products include EGFR ADC for the treatment of EGFR mutated non-small cell lung cancer in second-line and beyond (granted breakthrough therapy designation and fast track designation), glumetinib tablets (granted breakthrough therapy designation) in combination with oxetinib for the treatment of MET amplification or overexpression in non-small cell lung cancer after EGFR-TKI resistance, JMT101 in combination with ohitinib for the first-line treatment of EGFR classical mutated non-small cell lung cancer.

In the field of gastrointestinal tumors, our products include KN026 for second-line treatment of HER2-positive gastric cancer (granted breakthrough therapy designation), cimetinib tablets for second-line treatment of esophageal squamous cell carcinoma, docetaxel (albumin-bound) for advanced pancreatic cancer and second-line treatment of gastric cancer.

In the cardiovascular and metabolic field, our products include TG103 for the treatment of diabetes and obesity, prugliptin metformin sustained-release tablets and prugliptin daglizin sustained-release metformin tablets for the treatment of diabetes, valsartan maleate levamlodipine tablets for the treatment of hypertension.

The successive market launches of these products will address the unmet clinical needs and benefit many patients, while also fully demonstrating the core value of the Group's pipelines, enhancing the Group's competitiveness in the industry, and providing continuous momentum for the Group's development. At the same time, this also signifies that the Group has quickly passed the painful period of transformation and is steadily moving towards a path of sustainable development.

The Group possesses strong commercialisation capabilities and has currently established a professional sales team of over 10,000 individuals, extensively covering medical institutions across the country. We are actively expanding into lower-tier markets and developing the potential of county-level markets to provide high-quality drugs to the grass roots. Through patient-centric and clinical-data driven academic promotions, the Group's sales team has successfully nurtured a number of market-leading core products. This robust sales team and extensive commercialisation experience provide strong safeguards for the sales performance of the Group's innovative drugs to be launched on the market.

Business Review

Finished Drug Business

In 2024, the Group proactively responded to the challenges amidst the complex and volatile market environment and continued to adopt the strategies of hospital coverage expansion, lower-tier market penetration, retail channel development, expansion of the clinical applications and professional academic promotion to drive the business of finished drug products. During the year, market expansion efforts for the newly launched drugs progressed in an orderly manner, with a number of drugs successfully included in national volume-based procurement (VBP) or the National Reimbursement Drug List (NRDL), which boosted sales and led to a more balanced product portfolio.

The finished drug business recorded a revenue of RMB23,736 million (including licence fee income of RMB17.83 million) for the year, a decrease of 7.4% compared to the previous year. Sales by major therapeutic areas are as follows:

Therapeutic Area	Sales in 2024 *(RMB' million)*	Change
Nervous system	**9,645**	+6.1%
Oncology	**4,400**	–28.3%
Anti-infectives	**4,086**	–3.5%
Cardiovascular	**2,079**	–14.8%
Respiratory system	**1,199**	–23.1%
Digestion and metabolism	**1,051**	+18.1%
Others	**1,258**	+0.8%

Nervous System

Major products include NBP (恩必普®) (butylphthalide soft capsules/injection), Mingfule (明復樂®) (recombinant human TNK tissue-type plasminogen activator for injection), Shuanling (舒安靈®) (pentoxifylline extended-release tablets/injection), Enliwei (恩理維®) (lacosamide injection/tablets), Enxi (恩悉®) (pramipexole dihydrochloride tablets), Oushuan (歐舒安®) (paliperidone extended-release tablets) and Oulaining (歐來寧®) (oxiracetam capsules/oxiracetam for injection).

During the year, NBP, Enliwei and Oushuan maintained stable growth, while Shuanling and Oulaining experienced significant sales declines due to market condition. A new indication of Mingfule for the treatment of acute ischemic stroke patients received marketing approval, bringing new growth momentum to this therapeutic area.

- NBP is a Class 1 new chemical drug and a patent-protected exclusive product indicated for the treatment of acute ischemic stroke. The product is recommended by many professional organisations and guidelines and is one of the major drugs for this indication. The new NRDL price of NBP will be implemented in 2025, which will further improve the accessibility of the product.

- Mingfule is a third-generation thrombolytic drug with its own intellectual property rights. The market potential of the product has been significantly expanded through expansion of indication from the field of cardiovascular to nervous system. The product is the first of its kind to be approved in China for the thrombolytic treatment in patients with acute ischemic stroke and has been included in the several clinical treatment guidelines. In December 2024, the General Office of the National Health Commission published the Guideline for Prevention and Treatment of Cerebrovascular Disease (2024 Edition), which clearly recommended Mingfule (TNK) as the preferred medication for intravenous thrombolysis. This recommendation further validates the important role of Mingfule in clinical applications.

Oncology

Major products include Jinyouli (津優力®) (PEG-rhG-CSF injection), Duomeisu (多美素®) (doxorubicin hydrochloride liposome injection), Keaili (克艾力®) (paclitaxel for injection (albumin-bound)), Duoenyi (多恩益®) (irinotecan hydrochloride liposome injection), Duoenda (多恩達®) (mitoxantrone hydrochloride liposome injection), Geruite (戈瑞特®) (lenvatinib mesilate capsules), Enshuxing (恩舒幸®) (enlonstobart injection) and Jinlitai (津立泰®) (narlumosbart injection).

Sales of this therapeutic area decreased significantly in 2024, mainly due to the price cuts of approximately 58% and 23% for Jinyouli and Duomeisu, respectively, at the volume-based procurement ("VBP") in the Beijing-Tianjin-Hebei "3+N" Alliance, which has been gradually implemented in the related provinces since March 2024. Duomeisu was subsequently selected in the tenth batch of national centralised procurement catalogue, with the winning bid price further reduced to RMB98 per unit, which is expected to be implemented in April 2025. The significant decrease in product price is expected to exert great pressure on the sales revenue of the oncology therapeutic area.

On the other hand, the sales of newly launched products, such as Duoenyi, Duoenda and Jinlitai, continued to grow during the year, providing new growth drivers.

- Duoenyi is the first generic irinotecan hydrochloride liposome injection in China. It was approved in September 2023 for use in combination with 5-fluorouracil (5-FU) and leucovorin (LV) for the treatment of patients with metastatic pancreatic cancer that have progressed after receiving gemcitabine treatment. The 2024 CSCO Guidelines recommend the combination regimen as a Class II recommendation for the treatment of metastatic pancreatic cancer in second-line and beyond and for inclusion in the first-line treatment of pancreatic cancer. The marketing efforts currently focus on gastrointestinal stromal tumors, including pancreatic cancer, biliary tract tumors, and colorectal cancer.

- Duoenda, a Class 2 new chemical drug developed by the Group, which was approved for marketing in early 2022 and included in the NRDL in 2023 for the treatment of relapsed/refractory peripheral T-cell lymphoma, is the world's first mitoxantrone liposomal formulation on the market with patents in several countries. Currently, the product is under active exploration and research in the field of hematological tumors and solid tumors including diffuse large B-cell lymphoma, acute myeloid leukemia and nasopharyngeal cancer.

- Enshuxing is a Class 1 new therapeutic biological drug, for which the Group owns the invention patent and complete independent property rights. The product obtained marketing approval in June 2024 and was included in the NRDL in the same year. The median survival (mOS) of patients with recurrent metastatic cervical cancer treated with monotherapy for second-line and beyond treatment was up to 21.3 months, which was significantly better than the efficacy of similar products. Since its market launch, the product has rapidly increased in sales volume. The marketing efforts of the product currently focus on gynecological tumors, including cervical cancer and endometrial cancer, and will be expanded to esophageal squamous carcinoma, colorectal cancer and other solid tumors in the future.

- Jinlitai, a Class 1 new therapeutic biologic drug approved for marketing in September 2023 and included in the NRDL in 2024, is the world's first IgG4 RANKL inhibitor developed by the Group, and is indicated for the treatment of giant cell tumor of bone, tumor bone metastasis and the improvement of osteoporosis. Compared with denosumab, Jinlitai has a faster onset of action (median time to tumor response of 0.95 month for narlumosbart compared to 3.1 months for denosumab) and good safety profile. Narlumosbartmab has been included in the recommendation of the Chinese Clinical Guidelines on Diagnosis and Treatment of Lung Cancer Bone Metastasis (2024 Edition). Currently, Jinlitai is also under active exploration and research in the fields of tumor bone metastasis and osteoporosis.

Anti-infectives

Major products include Anfulike (安複利克®) (amphotericin B cholesteryl sulfate complex for injection), Weihong (維宏®) (azithromycin tablets/capsules/enteric tablets, azithromycin for injection), Shuluoke (舒羅克®) (meropenem for injection), Nuomoling (諾莫靈®) (amoxicillin capsules), Xianqu (先曲®) (ceftriaxone sodium for injection), Xianwu (先伍®) (cefazolin sodium for injection) and Oujian (歐健®) (cefixime capsules), etc.

During the reporting period, sales of anti-infective products remained stable. With continuous academic promotion of Anfulike, the sales increased significantly. The sales of Weihong and Shuluoke declined due to market demand.

- Anfulike was approved for marketing through priority review in March 2021 and included in the NRDL in the same year for the treatment of patients with invasive fungal infections. This product has undergone modifications of lipid structure, which significantly reduce the incidence of nephrotoxicity and hypokalaemia, expand the applicable population, and lower the medical cost. It is recommended jointly by the State Ministry of Industry and Health Care Commission as a "clinically urgent, market-deficient" drug.

Cardiovascular

Major products include Xuanning (玄寧®) (maleate levamlodipine tablets/dispersible tablets), Encun (恩存®) (clopidogrel bisulfate tablets), Abikang (阿比康®) (aspirin enteric tablets), Yishuning (意舒寧®) (nifedipine controlled-release tablets), Mingfule (明復樂®) (recombinant human TNK tissue-type plasminogen activator for injection), Daxinning (達新寧®) (dronedarone hydrochloride tablets) and Meiluolin (美洛林®) (ticagrelor tablets).

Sales in this therapeutic area declined in 2024 primarily because Xuanning was not selected in the eighth batch of national VBP in 2023, resulting in a significant impact on its sales in hospitals that strictly implemented the VBP policy, and its sales revenue continued to decline. In contrast, the sales revenues of Encun, Yishuning, Meiluolin and Abikang recorded steady growth.

- Xuanning is mainly used for the treatment of hypertension, chronic stable angina and variant angina, and is a product in the NRDL and essential drug list. The Group will continue to adopt all-channel promotion strategy, deepen the expansion into lower-tier and private markets, and at the same time enhance promotion in retail markets and online sales channel, so as to fully unleash the brand influence of the product.

- Encun is a platelet aggregation inhibitor, which is mainly used to prevent atherosclerotic thrombotic events such as myocardial infarction and ischemic stroke. The product is the only domestically produced clopidogrel in China that has obtained the US FDA approval and was included in the national VBP. We will continue to strengthen lower-tier market penetration to further improve accessibility of the product.

- Mingfule is a third-generation thrombolytic drug with its own intellectual property rights, focusing on the thrombolysis treatment in patients with acute myocardial infarction within 6 hours of onset. It is a preferred thrombolytic drug recommended by authoritative guidelines, including the Guidelines for the Rational Medication for Thrombolytic Treatment of Acute ST-Segment Elevation Myocardial Infarction (2nd Edition), Chinese Expert Consensus on Microcirculation Protection Strategies for Emergency PCI in Patients with ST-Segment Elevation Myocardial Infarction, and Chinese Expert Consensus on Prehospital Thrombolytic Therapy for ST-Segment Elevation Myocardial Infarction, occupying a leading position in the cardiovascular emergency field.

Respiratory System

Major products include Yiluoda (伊絡達®) (nintedanib capsules), Qixin (琦昕®) (oseltamivir phosphate capsules), Nuoyian (諾一安®) (montelukast sodium tablets/chewable tablets), Qixiao (琦效®) (arbidol hydrochloride tablets), Zhongnuo Like (中諾立克®) (ambroxol hydrochloride oral solution), Zhongnuoping (中諾平®) (ambroxol hydrochloride extended-release tablets) and Enyitan (恩益坦®) (omalizumab for injection).

During the year, benefiting from effective promotion strategies and strong market demand, the sales of Yiluoda increased significantly. In contrast, the sales of Qixiao and Qixin decreased notably due to a decline in market demand. Enyitan launched during the year has brought new sales contributions to the Company.

- Yiluoda is the first-to-market generic nintedanib drug in China, which is indicated for the treatment of systemic sclerosis-associated interstitial lung disease (SSc-ILD) and progressive fibrosing interstitial lung diseases (PF-ILD). Two indications of such product have been included in the NRDL, supporting the continuous growth of such product.

- Enyitan is the first biosimilar drug of Xolair® developed as Class 3.3 therapeutic biological product in China. The product was approved for marketing in October 2024 and indicated for adults and adolescents (12 years of age and older) with chronic spontaneous urticaria who remain symptomatic despite H1 antihistamine treatment, and was also approved for the indication of moderate to severe persistent allergic asthma in February 2025. The Global Strategy for Asthma Management and Prevention (GINA 2024) report states that for patients 6 years of age and older with severe allergic asthma, IgE therapy (such as Omalizumab) is strongly recommended. The market launch of such product will bring new growth momentum to the field of respiratory system.

Digestion and metabolism

Major products include Linmeixin (林美欣®) (glimepiride dispersible tablets), Shuanglexin (雙樂欣®) (metformin hydrochloride tablets/extended-release tablets), Xinweiping (欣維平®) (acarbose tablets), Oubeituo (歐倍妥®) (esomeprazole capsules) and Debixin (得必欣®) (omeprazole capsules/tablets/injection).

Mainly driven by Oubeituo and Debixin, this therapeutic area recorded a satisfactory growth in sales during the year.

- Oubeituo is indicated for acid-related disorders such as gastro-esophageal reflux disease, stomach ulcers caused by non-steroidal anti-inflammatory drugs (NSAIDs), and the eradication of Helicobacter pylori (Hp) in combination with antibiotics. As an optically isomeric proton pump inhibitor (PPI) with a relatively wide range of indications, esomeprazole meets the needs of drug treatment for acid-related diseases and has been widely recommended by the Chinese Journal of Gastroenterology and the Chinese Journal of General Practitioners.

- Debixin, a classic proton pump inhibitor, is included in the National Essential Medicines List and classified as Category A under the medical insurance. Recommended by numerous domestic and international authoritative guidelines, it is indicated for the treatment of various gastric diseases caused by excessive gastric acid.

Other therapeutic areas

Major products include Qimaite (奇邁特®) (tramadol hydrochloride tablets), Oubida (歐必達®) (apremilast tablets), Gujie (固杰®) (tofacitinib citrate extended-release tablets), Gubang (固邦®) (alendronate sodium tablets/enteric tablets) and Xianpai (先派®) (omeprazole sodium for injection).

Bulk Product Business

In 2024, the bulk product business recorded sales of RMB3,583 million, representing a year-on-year decrease of 1.6%.

Vitamin C

Sales of Vitamin C products amounted to RMB1,994 million, representing a year-on-year increase of 3.4%. During the year, market demand decreased while product prices increased. The Group will focus on product quality and actively expand into the high-end market, as well as develop overseas sales networks and establish overseas offices to further increase its market share.

Antibiotics

Sales of antibiotics products amounted to RMB1,589 million, representing a year-on-year decrease of 7.2%, mainly due to the impact of lower demand in overseas markets. The Group will adopt a market-oriented approach, continue to enhance its product chain and optimise its sales, production, quality and registration in order to enhance its ability to expand into the high-end market.

Functional Food and Other Businesses

In 2024, the functional food and other businesses recorded sales of RMB1,690 million, representing a year-on-year decrease of 22.2%. During the year, the prices of caffeine products remained stable, but were still significantly lower than last year.

Research and Development

R&D expenses for the year increased by 7.5% to RMB5,191 million as compared with last year, accounting for approximately 21.9% of the revenue from the finished drug business. Currently, there are nearly 90 products in various stages of clinical trial, with 9 of them having submitted application for marketing approval and 26 key products in the registration stage of clinical trials.

Regulatory Updates

Since the beginning of the year, the regulatory progress of the Group in the PRC is as follows: 6 innovative drugs have obtained registration approval, applications for marketing approval of 4 innovative drugs have been accepted, 60 approvals for clinical trial have been obtained, 3 breakthrough therapy designations have been granted and 10 generic drugs have been approved for drug registration approvals. In addition, the Group received clinical trial approval for 6 innovative drugs and 2 fast track designations in North America.

China

- In February 2024, Mingfule (recombinant human TNK tissue-type plasminogen activator for injection) obtained marketing approval for the thrombolytic treatment in patients with acute ischemic stroke. It is the first approval for this indication of this product type in China, and the second approved indication of the product.

- In June 2024, Enshuxing (enlonstobart injection, SG001) obtained conditional marketing approval for the treatment of recurrent or metastatic cervical cancer patients with positive PD-L1 (CPS≥1) expression who have previously failed to respond to platinum-based chemotherapy.

- In September 2024, Ansulike (amphotericin B liposome for injection) obtained marketing approval for the treatment of: i) systemic fungal infections caused by sensitive fungi; ii) neutropenic patients with unexplained fever highly suggestive of systemic fungal infection; and iii) visceral leishmaniasis in adults and children.

- In September 2024, Enyitan (omalizumab for injection) obtained marketing approval for the treatment of adults and adolescents (aged 12 and older) with chronic spontaneous urticaria who remain symptomatic despite treatment with H1 antihistamines, and is the first biosimilar drug of Xolair® developed in China under Class 3.3 therapeutic biological product category.

- In January 2025, Shanzeping (善澤平®) (prusogliptin tablets) obtained marketing approval for the improvement of glycemic control in adults with type 2 diabetes, including monotherapy and combination therapy when metformin hydrochloride alone does not provide adequate glycemic control.

- In February 2025, Enyitan (omalizumab for injection) obtained marketing approval for the treatment of moderate to severe persistent allergic asthma.

- In November 2024, the application for marketing approval of ulinumab injection for the treatment of moderate to severe plaque psoriasis was accepted.

- In November 2024, the application for marketing approval of SYHX2011 (paclitaxel for injection (albumin-bound) II) for the treatment of advanced breast cancer was accepted.

- In March 2025, the application for marketing approval of aprepitant injection indicated for the prevention of postoperative nausea and vomiting was accepted.

- In March 2025, the application for marketing approval for irinotecan liposome injection for the indication of first-line treatment of pancreatic cancer was accepted.

- In January 2025, SYS6010 (humanised anti-human EGFR monoclonal antibody-JS-1 conjugate injection) for the indication of monotherapy for EGFR mutation-positive advanced non-small cell lung cancer (NSCLC) after failure of EGFR TKIs and platinum-based chemotherapy was granted breakthrough therapy designation.

- In February 2025, Sirolimus for Injection (albumin-bound) for the treatment of malignant perivascular epithelioid cell tumor (PEComa) was granted breakthrough therapy designation.

- In March 2025, JSKN003 (biparatopic HER2 antibody-drug conjugate) was granted breakthrough therapy designation for monotherapy in the treatment of patients with platinum-resistant recurrent epithelial ovarian, primary peritoneal carcinoma, or fallopian tube cancer.

- 25 innovative drug candidates have obtained clinical trial approval for their first indications and 35 new indications have obtained clinical trial approval:

First Indication

Drug Candidate	Indication
JMT202 injection (FGFR1c/ß-Klotho agonist)	Lower triglyceride (TG) levels in patients with hypertriglyceridaemia
SYS6023 (ADC)	Advanced solid tumors
SYH2039 (MAT2A)	Advanced malignant tumors
Dexmedetomidine hydrochloride nasal spray	Sedation before invasive procedures
Pilocarpine hydrochloride eye drops	Presbyopia
Pregabalin extended-release tablets	Neuropathic pain associated with diabetic peripheral neuropathy
Semaglutide injection	Weight management
SYS6020 injection (BCMA CAR-T)	Recurrent or refractory multiple myeloma
Aprepitant injection	Prevention of nausea and vomiting after surgery in adults
SYS6016 injection (RSV mRNA vaccine)	Prevention of lower respiratory tract diseases caused by RSV infections
Dextromethorphan bupropion hydrochloride extended-release tablets	Adult depression
Tebipenem pivoxil fine granules	Community-acquired bacterial pneumonia in children
Valsartan levamlodipine maleate tablets	Primary mild and moderate hypertension that cannot be effectively controlled by monotherapy
Leuprorelin extended-release injection (1M)	Solid tumors
SYH2062 injection (AGT)	Primary hypertension in adults
Semaglutide long-acting injection	Weight management
SYS6005 for injection (ADC)	Advanced tumors
SYS6043 for injection (ADC)	Advanced solid tumors
SYS6026 injection (HPV mRNA vaccine)	High-grade squamous intraepithelial lesion (HSIL) associated with HPV type 16 or 18
SYH2059 tablets (PDE4B inhibitor)	Interstitial lung disease
SYS6045 for injection (ADC)	Advanced solid tumors
SYS6041 for injection (ADC)	Advanced solid tumors
SYS6017 injection (VZV-mRNA vaccine)	Prevention of herpes zoster virus infection
JMT108 (PD-1/IL-15)	Advanced malignant tumors
SYS6040 (ADC)	Advanced solid tumors

Additional Indication

Drug Candidate	Indication
SYSA1801 injection	In combination with CAPOX and SG001 or with irinotecan hydrochloride liposome injection for first-line and second-line treatment of Claudin18.2-positive gastric cancer
	In combination with capecitabine for the first-line treatment of unresectable locally advanced or metastatic gastric adenocarcinoma or gastroesophageal junction adenocarcinoma
JMT101 injection	In combination with docetaxel (albumin-bound) for the treatment of EGFR lung squamous cell carcinoma in second-line and beyond
	In combination with glumetinib tablets for the treatment of colorectal cancer with MET amplification/high expression
	In combination with docetaxel for injection (albumin-bound) or mitoxantrone liposomal drug for the second-line/third-line treatment of head and neck squamous cell carcinoma
	In combination with mitoxantrone liposome injection for recurrent or metastatic nasopharyngeal carcinoma
	In combination with irinotecan liposome and glumetinib for second-line treatment of colorectal cancer with MET amplification/MET high expression
Simmitinib hydrochloride tablets	In combination with irinotecan liposome for the treatment of advanced esophageal cancer
Sirolimus for injection (albumin-bound)	In combination with endocrine therapy for the treatment of HR-positive HER2-negative advanced breast cancer after failure of standard therapy
Docetaxel for injection (albumin-bound)	In combination with glumetinib tablets for the treatment of locally advanced or metastasis non-small cell lung cancer with negative driver genes and MET overexpression in patients whose disease has progressed after recovery immunotherapy (anti-PD-1/PD-L1 antibody) and platinum-based doublet chemotherapy (in combination or sequential)
Enshuxing (enlonstobart injection)	In combination with docetaxel for injection (albumin-bound) and carboplatin for the first-line treatment of newly diagnosed advanced or recurrent endometrial cancer in patients who have not received previous systemic treatment
SYH2043 tablets	In combination with fulvestrant for the treatment of advanced breast cancer
Cisplatin micelle injection	In combination with paclitaxel for the treatment of advanced solid tumors
Octreotide long-acting injection	Gastroenteropancreatic neuroendocrine tumors
Irinotecan liposome injection	In combination with oxaliplatin and tegafur for adjuvant treatment after pancreatic cancer surgery
DP303c injection	In combination with simmitinib hydrochloride or irinotecan liposome for the treatment of HER2-expressing locally advanced or metastatic gastric adenocarcinoma or gastroesophageal junction adenocarcinoma
Simmitinib hydrochloride tablets	In combination with DP303c injection for the treatment of HER2 low-expressing recurrent/metastatic breast cancer
SYS6002 for injection (Nectin-4 ADC)	In combination with SG001 for the treatment of advanced solid tumors
	In combination with JMT101 and SG001 for the treatment of first-line advanced head and neck squamous cell carcinoma

Drug Candidate	Indication
SYHA1813 oral solution	In combination with SG001 and docetaxel for injection (albumin-bound) for the treatment of advanced solid tumors
	In combination with enlonstobart injection with or without TACE for the treatment of hepatocellular carcinoma
	In combination with SG001 for consolidation after synchronous/sequential radiotherapy in limited stage small cell lung cancer
	In combination with sirolimus for injection (albumin-bound) for the treatment of advanced renal cell carcinoma in second-line and beyond
Sirolimus for injection (albumin-bound)	In combination with irinotecan liposome injection for the treatment of small cell lung cancer
SYS6020 injection (CAR-T)	Systemic lupus erythematosus
	Myasthenia gravis
SYS6010 injection	In combination with osimertinib for the treatment of locally advanced or metastatic EGFR mutated non-small cell lung cancer
	In combination with SYH2051 tablets with or without bevacizumab for the treatment of advanced solid tumors
	In combination with SG001 with or without chemotherapy for the treatment of EGFR and ALK wild-type advanced non-small cell lung cancer and other advanced solid tumors
KN026 injection	Neoadjuvant therapy for early stage or locally advanced HER2-positive breast cancer in combination with HB1801
ALMB-0168 injection	In combination with regorafenib for the treatment of advanced osteosarcoma
SYH2051 tablets (ATM inhibitor)	In combination with SYS6010 with or without bevacizumab for the treatment of advanced solid tumors
	In combination with irinotecan liposome for the treatment of advanced solid tumors
Paclitaxel cationic liposome for injection	Indications for the treatment of liver metastases of advanced solid tumors in combination with systemic therapy
SYHX1901 (JAK & TYK2)	In combination with other drugs for the treatment of solid tumors and hematological tumors

- Since the beginning of 2024, a total of 10 generic drugs have obtained drug registration approval, namely dapagliflozin tablets, peramivir injection, olaparib tablets, palbociclib tablets, roxadustat capsules, aprepitant injection, dexrazoxane for injection, tedizolid phosphate tablets, regorafenib tablets and ilaprazole enteric-coated tablets.

North America

- In January 2024, JMT106 injection (bispecific fusion protein targeting GPC3 and interferon receptors) obtained clinical trial approval in the US.
- In April 2024, SYH2039 tablets (highly selective MAT2A inhibitor) obtained clinical trial approval in the US.
- In July 2024, SYS6023 (ADC) obtained clinical trial approval in the US.
- In January 2025, SYS6043 (ADC) obtained clinical trial approval in the US.
- In February 2025, SYH2059 tablets (PDE4B inhibitor) obtained clinical trial approval in the US.
- In March 2025, SYH2051 tablets (selective ATM inhibitor) obtained clinical trial approval in the US.
- In September 2024, CPO301 (EGFR-ADC) had been granted fast track designation by the US Food and Drug Administration (FDA) for the treatment of recurrent or metastatic squamous non-small cell lung cancer (NSCLC) with epidermal growth factor receptor (EGFR) overexpression that has progressed on or after treatment with platinum-based chemotherapy and anti-PD-L1 therapy.
- In December 2024, CRB-701 (SYS6002), developed by Corbus Pharmaceuticals, Inc. under a license from the Group, had been granted Fast Track designation by the FDA for the treatment of relapsed or refractory metastatic cervical cancer.

Major Clinical Trials Progress

DP303c injection (recombinant humanised anti-HER2 monoclonal antibody-MMAE conjugate for injection)

- In February 2024, the phase III clinical trial for the treatment of HER2-positive advanced breast cancer in second-line and beyond was initiated in China.

Daunorubicin cytarabine liposome for injection

- In February 2024, the phase III clinical trial for the treatment of high-risk secondary AML in the elderly patients who have not been previously treated was initiated in China.

Docetaxel for injection (albumin-bound)

- In February 2024, the phase III clinical trial comparing to Taxotere® for the treatment of locally advanced or metastatic gastric adenocarcinoma or gastroesophageal junction adenocarcinoma that has previously failed first-line treatments was initiated in China.
- In July 2024, the phase III clinical trial for the treatment of advanced pancreatic cancer in combination with best supportive care (BSC) versus BSC was initiated in China.

Semaglutide injection

- In August 2024, subject enrollment of the phase III clinical trial for the treatment of type 2 diabetes initiated in China was completed.

- In September 2024, subject enrollment of the phase III clinical trial for the treatment of weight management initiated in China was completed.

JMT103 (narlumosbart injection)

- In March 2024, the phase III clinical trial for the treatment of bone metastasis of malignant solid tumors was initiated in China.

Pregabalin extended-release tablets

- In December 2024, subject enrollment of the phase III clinical trial for neuropathic pain associated with diabetic peripheral neuropathy initiated in China was completed.

Secukinumab injection

- In November 2024, subject enrollment of the phase III clinical trial comparing to Cosentyx® for the treatment of moderate-to-severe plaque psoriasis initiated in China was completed.

TG103 injection (GLP-1 receptor agonists)

- In January 2024, subject enrollment of the phase III clinical trial for the treatment of overweight and obesity initiated in China was completed.

- In December 2024, subject enrollment of the phase III clinical trial for the treatment of type 2 diabetes initiated in China was completed.

- In March 2025, the database lock for phase III clinical trials conducted in China for the treatment of overweight and obesity was completed.

JMT101 injection (recombinant humanised anti-epidermal growth factor receptor monoclonal antibody injection)

- In April 2024, the phase III clinical trial of JMT101 in combination with osimertinib comparing to cisplatin in combination with pemetrexed for the treatment of NSCLC patients with first-line EGFR exon 20 insertion mutations was initiated in China.

- In May 2024, the phase II/III clinical trial of JMT101 in combination with docetaxel (albumin-bound) for treatment of EGFR lung squamous cell carcinoma in second-line and beyond was initiated in China.

Mitoxantrone hydrochloride liposome injection

- In September 2024, subject enrollment of the phase III confirmatory clinical trial for the treatment of relapsed/refractory peripheral T-cell lymphoma initiated in China in second-line and beyond was completed.

Simmitinib hydrochloride tablets

- In October 2024, the phase III clinical trial of simmitinib hydrochloride tablets comparing to investigator's choice of chemotherapy as the second-line treatment of esophageal cancer was initiated in China.

KN026 injection

- In December 2024, the phase III clinical trial of KN026 injection in combination with docetaxel (albumin-bound) comparing to trastuzumab and pertuzumab in combination with docetaxel for neoadjuvant treatment of HER2-positive breast cancer was initiated in China.

Irinotecan liposome injection

- In October 2024, the phase III clinical trial of irinotecan liposome injection in combination with oxaliplatin and tegafur comparing to gemcitabine and capecitabine for adjuvant treatment of pancreatic cancer was initiated in China.

Aprepitant injection

- In November 2024, subject enrollment of the phase III clinical trial for prevention of nausea and vomiting after surgery initiated in China was completed.

Pertuzumab injection

- In November 2024, subject enrollment of the phase III clinical trial of pertuzumab injection in combination with trastuzumab and docetaxel for the treatment of early-stage or locally advanced HER2-positive breast cancer initiated in China was completed.

Valsartan levoamlodipine maleate tablets

- In December 2024, the phase III clinical trial of valsartan levoamlodipine maleate tablets comparing to valsartan or levamlodipine for the treatment of hypertension was initiated in China.

Ammuxetine hydrochloride enteric tablets

- In February 2025, the phase III clinical trial of a controlled sertraline for the treatment of depression was initiated in China.

JSKN003

- In December 2024, the phase III clinical trial for a controlled investigator-selected chemotherapy for the treatment of patients with platinum-resistant recurrent epithelial ovarian, primary peritoneal cancer, or fallopian tube cancers treated with second-line or beyond therapies was initiated in China (conducted by Alphamab Oncology).

- In February 2025, the phase III clinical trial against TDM1 for the treatment of HER2-positive advanced breast cancer in second-line and beyond was initiated in China.

Dextromethorphan bupropion extended-release tablets

- In March 2025, the phase III clinical trial for a controlled placebo treatment for depression was initiated in China.

Publication of Major Clinical Trial Results

SYS6002 for injection (anti-Nectin-4 monoclonal antibody-drug conjugate)

- In January 2024, the results of the phase I clinical study for the treatment of advanced solid tumors were presented at the 2024 ASCO Genitourinary Cancers Symposium (ASCO-GU) (No. B622). Preliminary results indicated that SYS6002 demonstrated clear efficacy signals and good tolerability in advanced solid tumors such as cervical cancer and urothelial cancer.

- In May 2024, the results of the phase I clinical study for the treatment of advanced solid tumors were presented in a poster session at the 2024 ASCO Annual Meeting (No. 3151). Preliminary results indicated that SYS6002 demonstrated clear efficacy signals and good tolerability in patients with advanced solid tumors.

DBPR108 tablets (prusogliptin tablets)

- In January 2024, the results of the phase III clinical study of the monotherapy for the treatment of diabetes were published in the international journal *Diabetes, Obesity & Metabolism*. The results demonstrated that the hypoglycemic efficacy of DBPR108 was significantly better than the placebo group and non-inferior to the active group of sitagliptin phosphate tablets. In addition, the safety profile of DBPR108 tablets was similar to the placebo group and the active group of sitagliptin phosphate tablets.

- In March 2025, the results from the PK/PD study of DBPR108 tablets in patients with type 2 diabetes were accepted by *Clinical Pharmacokinetics* (IF 5.6).

Duentai (度恩泰®) (SARS-CoV-2 mRNA vaccine)

- From February 2024 to March 2024, multiple clinical study results of the first-generation COVID-19 mRNA vaccine were published in international journals *Emerging Microbes & Infections, Vaccine* and *Journal of Medical Virology*, demonstrating that the vaccine had good protective efficacy and immunogenicity as well as a good safety profile, and that it had a certain protective effect against XBB mutant strains.

- In March 2024, the results of the phase I clinical study of the bivalent COVID-19 mRNA vaccine (XBB.1.5/BQ.1 variants) (SYS6006.32) were published in the international journal *Vaccine* (IF 5.5), demonstrating that the vaccine had a good safety profile and good immunogenicity, and could produce cross-immunity against multiple mutant strains.

JMT101 injection (recombinant humanised anti-epidermal growth factor receptor monoclonal antibody injection)

- In March 2024, the results of the phase II clinical trial (BECOME) of JMT101 in combination with osimertinib for the treatment of patients with locally advanced or metastatic NSCLC carrying EGFR exon 20 insertion mutations were orally presented at the European Lung Cancer Congress 2024 (2024 ELCC), demonstrating significant efficacy of JMT101 in combination with osimertinib for the above indications with a controllable safety profile.

- In September 2024, the results of the phase II clinical trial of JMT101 in combination with osimertinib for the treatment of patients with EGFR-sensitive mutated NSCLC were accepted as a mini-oral presentation at the 2024 ESMO Asia Congress (ESMO Asia) and were presented in December 2024 (614M).

- In November 2024, the results of the phase II clinical trial of JMT101 in combination with irinotecan + SG001 versus regorafenib for the treatment of patients with ≥3L colorectal cancer were accepted as a poster presentation at the 2025 ASCO Gastrointestinal Cancers Symposium (ASCO GI) and were presented in January 2025 (TPS314).

TG103 injection (GLP-1 receptor agonists)

- In April 2024, the results of the phase Ib clinical study of the monotherapy for overweight or obesity without type 2 diabetes were published in the international journal *BMC Medicine* (IF 9.3). The study results indicated that the weight-reducing efficacy of TG103 monotherapy was significantly better than the placebo group.

Enshuxing (enlonstobart injection, SG001)

- In May 2024, the results of the phase Ib clinical study of SG001 monotherapy for recurrent or metastatic cervical cancer were published in the international journal *Cancer Communications* (IF 20.1). The study results indicated that SG001 monotherapy demonstrated good efficacy with a controllable safety profile, and SG001 had great potential for future combination treatments in recurrent or metastatic cervical cancer.

- In May and October 2024, the results of the phase II clinical study of SG001 monotherapy for recurrent or metastatic cervical cancer were presented in a poster session at the 2024 ASCO Annual Meeting (No. 5526) and published in the international journal *Gynecologic Oncology* (IF 4.5), respectively. The study results indicated that SG001 monotherapy demonstrated durable anti-tumor activity with an acceptable safety profile in patients with PD-L1 positive recurrent/metastatic cervical cancer.

- In November 2024, the phase III safety run-in results of SG001 in combination with platinum-based chemotherapy with or without bevacizumab for recurrent or metastatic cervical cancer were accepted as a poster presentation at the 2025 Society of Gynecologic Oncology (SGO) Annual Meeting.

Simmitinib hydrochloride tablets

- In May 2024, the results of the phase I clinical study of simmitinib hydrochloride tablets for the treatment of advanced solid tumors were presented in a poster session at the 2024 ASCO Annual Meeting (No. 3109). Preliminary study results indicated that simmitinib hydrochloride tablets had a controllable safety profile and demonstrated good efficacy in patients with esophageal squamous cell carcinoma.

JMT103 (narlumosbart injection)

- In May 2024, the results of the phase Ib clinical study of JMT103 for the treatment of bone metastasis of solid tumors were presented online at the 2024 ASCO Annual Meeting (No. e15190). Preliminary study results indicated that JMT103 had low immunogenicity and a good safety profile, and demonstrated good efficacy in reducing biomarkers of bone metabolism.

- In September 2024, the results of the phase Ib/II clinical study of JMT103 for the treatment of patients with unresectable or surgically challenging giant cell tumor of bone were presented orally at the 2024 Chinese Society of Clinical Oncology (CSCO) Annual Meeting and awarded the Outstanding Paper Award. In October 2024, the results of the study were published in the journal *Nature Communications* (IF 14.7). The results indicated the therapeutic potential of JMT103 for this indication with a good safety profile.

Docetaxel for injection (albumin-bound)

- In May 2024, the results of the phase II clinical study of docetaxel (albumin-bound) for the treatment of gastric adenocarcinoma or gastroesophageal junction adenocarcinoma were presented online at the 2024 ASCO Annual Meeting (No. e16018). Preliminary study results indicated that docetaxel (albumin-bound) had a controllable safety profile and demonstrated good efficacy for such indication. At the same year, the updated results of this clinical study were accepted as a rapid-oral presentation by 2025 ASCO GI and presented in January 2025. The study results showed that the safety profile of docetaxel albumin was comparable to Taxotere®, reducing mortality risk by 41% and demonstrating a numerical advantage in PFS.

DP303c injection (recombinant humanised anti-HER2 monoclonal antibody-MMAE conjugate for injection)

- In August 2024, the results of phase I clinical study of DP303c for the treatment of HER2-expressing advanced solid tumors were published in *npj Precision Oncology*, an international journal (IF 7.9). The study results showed that DP303c demonstrated a favorable efficacy in the treatment of HER2-expressing advanced solid tumors, particularly HER2-expressing breast cancers.

SYHA1813 oral solution

- In September 2024, the results of phase I clinical study of SYHA1813 for the treatment of recurrent or advanced solid tumors were published in a mini-oral session at the 2024 ESMO Congress (No. 2032). The study results showed that SYHA1813 demonstrated a favourable anti-tumor efficacy for the treatment of recurrent glioma.

KN026 injection

- In September 2024, the results of phase II clinical study of KN026 for the combination treatment of HER2-positive advanced unresectable or metastatic gastric cancers/gastroesophageal junction adenocarcinoma were published in a poster session at 2024 ESMO Congress (No. 1425P). The study results showed that KN026 demonstrated an outstanding efficacy and a favourable safety profile for the combination treatment of patients with HER2-positive gastric cancers/gastroesophageal junction adenocarcinoma in second-line and beyond.

NBL-012 injection (anti-IL-23 p19 subunit antibody)

- In September 2024, the results of phase I clinical study of NBL-012 in healthy group were presented in a poster session at 2024 EADV Congress (No. P0959). The study results showed that NBL-012 demonstrated a general favourable safety profile and tolerability in healthy Chinese subjects, and linear pharmacokinetic characteristics in the dose range of 20mg to 400mg.

SYHX1901 tablets

- In September 2024, the results of the Phase II clinical study of SYHX1901 tablets for moderate-to-severe plaque psoriasis were presented in poster session at the 2024 EADV Congress (No. P3135). The study results indicated that all three dose groups of SYHX1901 tablets showed significantly higher PASI75 achievement rate than the placebo group at 12 weeks of treatment, with good overall safety and tolerability.

Duoenyi (irinotecan liposome injection, HE072)

- In December 2024, the article in relation to the Phase Ib project of irinotecan liposome for triple negative breast cancer (TNBC) was published in *Nature Communications* (IF 14.7). The results indicated that irinotecan liposome had good anti-tumor efficacy, safety and tolerability in the treatment of advanced metastatic TNBC patients.

Ustekinumab injection (SYSA1902)

- In November 2024, the results of the Phase III trial of ustekinumab injection for the treatment of patients with moderate-to-severe plaque psoriasis were accepted as a e-poster presentation at the 2025 American Academy of Dermatology (AAD) Annual Meeting. In March 2025, the results were accepted by the *Journal of the American Academy of Dermatology* (JAAD, IF 12.8), the top-ranked journal in the field of dermatology.

Duoenda (mitoxantrone liposome)

- In October 2024, the article in relation to the phase II project of mitoxantrone liposome for the treatment of peripheral T-cell lymphoma (PTCL) was published in journal *Cancer* (IF 6.1). The results indicated that mitoxantrone liposome had good anti-tumor efficacy, safety and tolerability in the treatment of patients with refractory or relapsed PTCL.

- In February 2025, the results of phase Ib clinical trial of hydrochloride liposome for the treatment of head and neck squamous carcinoma were accepted by the journal *Oral Oncology* (IF4.0), demonstrating good anti-tumor efficacy and safe tolerance of hydrochloride liposome in patients with recurrent/metastatic head and neck squamous carcinoma.

Sirolimus Albumin for Injection

- In February 2025, the results of the phase Ib trial of sirolimus albumin for injection in the treatment of PEComa were accepted as a mini oral presentation by the ESMO Sarcoma.

ALMB-0166

- In March 2025, the results of the phase I/II clinical trial of ALMB-0166 in patients with acute spinal cord injury were accepted as an oral and poster presentation by the American Academy of Neurology (AAN) Annual Meeting, demonstrating the safety and improved initial neurological recovery of ALMB-0166 in patients with acute spinal cord injury.

SYS6010 (anti-human EGFR humanised monoclonal antibody)

- In March 2025, the results of the phase I clinical trial of SYS6010 in advanced solid tumors were accepted as an oral presentation at the 2025 American Association for Cancer Research (AACR) Annual Meeting.

JMT601 (CD20/CD47 bispecific fusion protein)

- In March 2025, the results of the phase I trial of JMT601 in CD20-positive B-cell non-Hodgkin's lymphoma were accepted as a poster presentation at the 2025 AACR Annual Meeting.

SWY2321 (EGFR/c-MET ADC)

- In February 2025, the non-clinical research results of SWY2321 (EGFR/c-MET ADC) were accepted by AACR and selected for poster presentation. Preclinical studies of this drug showed excellent efficacy against tumors with low-to-medium expression of EGFR/c-MET, effectively overcoming tumor heterogeneity and resistance induced by MET amplification.

SYH2039 (MAT2A small molecule inhibitor)

- In February 2025, the non-clinical research results of SYH2039 were accepted by AACR and selected for oral presentation (Mini symposium). This drug is a highly active MAT2A inhibitor with high selectivity for killing MTAP-deficient tumor cells; it has inhibitory effects on various MTAP-deficient tumor cells, high brain penetrance, excellent safety profile, and is the second most advanced drug globally with the same target.

SYS6041 (FR α ADC)

- In February 2025, the non-clinical research results of SYS6041 (*FR* α ADC) were accepted by AACR for poster presentation. Preclinical studies of this drug demonstrated excellent efficacy in low-to-medium FR α expression models and superiority compared to the competitor MTi-ADC, as well as superior efficacy in models resistant to Olaparib and insensitive to MTi-ADC. Additionally, SYS6041 achieves high toxin accumulation at tumor sites, exhibiting good targeting capability and safety profile.

SYS6042 (TROP2 ADC)

- In February 2025, the non-clinical research results of SYS6042 (TROP2–ADC) were accepted by AACR for poster presentation. Preclinical results showed that SYS6042 had superior efficacy in various tumor models compared to similar TROP2–ADCs. Additionally, SYS6042 adopts a pH-sensitive differentiated design, significantly reducing both on-target and off-target toxicities with a good safety profile.

SYS6051 (TF-ADC)

- In February 2025, the non-clinical research results of SYS6051 (TF-ADC) were accepted by the AACR for poster presentation. Preclinical studies of this drug showed good efficacy in tumors with varying levels of tissue factor (TF) expression, demonstrating superior or comparable performance to similar TF-ADCs. Additionally, SYS6051 utilises non-blocking antibodies that do not interfere with coagulation function, thereby reducing the risk of bleeding, and no rash was observed, indicating a better safety profile.

Clinical Pipeline Overview

Registration and Pivotal Trial of Key Products

Drug candidate	Type	Target	Indication(s)	Status
Meloxicam nanocrystal injection	Nanodrug	Selective COX-2 inhibitor	Moderate-to-severe pain in adults	Application for marketing approval submitted
Amphotericin B liposome for injection	Nanodrug	Anti-infective, nonspecific drug	Invasive fungal infection	Application for marketing approval submitted (US)
Irinotecan hydrochloride liposome injection	Nanodrug	Topoisomerase inhibitor	Pancreatic cancer	Application for marketing approval submitted (US)
Clevidipine butyrate injectable emulsion	Nanodrug	Calcium channel blocker	Hypertension	Application for marketing approval submitted
Batoclimab (HBM9161)	Biological drug (monoclonal antibody)	FcRn	Myasthenia gravis	Application for marketing approval submitted
Ustekinumab injection (SYSA1902)	Biological drug (monoclonal antibody)	IL-12/IL-23p40	Psoriasis	Application for marketing approval submitted
Paclitaxel for injection (albumin-bound) II (SYHX2011)	Nanodrug	Microtubule inhibitor	Breast cancer	Application for marketing approval submitted
Aprepitant injection	Chemical drug	NK-1 receptorantagonist	Prevention of nausea and vomiting after surgery	Application for marketing approval submitted
Irinotecan hydrochloride liposomeinjection	Nanodrug	Topoisomeraseinhi bitor	First-line pancreatic cancer	Application for marketing approval submitted
DP303c injection (recombinant humanised anti-HER2 monoclonal antibody-MMAE conjugate for injection)	Biological drug (ADC)	HER2 receptor (ADC)	Breast cancer	Pivotal trial
JMT101 injection (recombinant humanised anti-epidermal growth factor receptor monoclonal antibody injection)	Biological drug (monoclonal antibody)	EGFR	EGFR exon 20 insertion non-small cell lung cancer/ Lung squamous cell carcinoma/EGFR mutant non-small cell lung cancer	Pivotal trial
KN026 injection	Biological drug (bispecific antibody)	HER2 bispecific antibody	Gastric cancer/Breast cancer/Neoadjuvant therapy for breast cancer	Pivotal trial
Pertuzumab injection	Biological drug (monoclonal antibody)	HER2	Breast cancer	Pivotal trial
TG103 injection	Biological drug (monoclonal antibody)	GLP-1 receptor agonist	Obesity and overweight/Diabetes/ Diabetes (combined)	Pivotal trial
Daunorubicin cytarabine liposome for injection	Nanodrug	RNA/DNA polymerase inhibitor	Primary treatment of secondary AML	Pivotal trial
Docetaxel for injection (albumin-bound)	Nanodrug	Microtubule inhibitor	Gastric cancer/Pancreatic cancer	Pivotal trial
Semaglutide injection	Chemical drug	GLP-1Ra/GLP-1 receptor agonist	Diabetes/weight management	Pivotal trial
Mitoxantrone hydrochloride liposome injection	Nanodrug	Cell-cycle non-specific drug	Nasopharyngeal cancer	Pivotal trial
JMT103 (Narlumosbart injection)	Biological drug (monoclonal antibody)	RANKL	Bone metastasis of malignant solid tumors	Pivotal trial

Drug candidate	Type	Target	Indication(s)	Status
Pregabalin extended-release tablets	Chemical drug	γ-GABA analogue	Neuropathic pain associated with diabetic peripheral neuropathy	Pivotal trial
Pilocarpine hydrochloride eye drops	Chemical drug	Cholinergic muscarinic agonist	Presbyopia	Pivotal trial
Secukinumab injection	Biological drug (monoclonal antibody)	IL-17 monoclonal antibody	Psoriasis	Pivotal trial
SYHX1901 tablets	Chemical drug	JAK&TYK dual-target inhibitor	Psoriasis	Pivotal trial
Sirolimus for injection (albumin-bound)	Nanodrug	mTOR inhibitor	Perivascular epithelioid cell tumor (PEComa)/ Second-line breast cancer	Pivotal trial
Irinotecan hydrochloride liposome injection	Nanodrug	Topoisomerase inhibitor	Adjuvant pancreatic cancer	Pivotal trial
Simmitinib hydrochloride tablets	Chemical drug	FGFR1-3 & KDR & CSF1R multi-targeted small molecule kinase inhibitor	Esophageal squamous cell carcinoma	Pivotal trial
SYS6010 injection	Biological drug	EGFR(ADC)	Treatment-naive and TKI-resistant EGFR mutant non-small cell lung cancer	Pivotal trial
SYSA1801 injection	Biological drug	CLDN18.2(ADC)	CLDN18.2-positive HER2-negative gastric adenocarcinoma	Pivotal trial
Valsartan Levoamlodipine Maleate Tablets	Chemical drug	Angiotensin II receptor blocker	Hypertension	Pivotal trial
Ammuxetine hydrochloride enteric tablets	Chemical drug	5-Hydroxytryptamine and norepinephrine reuptake inhibitors	Depression	Pivotal trial
Dextromethorphan bupropion extended-release tablets	Chemical drug	NMDA receptor antagonist	Depression	Pivotal trial
JSKN003	Biological drug	HER2 bispecific anti-ADC	Second-line and beyond HER2-positive breast cancer/HER2 low-expression breast cancer/ patients with second-line and beyond platinum-resistant recurrent epithelial ovarian cancer, primary peritoneal carcinoma, or fallopian tube cancer	Pivotal trial
SYHA1813 oral solution	Chemical drug	VEGFR/CSF1R	Small cell lung cancer	Pivotal trial
Prusogliptin tablets	Chemical drug	DPP-4 inhibitor	Diabetes (combined treatment)	Pivotal trial
Glumetinib tablets	Chemical drug	MET inhibitor	Non-small cell lung cancer	Pivotal trial

Awards and Patents

- In December 2024, the Group's project on "Key Technology Research and Industrialisation of Nintedanib Mesylate for Pulmonary Fibrosis" was awarded the First Prize of the Hebei Provincial Science and Technology Progress Award.

- In December 2024, the "Hebei Province Innovative Drug Formulation and Delivery Technology Collaborative Innovation Alliance", led by the Group, was approved for establishment by the Hebei Provincial Department of Science and Technology.

- Since the beginning of 2024, 51 international PCT applications and 338 patent applications (200 domestic and 138 overseas) were filed, and 93 patents (44 domestic and 49 overseas) were granted.

- Cumulatively 213 international PCT applications and 2,132 patent applications (1,384 domestic and 748 overseas) were filed, and 992 patents (649 domestic and 343 overseas) were granted.

Business Development

While continuing to enhance in-house innovation and R&D capabilities, the Group is also driving forward its business development efforts. We will seek to further strengthen our product pipelines and create new growth drivers through collaboration with biotech companies having high-quality drug candidates. In addition, we will actively promote internationalisation of the business by out-licensing the Group's innovative products.

In-Licensing

- In September 2024, the Group entered into an exclusive license agreement with Jiangsu Alphamab to obtain the development and commercialisation rights of JSKN003 (a biparatopic HER2-targeting ADC) in mainland China.

Out-Licensing

- In October 2024, the Group entered into an exclusive license agreement with AstraZeneca to out-license the global development, manufacture and commercialisation rights of the Group's pre-clinical small molecule inhibitor Lp(a) (YS302018) and any pharmaceutical product subsequently developed that is comprised of or contains the compound. The Group will receive an upfront payment of US$100 million, and is also eligible to receive up to US$370 million in potential development milestone payments and up to US$1,550 million in potential sales milestone payments, plus tiered royalties.

- In December 2024, the Group entered into an exclusive license agreement with BeiGene to out-license the global development, manufacture and commercialisation rights of the Group's novel and highly selective methionine adenosyltransferase 2A (MAT2A) inhibitor (SYH2039) and any pharmaceutical product subsequently developed that is comprised of or contains the compound. The Group will receive upfront payments totaling US$150 million, and is also eligible to receive potential development milestone payments of up to US$135 million and potential sales milestone payments of up to US$1,550 million, plus tiered royalties.

- In February 2025, the Group entered into an exclusive license agreement with Radiance Biopharma, Inc. to out-license the development and commercialisation rights of the Group's SYS6005 (ADC) in the United States, the European Union, the United Kingdom, Switzerland, Norway, Iceland, Liechtenstein, Albania, Montenegro, North Macedonia, Serbia, Australia, and Canada. The Group will receive upfront payments of US$15 million and is also eligible to receive potential development milestone payments of up to US$150 million and potential sales milestone payments of up to US$1,075 million, plus tiered royalties.

Financial Review

Financial Results

Revenue and Gross Profit Margin

Revenue for the year amounted to RMB29,009 million, a decrease of 7.8% compared to RMB31,450 million in 2023. The decrease was mainly due to the decline in revenue from the finished drug business. Gross profit margin slightly decreased by 0.5 percentage point to 70.0%.

Other Income

Other income for the year amounted to RMB561 million (2023: RMB626 million), mainly consisting of interest income on bank deposits and balances of RMB232 million (2023: RMB260 million), government grant income of RMB129 million (2023: RMB216 million) and agency income of RMB118 million (2023: RMB27 million).

Other gains or losses, net

A net loss of RMB118 million was recorded for the year (2023: net loss of RMB105 million), mainly consisting of fair value loss on financial assets measured at FVTPL of RMB152 million (2023: loss of RMB211 million) , net foreign exchange gain of RMB20 million (2023: net gain of RMB103 million) and fair value gain on structured bank deposits of RMB47 million (2023: gain of RMB87 million).

Operating Expenses

Selling and distribution expenses for the year amounted to RMB8,662 million, a decrease of 5.2% compared to RMB9,141 million in 2023. During the year, the Group continued to expand the market coverage of each product and actively promote the newly launched products, while strengthening control over expenses and enhancing efficiency of marketing activities.

Administrative expenses for the year amounted to RMB1,080 million, a decrease of 9.3% compared to RMB1,190 million in 2023. The decrease was mainly because the Group strengthened control over expenses.

R&D expenses for the year amounted to RMB5,191 million, an increase of 7.5% compared to RMB4,830 million in 2023. The increase was primarily attributable to the increased spending on ongoing and newly initiated clinical trials.

Income tax expense

Income tax expenses for the year amounted to RMB1,240 million (2023: RMB1,317 million), which represented provision of income tax expense based on the taxable income of each subsidiary and PRC withholding tax on dividend distributions by certain subsidiaries. The effective tax rate, being the ratio of tax expenses to profit before tax for the year, was 22.2%.

Non-HKFRS Measure

For the purpose of assessing the performance of the Group, the Company has also presented the underlying profit attributable to shareholders as an additional financial measure, which is not required by, or presented in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"). The Group believes that this non-HKFRS financial measure better reflects the underlying operational performance of the Group by eliminating certain non-operating items which the Group does not consider indicative of the Group's operational performance. However, the presentation of this non-HKFRS financial measure is not intended to be a substitute for, or superior to, the financial information prepared and presented in accordance with HKFRS.

Additional information is provided below to reconcile the profit attributable to shareholders as reported and the underlying profit attributable to shareholders:

	2024	2023
	(RMB'000)	*(RMB'000)*
Profit attributable to shareholders	**4,328,035**	5,873,325
Adjustment for:		
— Fair value loss on financial assets measured at FVTPL *(note a)*	**151,936**	210,712
— Employee share-based compensation expenses *(note b)*	**210,454**	235,092
— Gain on deemed disposal of partial interests in an associate	**–**	(32,861)
— Effect of corresponding income tax	**(7,516)**	(11,015)
Underlying profit attributable to shareholders	**4,682,909**	6,275,253

Notes:

(a) Fair value loss on financial assets measured at FVTPL arises from the measurement of the Group's investments in certain partnerships, funds and listed equity securities at fair value.

(b) Of the total employee share-based compensation expenses recognised during the year, RMB198,319,000 (2023: RMB193,952,000) was in respect of share awards granted to selected employees of the Group by Key Honesty Limited (a shareholder of the Company).

Liquidity and Financial Position

In 2024, the Group's operating activities generated a cash inflow of RMB4,535 million (2023: RMB4,179 million). Turnover days of trade receivables (ratio of balance of trade receivables to sales, inclusive of value added tax for sales in China) was 62 days, slightly lower than 63 days in 2023. The Group will strengthen its control and management in this aspect. Turnover days of inventories (ratio of balance of inventories to cost of sales) was 132 days, higher than 124 days in 2023. Current ratio was 2.3 as at 31 December 2024, lower than the ratio of 2.6 in the previous year. Capital expenditure for the year amounted to RMB2,104 million, which was mainly used to construct production facilities and improve production efficiency.

The Group's financial position remained solid. As at 31 December 2024, the Group had bank deposits, balances and cash of RMB9,187 million (2023: RMB12,755 million), structured bank deposits of RMB1,307 million (2023: RMB1,077 million) and bank borrowings of RMB392 million (2023: RMB450 million). As at 31 December 2024, gearing ratio (ratio of bank borrowings to total equity) was 1.2% (2023: 1.3%).

The Group's sales are primarily denominated in Renminbi for domestic sales in China and US dollars for export sales. The Group effectively manages its foreign exchange risks by closely monitoring its foreign exchange exposures and mitigating the impact of foreign currency fluctuations through the use of appropriate hedging arrangements when considered necessary.

Pledge of Assets

As at 31 December 2024, bank deposits of RMB44 million have been pledged to secure short-term banking facilities.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2024.

Employees

The Group employed a total of approximately 21,400 employees as at 31 December 2024, with a majority of them employed in mainland China. The Group continues to offer competitive remuneration packages, discretionary share options, share awards and bonuses to eligible staff, based on the overall performance of the Group and the individual employees.

Corporate Governance Report

Corporate Governance Practices

The Board believes that good corporate governance practices are essential to the sustainable development of the Company and the enhancement of shareholders' value. The Company is committed to achieving high standard of corporate governance and will review its corporate governance practices from time to time to ensure they reflect the latest development and meet the expectations of the investors.

The Company has complied with all the code provisions in the Corporate Governance Code (the "Code") set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2024.

Board of Directors

As at the date of this report, the Board comprises nine executive directors and six independent non-executive directors. Two of the independent non-executive directors have the appropriate professional accounting qualification and experience. The biographical details of the directors are set out on pages 48 to 51 of this annual report. Mr. Cai Dongchen is the father of Mr. Cai Xin. Other than as disclosed above, there is no financial, business, family or other material/relevant relationship between Board members.

The Company has complied with Rule 3.10 of the Listing Rules in relation to the requirement of independent non- executive directors. All independent non-executive directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules. The Company has received annual confirmation of independence from each of the independent non-executive directors and they are considered to be independent.

Dr. Yao Bing, Mr. Cai Xin and Mr. Chen Weiping were appointed as executive directors during the year. Dr. Yao, Mr. Cai and Mr. Chen have respectively obtained legal advice prior to their appointments in relation to the requirements, duties and obligations under the Listing Rules that are applicable to them as a director of a listed company and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 21 May 2024, 21 May 2024 and 4 December 2024 from an external legal adviser qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules. They have confirmed that they understood their obligations as a director of the Company.

The Board is responsible for establishing strategic directions, setting objectives and business plans, and overseeing financial and operational performance. The management of the Company's subsidiaries are responsible for the day-to-day management and operation of the respective individual business units.

Chairman and Chief Executive Officer

The Chairman of the Board, Mr. Cai Dongchen, is responsible for providing leadership and guidance to the Board in formulating and executing business plans and objectives, and overseeing the functioning of the Board. The CEO, Mr. Zhang Cuilong, assisted by other executive directors, is responsible for managing the business of the Group, formulating and implementing the business plans and objectives. Their functions have been clearly divided to ensure a balanced distribution of power and authority.

Board, Board Committee and General Meetings

The Board meets regularly to review the financial and operating performance of the Group. Four regular Board meetings were held at approximately quarterly interval in 2024.

Attendance record of directors in 2024 is as follows:

Directors	AGM	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Meetings	**1**	**4**	**4**	**3**	**3**
Executive Directors					
Cai Dongchen	1/1	4/4			3/3
Zhang Cuilong	1/1	4/4			
Wang Zhenguo	1/1	4/4			
Pan Weidong	0/1	4/4			
Wang Huaiyu	1/1	4/4			
Li Chunlei	1/1	4/4			
Yao Bing[1]	0/0	2/2			
Cai Xin[1]	0/0	2/2			
Chen Weiping[2]	0/0	0/0			
Wang Qingxi[3]	0/1	2/2			
Chak Kin Man[3]	1/1	2/2			
Jiang Hao[4]	1/1	4/4			
Independent Non-Executive Directors					
Wang Bo	0/1	3/4	4/4	3/3	3/3
Chen Chuan	1/1	4/4	4/4	3/3	3/3
Wang Hongguang	1/1	4/4			
Au Chun Kwok Alan	1/1	4/4	4/4	3/3	
Law Cheuk Kin Stephen	1/1	4/4			
Li Quan	0/1	4/4			

1 Appointed as an executive director on 29 May 2024.
2 Appointed as an executive director on 6 December 2024.
3 Retired as an executive director on 28 May 2024.
4 Resigned as an executive director on 6 December 2024.

Non-Executive Directors

Each of the independent non-executive directors has entered into a service contract with the Company subject to the requirement that one-third of all the directors shall retire from office by rotation at each annual general meeting pursuant to the Articles of Association of the Company.

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Pursuant to the policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Board consists of a diverse mix of members in terms of age, gender, skills, expertise and professional experience. Currently, the Board has 14 male members and 1 female member. The Company is committed to improving the diversity of the Board based on its needs and as and when suitable candidates are identified.

As of 31 December 2024, the Group has 21,379 employees in total comprising 10,285 females and 11,094 males (a female-to-male ratio of 0.93), reflecting a gender equality principle generally adhered by the Company.

During the year under review, the Nomination Committee has considered and reviewed the board diversity policy and considered that the policy is suitable and effective.

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Au Chun Kwok Alan (Chairman), Mr. Wang Bo and Mr. Chen Chuan.

The responsibilities of the Remuneration Committee include, but not limited to, making recommendations to the Board on (i) the policy and structure for the remuneration of directors and senior management; (ii) the establishment of a formal and transparent procedure for developing remuneration policy; (iii) the remuneration packages of individual executive directors and senior management having regard to the individual performance and responsibilities, the Company's operating results, return to shareholders and comparable market statistics; (iv) the remuneration of non-executive directors; and (v) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. By providing remuneration at competitive market level, the Company seeks to attract, motivate and retain key executives essential to its future development and growth.

The Remuneration Committee held three meetings in 2024 to consider and make recommendations to the Board on the existing policy and structure for the remuneration of directors and senior management, the remuneration packages of existing and new directors.

The Group's business is under the direct responsibility of the executive directors who are the senior management of the Company. Details of the amount of directors' emoluments for the year ended 31 December 2024 are set out in note 9 to the consolidated financial statements.

Nomination Committee

The Nomination Committee comprises a majority of independent non-executive directors. Its current members include Mr. Cai Dongchen (Chairman), Mr. Wang Bo and Mr. Chen Chuan.

The responsibilities of the Nomination Committee include, but not limited to, (i) reviewing the structure, size, and composition (including the skills, knowledge, experience and diversity profile) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) identifying suitable director candidates and selecting or making recommendation to the Board on the selection of individuals nominated for directorships; (iii) assessing the independence of independent non-executive directors; and (iv) reviewing the nomination policy and board diversity policy of the Company periodically and make recommendation on any proposed revisions to the Board.

The Company has adopted a nomination policy which sets out the selection criteria (including but not limited to work experience, cultural and education background, reputation, professional experience, length of service, gender and age of the candidate) and nomination process of directors.

The Nomination Committee held three meetings in 2024 to review the structure, size and composition of the Board, assess the independence of independent non-executive directors, make recommendations on the re-appointment of directors at the annual general meeting, nominate the appointment of three new directors to the Board in accordance with the procedures in the nomination policy as mentioned above and review the implementation and effectiveness of the board diversity policy.

Audit Committee

The Audit Committee comprises three independent non-executive directors, namely Mr. Au Chun Kwok Alan (Chairman), Mr. Wang Bo and Mr. Chen Chuan.

The responsibilities of the Audit Committee include, but not limited to, (i) assisting the Board in providing an independent review of the effectiveness of the financial reporting process, risk management and internal control systems of the Group; (ii) overseeing the audit process; (iii) reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements; (iv) reviewing and monitoring connected transactions; (v) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor; (vi) approving the remuneration and terms of engagement of the external auditor; and (vii) assessing the independence and objectivity of the external auditor.

The Audit Committee held four meetings in 2024 and performed the duties summarised below:

- review and make recommendations to the Board for the approval of the quarterly, interim and annual financial statements of the Group;
- review the connected transactions and continuing connected transactions of the Group;
- assess the performance of the external auditor and approve its remuneration;
- assess the independence and objectivity of the external auditor; and
- review the effectiveness of risk management and internal control systems of the Group.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules. In response to specific enquiries made, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

Directors' Continuous Professional Development

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. All directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

Details of the participation in continuous professional development of the existing directors in 2024 are summarised in the table below:

	Attending training course/ seminar/forum relating to the Group's business or directors' duties	Reading materials relating to the Group's business or directors' duties
Executive Directors		
Cai Dongchen	✓	✓
Zhang Cuilong	✓	✓
Wang Zhenguo	✓	✓
Pan Weidong	✓	✓
Wang Huaiyu	✓	✓
Li Chunlei	✓	✓
Yao Bing	✓	✓
Cai Xin	✓	✓
Chen Weiping	✓	✓
Independent Non-Executive Directors		
Wang Bo	✓	✓
Chen Chuan	✓	✓
Wang Hongguang	✓	✓
Au Chun Kwok Alan	✓	✓
Law Cheuk Kin Stephen	✓	✓
Li Quan	✓	✓

Mechanism on Independent Views to the Board

The Board has adopted effective mechanism to ensure independent views and input are available to the Board. Subject to approval of the Chairman of the Board, directors may seek, at the Company's expense, independent legal, financial or other professional advice from advisors independent to those advising the Company as and when necessary to enable them to discharge their responsibilities effectively. The Board will review the implementation and effectiveness of such mechanism on an annual basis.

The Board has reviewed the validity of implementation of such mechanism during the year and considered that such mechanism is effective.

Risk Management and Internal Controls

The Board has overall responsibility for overseeing the Group's risk management and internal control systems, and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Effective risk management is the key to sustainable business success. As a major pharmaceutical group based in mainland China, the Group faces a diverse range of risks and uncertainties that could have a materially adverse impact on the business or results of operations. The Group's approach to risk management is therefore an ongoing process of identification, evaluation and management of the principal risks affecting the business.

Risk Management Framework

1. Each business unit is responsible for identifying, assessing and managing risks within its business, ensuring that appropriate internal controls for effective risk management are implemented — principal risks are identified and assessed in the yearly business planning process with action plans to manage those risks;

2. The management is responsible for overseeing the risk management and internal control activities of the Group — regular meetings with each business unit to ensure principal risks are properly managed, and new or changing risks are identified;

3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal control systems — review of the annual review report and consideration of the Audit Committee's recommendation.

The risk management framework, coupled with our internal controls, ensures that the risks associated with our different business units are effectively controlled in line with the Group's risk appetite.

Internal Control System

The internal control system of the Group is designed to facilitate effective and efficient operations, ensure the maintenance of proper accounting records, ensure compliance with applicable laws and regulations, identify and manage potential risks and safeguard assets of the Group. The management is responsible for the design, implementation and maintenance of internal controls, while the Audit Committee and the Board review the effectiveness of the Group's systems of internal controls and risk management through the assistance of the internal audit function.

During 2024, the Group's internal audit function (undertaken by the Internal Audit Department, and Supervision and Security Department) has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group, covering all material financial, operational and compliance controls, and risk management. In addition, the review has considered the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions. The review report was submitted to the Audit Committee and the Board for their review.

Apart from review of the annual review report submitted by the internal audit function, the Audit Committee also had regular meetings with the external auditor and reviewed the reports provided by the external auditor of any control issues or findings identified in the course of their work. The Audit Committee has also requested the management to follow up the recommendations given by the external auditor to remedy the control issues identified or to further improve the internal control systems.

The Board formed its own view on the effectiveness of the risk management and internal control systems based on the review of the annual review report and the recommendation of the Audit Committee.

In respect of the year ended 31 December 2024, the Board considered the risk management and internal control systems of the Group effective and adequate. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management of the Group have been identified. The Board also considered the resources, qualification and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions adequate. Nevertheless, the Group would take further steps to continually improve its risk management and internal control systems.

Anti-corruption Policy and Whistleblowing Policy

The Company has adopted an anti-corruption policy to govern the acceptance of advantages by employees and a whistleblowing policy to provide guidance to employees and external stakeholders to report concerns about any suspected or actual improprieties relating to the Group.

Dissemination of Inside Information

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted a Policy on Disclosure of Inside Information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties as set out below:

- develop and review the Company's policies and practices on corporate governance including shareholders' communication policy, dividend policy, board diversity policy and mechanism on independent views to the Board, and make recommendations;
- review and monitor the training and continuous professional development of directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- review the Company's compliance with the Code and disclosure in the Corporate Governance Report under Appendix C1 to the Listing Rules.

The Board has performed the above duties during the year.

External Auditor

The Company has engaged Deloitte Touche Tohmatsu as its external auditor. The remuneration for audit and non-audit services provided by Deloitte Touche Tohmatsu to the Group in 2024 are as follows:

Nature of services	*RMB'000*
Audit and assurance services	6,936
Tax advisory and compliance	525
Total	7,461

The remuneration of the external auditor for audit and non-audit services has been reviewed by the Audit Committee to ensure the independence of the external auditor. During the year, the Audit Committee has received confirmation from and discussed with Deloitte Touche Tohmatsu on its independence. Deloittee Touche Tohmatsu has adopted a seven-year rotation policy regarding engagement partner. As the current engagement partner has served on the audit of the Company since 2021, a new engagement partner will be assigned to the Company in 2028.

Financial Reporting

The Directors' responsibilities for the financial statements and the responsibilities of the external auditor are set out on page 61 of this annual report.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Company Secretary

Mr. Lo Tai On, the Company Secretary, is a member of The Hong Kong Institute of Certified Public Accountants. He is a director of Fair Wind Secretarial Services Limited, a company rendering secretarial services, and is not a full-time employee of the Company. He reports to the Board and the primary contact person of the Company with Mr. Lo is Mr. Choi Chung Yin, a senior finance manager of the Company. During 2024, Mr. Lo has confirmed that he has taken no less than 15 hours of relevant professional training.

Communication with Shareholders

The objective of communication with shareholders is to provide them with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner. The Company uses a range of communication tools to ensure its shareholders and investors are kept well informed of key business imperatives. These include general meetings, interim and annual reports, announcements and circulars.

The Company also actively attends different forms of investors' communication activities, including meetings with investors, telephone conferences, activities organized by sell side institutions and non-deal roadshows, with the aim of enhancing corporate transparency so that investors can have a better understanding of the business model and latest development strategy of the Group. During 2024, management of the Company has attended around 200 one-on-one and group meetings.

In addition, the Company maintains a website at www.cspc.com.hk as a communication platform with shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other key information are available for public access.

In order to enable shareholders and investors to exercise their rights in an informed manner and to allow them to engage actively with the Company, a shareholders' communication policy of the Company has been established. Shareholders and investors may at any time send their enquiries and concerns to the Company via the Company's website. Shareholders may also make enquiries with the Board at the general meetings of the Company.

The Board has reviewed the validity of implementation of the shareholders' communication policy during the year and considered that it remained effective in enhancing timely, transparent, accurate and open communication between the Company and the shareholders.

General Meeting on Requisition by Shareholders

Pursuant to Sections 566-568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), shareholder(s) representing at least 5% of the total voting rights of all shareholders having a right to vote at general meetings can make a request to call a general meeting. The request, which may be sent in hard copy form or electronic form, must state the general nature of the business to be dealt with at the meeting and must be authenticated by the person or persons making it. The request may consist of several documents in like form and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting.

The directors must call a general meeting within 21 days after the date on which they become subject to the requirement, and the meeting so called must be held on a date not more than 28 days after the date of the notice convening the meeting. If the directors do not do so, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting, but the meeting must be called for a date not more than 3 months after the date on which the directors become subject to the requirement to call a meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the meeting by reason of the failure of the directors duly to call the meeting.

Procedures for Putting Forward Proposal at Annual General Meeting ("AGM")

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), shareholders may make a request to circulate a resolution at an AGM if they represent at least 2.5% of the total voting rights of all shareholders having a right to vote on the resolution at the AGM to which the request relates; or are at least 50 shareholders having a right to vote on the resolution at the AGM to which the request relates.

The request, which may be sent in hard copy form or electronic form, must (i) identify the resolution of which notice is to be given; (ii) be authenticated by the person or persons making it; and (iii) be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

Procedures for Nominating a Person for Election as a Director

The procedures for shareholders to nominate a person for election as a director have been published on the Company's website.

2024 General Meeting

At the annual general meeting held in 2024, separate resolutions were proposed by the chairman in respect of each separate issue, including re-election of directors. All the resolutions were voted by way of poll, and the results of the poll were announced in the manner prescribed under the Listing Rules. Mr. Cai Dongchen (chairman of the Board and Nomination Committee) and Mr. Au Chun Kwok Alan (chairman of the Audit Committee and Remuneration Committee) have attended the annual general meeting to ensure effective communication with shareholders.

Constitutional Documents

There was no change in the Company's constitutional documents during 2024.

Directors' Report

The board of directors of the Company (the "Board") is pleased to present this annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024.

Principal Activities

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 43 to the consolidated financial statements, respectively.

Business Review

Overview

A fair review of the business of the Group, a discussion and analysis of the Group's performance, an indication of likely future development in the Group's business and particulars of important events affecting the Group that have occurred since the end of the financial year are provided in the sections of this annual report headed Chairman's Statement, Management Discussion and Analysis, and in the Notes to the Consolidated Financial Statements.

Principal risks and uncertainties

The Group faces certain risks and uncertainties which may affect its results and operations, some of which are inherent to pharmaceutical sector and beyond its control. These risks and uncertainties include, but not limited to, the followings:

(i) Drug approval process

The actual timing of market launch of our products under development could vary significantly from our estimates due to a number of factors including delays or failures in our pre-clinical studies or clinical trials, the lengthy approval process and the uncertainties of the outcome. Any delay or failure in the process could adversely affect the timing of market launch of our products. The Group is committed to investing in research and development of new drugs to ensure a rich product pipeline.

(ii) Results of volume-based drug procurements

Our sales and profitability partly depend on our ability to win in volume-based drug procurements for our products at a desirable price in China. We may fail to win due to various factors, including uncompetitive bidding price. If our products fail to win or the new prices are significantly cut, the market share, sales and profitability of the products concerned could be adversely impacted. We have a team of staff handling volume-based drug procurements of our products. The Group is also committed to investing in research and development of new drugs to expand and diversify our product portfolio.

(iii) Compliance with certain PRC environmental and safety regulations

We are subject to the PRC laws, rules and regulations concerning environmental and safety protection. Any violation of these laws, rules or regulations may result in substantial fines, criminal sanctions, revocations of operating permits or shutdown of production facilities. We have established a designated department to inspect and monitor the environmental performance of the Group. The department will make recommendations to correct environmental issues identified and improve the environmental performance of the Group.

(iv) Exclusion of products from drug reimbursement list

Under the PRC medical insurance scheme, patients can obtain reimbursement of all or a portion of the cost of drugs listed in the National Reimbursement Drug List (the "NRDL"). The NRDL is reviewed and updated from time to time. There is no assurance that our products will be or continue to be listed in the NRDL. The removal of any of our products from the NRDL may have an adverse impact on the sales of the products concerned. In addition, product prices may have to be cut in order to be listed in the NRDL.

(v) Illegal practice of employees or third-party distributors

The Group prohibits our employees and third-party distributors from engaging in corruption practices to influence the procurement decision of hospitals. However, we may not be able to effectively ensure that every employee or third-party distributor complies at all times with our policies. If such illegal practices or improper conduct occur, this may harm our reputation or expose us to regulatory investigations and potential punishment. The employee handbook and sales contracts entered into with third-party distributors contain specific rules to prohibit illegal practices in order to prevent misconduct from occurring.

(vi) Side effects of products

Our products may cause severe side effects due to a number of factors, many of which are outside of our control. These factors include potential side effects not revealed in clinical studies, unusual but severe side effects in isolated cases, defective products not detected by our quality management system or misuse of our products by our customers. In addition, our products may be perceived to cause severe side effects if products of other companies containing the same or similar active pharmaceutical ingredients, raw materials or delivery technologies as our products cause or are perceived to have caused severe side effects. If our products cause or are perceived to cause severe side effects, our sales and profitability could be adversely affected. We have adopted a product recall procedure to ensure that our products could be quickly recalled in case of safety or quality concerns.

(vii) Product liability

Claims for product liability and product recalls may arise if any of our products are deemed or proven to be unsafe, ineffective, defective or contaminated, or if we are alleged to have engaged in practices such as insufficient or improper labelling of products or providing inadequate warnings or insufficient or misleading disclosures of side effects. If we are not able to successfully defend such claims, we may be subject to civil liability for damages or criminal liability. Product liability claims may attract negative publicity which may adversely affect our reputation and business. We are committed to maintaining a high technical and quality standard to ensure that the products meet the requirements in all aspects.

Key Relationships

(i) Employees

Human resources are one of the greatest assets of the Group and the Group regards the personal development of its employees as highly important. The Group wants to continue to be an attractive employer for committed employees.

The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides on-the-job training and development opportunities to our staff members. In addition, the Group offers competitive remuneration packages to our employees. The Group has also adopted share option scheme and share award scheme to recognise and reward the contribution of the employees for the Group's operations and future development.

(ii) Suppliers

We have developed long-standing relationships with a number of suppliers and take great care to ensure that they share our commitment to quality and ethics. We carefully select our suppliers and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

(iii) Distributors

We sell our finished drug products mainly to distributors which will sell the products to end-user customers. We work closely with the distributors to ensure that we share the view for upholding our brand value and customer services.

(iv) Hospitals

We are committed to offer a broad and diverse range of good-quality products to hospitals. We also stay connected and maintain a close relationship with the hospitals by maintaining a database and have ongoing communications with them through various channels such as visits, marketing materials and meetings.

Environmental policies

We are subject to certain PRC laws, rules and regulations concerning environmental protection, including those in relation to the discharge of gaseous waste, liquid waste and solid waste and noise pollution during our manufacturing processes. The Group attaches importance to compliance with the relevant environmental laws and regulations. We have established designated departments to inspect and monitor the environmental performance of the Group. In addition, the departments will make recommendations to remedy the environmental issues identified and improve the environmental performance of the Group. Discussions on the Group's environmental policies and performance are set out in the ESG Report which will be published separately.

Compliance with laws and regulations

The Group's operations are mainly carried out by the Company's subsidiaries established in the mainland China and the U.S. while the Company itself is incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. In addition, the shares of a subsidiary of the Company are listed on the ChiNext of Shenzhen Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in the mainland China, the U.S. and Hong Kong. During the year ended 31 December 2024 and up to the date of this report, we have complied with all the relevant laws and regulations in the mainland China, the U.S. and Hong Kong that have a significant impact on the Group.

Results and Appropriations

The results of the Group for the year ended 31 December 2024 are set out on page 64 of this annual report.

The Board recommends a final dividend of HK10 cents per share which, together with the interim dividend of HK16 cents paid on 20 November 2024, makes a total of HK26 cents per share in respect of the year ended 31 December 2024. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend will be paid on 18 July 2025 to shareholders whose names appear on the register of members on 9 June 2025.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 December 2024 amounted to RMB1,927,301,000.

Major Customers and Suppliers

The aggregate sales and purchases attributable to the Group's five largest customers and suppliers were less than 30% of the Group's total revenue and purchases for the year, respectively.

Donations

During the year, the Group made donations for charitable purposes of RMB78,280,000.

Fixed Assets

During the year, the Group continued to expand its business and acquired buildings, plant and equipment of RMB2,104,017,000. Details of the movements in fixed assets of the Group during the year are set out in note 13 to the consolidated financial statements.

Share Capital

Details of the movements in the share capital of the Company are set out in note 35 to the consolidated financial statements.

Five-Year Financial Summary

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 140 of this annual report.

Equity-Linked Agreements

Save for the long-term incentive program of the Group, no equity-linked agreement was entered into during the year or subsisted at the end of the year.

Permitted Indemnity

The Articles of Association of the Company provides that every director shall be indemnified out of the assets of the Company against any losses or liability (to the extent permitted by the Companies Ordinance) which he/she may sustain or incur in or about the execution of the duties of his/her office. The Directors and Officers Liability Insurance undertaken by the Company provides such indemnities to all the directors of the Company and its subsidiaries.

Directors

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Cai Dongchen *(Chairman)*
Zhang Cuilong *(Vice-Chairman and CEO)*
Wang Zhenguo
Pan Weidong
Wang Huaiyu
Li Chunlei
Yao Bing *(appointed on 29 May 2024)*
Cai Xin *(appointed on 29 May 2024)*
Chen Weiping *(appointed on 6 December 2024)*
Wang Qingxi *(retired on 28 May 2024)*
Chak Kin Man *(retired on 28 May 2024)*
Jiang Hao *(resigned on 6 December 2024)*

Independent non-executive directors:

Wang Bo
Chen Chuan
Wang Hongguang
Au Chun Kwok Alan
Law Cheuk Kin Stephen
Li Quan

Dr. Wang Qingxi retired as an executive director due to work reassignment, Mr. Chak Kin Man retired as an executive director due to his desire to devote more time to his personal engagements, and Dr. Jiang Hao resigned as an executive director due to work reassignment.

Dr. Yao Bing, Mr. Cai Xin and Mr. Chen Weiping were appointed as additional directors of the Company by the Board after the annual general meeting of the Company held on 28 May 2024. In accordance with Article 92 of the Company's Articles of Association, they shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 101 of the Company's Articles of Association, Mr. Wang Zhenguo, Mr. Pan Weidong, Mr. Wang Huaiyu, Mr. Wang Bo and Mr. Chen Chuan shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract not terminable by the Group within one year without payment of compensation (other than statutory compensation).

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive directors to be independent.

Biographical Details of Directors and Senior Management

CAI Dongchen

Mr. Cai, aged 71, Chairman of the Company, has been an executive director of the Company since April 1997. Mr. Cai is also the chairman of the Nomination Committee and a director of certain subsidiaries of the Company. Mr. Cai holds an MBA degree from Nankai University and has extensive technical and management experience in the pharmaceutical industry. Mr. Cai is the father of Mr. Cai Xin, an executive director of the Company.

Mr. Cai is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"). Mr. Cai is also a director of True Ally Holdings Limited and Massive Giant Group Limited, both are substantial shareholders of the Company within the meaning of Part XV of the SFO.

ZHANG Cuilong

Mr. Zhang, aged 56, Vice-Chairman and Chief Executive Officer of the Company, has been an executive director of the Company since July 2018. Mr. Zhang is also a director of certain subsidiaries of the Company. Mr. Zhang holds a Bachelor's degree in Pharmacology from Hebei Medical College (now known as Hebei Medical University) and has extensive technical, marketing and management experience in the pharmaceutical industry.

WANG Zhenguo

Mr. Wang, aged 55, has been an executive director of the Company since January 2012. Mr. Wang is also an executive president of the Group and a director of certain subsidiaries of the Company. Mr. Wang holds a Bachelor's degree in Chemistry from Nankai University and has extensive technical, marketing and management experience in the pharmaceutical industry.

PAN Weidong

Mr. Pan, aged 55, has been an executive director of the Company since October 2006. Mr. Pan is also an executive president of the Group and a director of certain subsidiaries of the Company. Mr. Pan holds an EMBA degree from Tsinghua University and has extensive finance, accounting and investment experience in the pharmaceutical industry.

Mr. Pan is a director of Common Success International Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO.

WANG Huaiyu

Mr. Wang, aged 61, has been an executive director of the Company since October 2010. Mr. Wang is also an executive president of the Group and a director of certain subsidiaries of the Company. Mr. Wang holds a Bachelor's degree in Microbiology and Biochemistry from Hebei University and has extensive technical and management experience in the pharmaceutical industry.

LI Chunlei

Dr. Li, aged 48, has been an executive director of the Company since December 2017. Dr. Li is currently the Chief Scientist of the Group in charge of research and development. Dr. Li is also an executive president of the Group, the general manager of certain subsidiaries of the Company, a deputy director of the Novel Pharmaceutical Preparations and Excipients State Key Laboratory and a director of the Hebei Pharmaceutical Engineering Technology Centre. Dr. Li holds a Bachelor's degree in Engineering (Biological Pharmaceutics) from Jilin University and Shenyang Pharmaceutical University, a Master's degree in Science (Microbial and Biochemical Pharmaceutics) from Jilin University and a Doctorate in Science (Pharmaceutical Science) from Shenyang Pharmaceutical University.

YAO Bing

Dr. Yao, aged 47, was appointed as an executive director of the Company in May 2024. Dr. Yao is also a director and the general manager of CSPC Innovation Pharmaceutical Co., Ltd., a subsidiary of the Company listed on the Shenzhen Stock Exchange, and a director of certain subsidiaries of the Company. Dr. Yao joined the Group in 2002 and has held various roles in management and research and development. Dr. Yao holds a Bachelor's degree in Engineering (Biochemical Engineering), a Master's degree in Engineering (Biochemical Engineering) and a Doctorate in Engineering (Chemical Engineering and Technology) from Nanjing Tech University, and a Master's degree in Engineering (Project Management Engineering) from Peking University.

CAI Xin

Mr. Cai, aged 33, was appointed as an executive director of the Company in May 2024. Mr. Cai is also an executive president of the Group and the president of the Group's Marketing Strategy Division. Prior to joining the Group in 2022, Mr. Cai served as an analyst at CDH Investments. Mr. Cai holds a Bachelor's degree in Science (Pharmacy) from Purdue University and a Master's degree in Business Administration from the University of New South Wales.

Mr. Cai is the son of Mr. Cai Dongchen, Chairman, executive director and a substantial shareholder of the Company within the meaning of Part XV of the SFO.

CHEN Weiping

Mr. Chen, aged 45, was appointed as an executive director of the Company in December 2024. He is also an executive president of the Group and the general manager of the Group's Operation Management Centre. Mr. Chen joined the Group in 2004 and has held various roles in management and production operation. Mr. Chen holds a Bachelor's degree in Engineering (Environmental Engineering) from Hebei University of Science and Technology, and is also a senior engineer and a national registered safety engineer.

WANG Bo

Mr. Wang, aged 64, has been as an independent non-executive director of the Company since December 2012. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Wang is currently the CEO of Beijing CHNMED Pharmaceutical Technology Development Co., Ltd and the managing director of Beijing CHNMED Pharmaceutical Consulting Co., Ltd. Mr. Wang graduated from Beijing Institute of Iron and Steel and has extensive experience in pharmaceutical policy research and consulting. Mr. Wang is currently a distinguished researcher of the Research Center of National Drug Policy & Ecosystem.

Mr. Wang is also an independent director of Youcare Pharmaceutical Group Co., Ltd. and Hainan Huluwa Pharmaceutical Group Co., Ltd. (appointed on 27 November 2024), both companies are listed on Shanghai Stock Exchange.

CHEN Chuan

Mr. Chen, aged 61, has been as an independent non-executive director of the Company since June 2016. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Chen holds a Bachelor's degree in Medicine from Norman Bethune University of Medical Science and a Master's degree in Science from Albert Einstein College of Medicine at Yeshiva University.

WANG Hongguang

Prof. Wang, aged 62, has been as an independent non-executive director of the Company since January 2021. Prof. Wang is currently Dean of the Institute of Chinese People's Life Safety, West China Hospital of Sichuan University, and an adjunct professor of Tianjin University and China Pharmaceutical University. He is a retired professor of the Institute of Multidisciplinary Biomedical Research of Tsinghua University (National Institute of Biological Sciences, Beijing), and has previously served as a director of the Center of Biotechnology Development of China of the Ministry of Science and Technology and an executive director of Peking University's China Center for Strategic Studies. Prof. Wang has long been engaged in the research on technology and economic strategy, and has conducted in-depth research on domestic and foreign biotechnology development and industry policies. He is the founder of "Disparity Economics" and has published 21 books including *Bio-economic of China* and more than 110 theses. Prof. Wang holds a Bachelor's degree in Agriculture from Gansu Agricultural University, a Master's degree in Agriculture and a Doctorate in Agriculture from China Agricultural University.

Prof. Wang is also an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-pharmaceutical Co., Ltd (listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange). He retired as an independent director of Beijing Tiantan Biological Products Corporation Limited (listed on Shanghai Stock Exchange) in May 2023.

AU Chun Kwok Alan

Mr. Au, aged 52, has been an independent non-executive director of the Company since January 2021. He is also the chairman of the Audit Committee and Remuneration Committee of the Company. Mr. Au is the founder and managing director of GT Healthcare Group, a private equity platform focusing on cross border healthcare investments. Prior to that, Mr. Au served as the head of the Asia Healthcare Investment Banking of Deutsche Bank Group, advising healthcare IPO and M&A in the region, an executive director at JAFCO Asia Investment Group, responsible for healthcare investments in China, and an investment director of Morningside Group in charge of healthcare investments in Asia. Mr. Au received a Bachelor's degree in Psychology from Chinese University of Hong Kong and a Master's degree in Management from Columbia Business School in New York. Mr. Au is a certified public accountant (CPA) in the U.S. and a chartered financial analyst (CFA), and an associate member of the Hong Kong Institute of Financial Analysts and member of the American Institute of Certified Public Accountants.

Mr. Au is also an independent director of I-Mab Biopharma Co., Ltd. (listed on Nasdaq).

Law Cheuk Kin Stephen, *JP*

Mr. Law, aged 62, has been an independent non-executive director of the Company since March 2021. Mr. Law is currently the managing director of ANS Capital Limited. He previously served as the finance director and a member of the Executive Directorate of MTR Corporation Limited, the CFO of Guoco Group Limited, Hong Kong and managing director of TPG Growth Capital (Asia) Limited, and held various senior positions in the Morningside Group and Wheelock Group. He is also a member of the board of directors of SOW (Asia) Foundation, the vice-president of the Hong Kong Institute of Certified Public Accountants, a board member of Hong Kong Cyberport Management Company Limited (effective 1 April 2025) and a member of the Institute of Chartered Accountants in England and Wales. Mr. Law holds a Bachelor's degree in Science (Civil Engineering) from the University of Birmingham, the United Kingdom and a Master's degree in Business Administration from the University of Hull, the United Kingdom.

Mr. Law is a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He has also been appointed by the Ministry of Finance of the People's Republic of China as an expert advisor.

Mr. Law is also an independent non-executive director of China Everbright Limited, Somerley Capital Holdings Limited, China Galaxy Securities Co., Ltd., Keymed Biosciences Inc. and XtalPi Holdings Limited (appointed on 28 May 2024), all of which are listed on The Stock Exchange of Hong Kong Limited.

LI Quan

Ms. Li, aged 44, has been an independent non-executive director of the Company since November 2022. Ms. Li has over ten years of experience in investment management. She is currently the Operating Partner of CDH Investments Management (Hong Kong) Limited. Ms. Li holds a Bachelor of Cell Biology & Genetics and Economics double degree from Peking University, and a Master of Science degree from National University of Singapore School of Computing.

Note: The Group's businesses are under the direct responsibility of the above executive directors who are the senior management of the Company.

Directors of Subsidiaries

The list of directors of the Company's subsidiaries (other than those listed as directors of the Company) is kept at the registered office of the Company and available for inspection by shareholders of the Company during office hours.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Details of the continuing connected transactions of the Group during the year are set out in the section headed Continuing Connected Transactions.

Other than as disclosed above, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2024, the interests and short positions of the directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions

Name of director	Capacity	Number of shares held	Number of underlying shares held	Total interests in shares/ underlying shares	Approximate % of the issued shares of the Company
Cai Dongchen	Beneficial owner	245,948,960	9,000,000 (2)	2,855,817,670	24.54%
	Interest of controlled corporation	2,600,868,710 (1)	–		
Zhang Cuilong	Beneficial owner	5,000,000	4,000,000 (2)	9,000,000	0.08%
Pan Weidong	Beneficial owner	1,500,000	1,500,000 (2)	3,000,000	0.03%
Wang Zhenguo	Beneficial owner	1,500,000	1,500,000 (2)	3,000,000	0.03%
Wang Huaiyu	Beneficial owner	1,500,000	1,500,000 (2)	3,000,000	0.03%
Li Chunlei	Beneficial owner	1,500,000	4,500,000 (2)	6,000,000	0.05%
Yao Bing	Beneficial owner	–	1,500,000 (3)	1,500,000	0.01%
Chen Weiping	Beneficial owner	20,000	500,000 (3)	520,000	0.004%

Notes:

(1) Mr. Cai Dongchen is deemed to be interested in 2,600,868,710 shares, comprising (i) 406,904,640 shares directly held by Key Honesty Limited, a direct wholly-owned subsidiary of True Ally Holdings Limited ("True Ally"), (ii) 1,218,834,470 shares directly held by Massive Giant Group Limited, a direct wholly-owned subsidiary of True Ally, (iii) 948,249,600 shares directly held by True Ally, which is directly wholly-owned by Mr. Cai Dongchen and (iv) 26,880,000 shares directly held by Harmonic Choice Limited by virtue of his interests in a chain of corporations holding Harmonic Choice Limited, namely Massive Top Limited, of which March Rise Limited, Beijing Zhongyihe Hezhong Investment Management Centre (Limited Partnership) (北京中宜和合眾投資管理中心(有限合夥)) ("Zhongyihe") and True Ally own 75%, 15% and 10%, respectively. March Rise Limited in turn is owned as to 40% by True Ally and 60% by Zhongyihe, the general partner of which is Mr. Cai Dongchen.

(2) The interests represent share options granted under the Share Option Scheme of the Company. Details of which are set out in note 36 to the consolidated financial statements.

(3) The interests represent unvested awarded shares granted by Key Honesty Limited, a shareholder of the Company. Details of which are set out in note 36 to the consolidated financial statements.

Other than as disclosed above, none of the directors or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2024.

Arrangements to Purchase Shares or Debentures

Other than the long-term incentive program of the Group, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year.

Long-Term Incentive Program

(i) Share Option Scheme

The Company has adopted a share option scheme on 9 December 2015 (the "Share Option Scheme"), details of which are set out in note 36 to the consolidated financial statements.

On 4 September 2023 (the "Grant Date"), the Company has conditionally granted share options (the "Share Options") to the then directors of the Company set out in the table below (the "Management Grantees") to subscribe for an aggregate of 50,000,000 shares of the Company (the "Share Option Shares") under the Share Option Scheme.

The exercise of the Share Options by the Management Grantees in full (the "Exercise of the Share Options") will cause the aggregate shareholding interests in the total number of issued shares held by the Management Grantees and parties acting in concert with any of them (collectively, the "Management Group") to increase from approximately 29.90% of the total number of issued shares of the Company as at the Grant Date to approximately 30.19% of the total number of issued shares of the Company as enlarged by the issuance of the Share Option Shares in full. Accordingly, the Management Grantees would be obliged to make a mandatory general offer pursuant to Rule 26.1 of the Takeovers Code to the shareholders of the Company for all the issued shares not already owned or agreed to be acquired by the Management Group as a result of the allotment and issuance of the Share Option Shares to the Management Grantees, unless a whitewash waiver is granted by the Securities and Futures Commission ("SFC"). The Management Grantees have applied to the SFC for, and the SFC has granted, a waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code from the obligations of the Management Grantees to make a mandatory general offer for all of the shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company (if any) not already owned or agreed to be acquired by the Management Group which would otherwise arise as a result of the completion of the Exercise of the Share Options (the "Whitewash Waiver").

The resolutions approving the Whitewash Waiver and the conditional grant of the Share Options and the Exercise of the Share Options and the transactions contemplated thereunder were duly passed at the extraordinary general meeting held by the Company on 29 November 2023.

On 11 April 2024, a total number of 19,500,000 Share Options have been exercised by some of the Management Grantees at the exercise price of HK$5.98 per share. Accordingly, a total of 19,500,000 new shares were allotted and issued to some of the Management Grantees on 15 April 2024 (the "Issuance"). Pursuant to Note 15 to Rule 26.1 of the Takeovers Code, the Management Group shall be deemed to have a lowest percentage holding equal to its percentage holding immediately after the Issuance, i.e. 30.01% as at 15 April 2024 (the "New Lowest Percentage Holding"). Any acquisition of additional voting rights by the Management Group subsequent to the Issuance shall be subject to the 2% creeper under Rule 26.1 of the Takeovers Code by reference to the New Lowest Percentage Holding in the 12-month period ending on the date of the Issuance, unless any subsequent disposition of voting rights by the Management Group causes the lowest percentage holding of the Management Group to fall below the New Lowest Percentage Holding. Details of the above exercise of Share Options are set out in the announcement of the Company dated 15 April 2024.

The table below shows details of movements of the Share Options during the year:

					Number of share options				
Name of grantees	Date of grant	Exercise period	Vesting period	Exercise price	Outstanding as of 1 January	Granted during year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as of 31 December
Directors:									
CAI Dongchen	4 September 2023	*(1)*	*(2)*	HK$5.98	18,000,000	–	(9,000,000)	–	9,000,000
ZHANG Cuilong	4 September 2023	*(1)*	*(2)*	HK$5.98	8,000,000	–	(4,000,000)	–	4,000,000
PAN Weidong	4 September 2023	*(1)*	*(2)*	HK$5.98	3,000,000	–	(1,500,000)	–	1,500,000
WANG Zhenguo	4 September 2023	*(1)*	*(2)*	HK$5.98	3,000,000	–	(1,500,000)	–	1,500,000
WANG Huaiyu	4 September 2023	*(1)*	*(2)*	HK$5.98	3,000,000	–	(1,500,000)	–	1,500,000
LI Chunlei	4 September 2023	*(1)*	*(2)*	HK$5.98	6,000,000	–	(1,500,000)	–	4,500,000
Employees (former directors):									
WANG Qingxi	4 September 2023	*(1)*	*(2)*	HK$5.98	3,000,000	–	–	–	3,000,000
CHAK Kin Man	4 September 2023	*(1)*	*(2)*	HK$5.98	3,000,000	–	(300,000)	–	2,700,000
JIANG Hao	4 September 2023	*(1)*	*(2)*	HK$5.98	3,000,000	–	(200,000)	–	2,800,000
					50,000,000	–	(19,500,000)	–	30,500,000

Notes:

1. Subject to the fulfillment of the conditions for the grant and exercise of the share options, the vesting conditions and the vesting period, the exercise period of the share options is 10 years from the date of grant (i.e. 4 September 2023 to 3 September 2033, both days inclusive).

2. Conditional upon the Group having achieved a single-digit percentage growth on the amount of the underlying profit attributable to shareholders (i.e. the profit attributable to shareholders after excluding certain non-operating items as determined by the Board) for the year ended 31 December 2023 as compared to that for the year ended 31 December 2022, 50% of the share options shall be vested on 1 April 2024, and such condition has already been satisfied. The remaining 50% of the share options shall be vested on 1 April 2025 conditional upon the Group having achieved a double-digit percentage growth on the amount of the underlying profit attributable to shareholders (i.e. the profit attributable to shareholders after excluding certain non-operating items as determined by the Board) for the year ended 31 December 2024 as compared to that for the year ended 31 December 2023, and such condition has not been satisfied.

(2) Share Award Scheme

The Company has adopted a share award scheme on 20 August 2018. In addition, a shareholder of the Company has granted share awards to selected employees of the Group. Details of the Company's share awards scheme and the share awards granted by the shareholder are set out in note 36 to the consolidated financial statements.

Substantial Shareholders' Interests

As at 31 December 2024, the interests and short positions of the following persons in the shares and underlying shares of the Company as recorded in the register maintained by the Company under Section 336 of the SFO were as follows:

Long Positions

Name of substantial shareholder	Capacity	Number of shares held	Number of underlying shares held	Total interests in shares/ underlying shares	Approximate % of the issued shares of the Company
Cai Dongchen	Beneficial owner	245,948,960	9,000,000 [2]	2,855,817,670	24.54%
	Interest of controlled corporation	2,600,868,710 [1]	–		
True Ally Holdings Limited	Beneficial owner	948,249,600	–	2,600,868,710	22.35%
	Interest of controlled corporation	1,652,619,110 [1]	–		
Massive Giant Group Limited	Beneficial owner	1,218,834,470	–	1,218,834,470	10.47%
Common Success International Limited	Beneficial owner	728,796,313	–	728,796,313	6.26%
UBS Group AG	Interest in controlled corporation	710,991,936	–	710,991,936	6.11%

Short Positions

Name of substantial shareholder	Capacity	Number of shares held	Approximate % of the issued shares of the Company
UBS Group AG	Interest in controlled corporation	199,913,325	1.72%

Notes:

(1) Mr. Cai Dongchen is deemed to be interested in 2,600,868,710 shares, comprising (i) 406,904,640 shares directly held by Key Honesty Limited, a direct wholly-owned subsidiary of True Ally, (ii) 1,218,834,470 shares directly held by Massive Giant Group Limited, a direct wholly-owned subsidiary of True Ally, (iii) 948,249,600 shares directly held by True Ally, which is directly wholly-owned by Mr. Cai Dongchen and (iv) 26,880,000 shares directly held by Harmonic Choice Limited by virtue of his interests in a chain of corporations holding Harmonic Choice Limited, namely Massive Top Limited, of which March Rise Limited, Zhongyihe and True Ally own 75%, 15% and 10%, respectively. March Rise Limited in turn is owned as to 40% by True Ally and 60% by Zhongyihe, the general partner of which is Mr. Cai Dongchen.

(2) The interests represent share options granted under the Share Option Scheme of the Company. Details of which are set out in note 36 to the consolidated financial statements.

Other than as disclosed above, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company as at 31 December 2024.

Connected Transactions and Continuing Connected Transactions

(1) Connected Transactions

On 19 December 2024, certain subsidiaries of the Company have entered into lease agreements with CSPC Holdings Company Limited ("CHL") and its subsidiaries Neimenggu Changshang Pharmaceutical Co., Ltd. ("NCP") to lease certain premises for a term of three years commencing on 1 January 2025. The value of the right-of-use assets under the lease agreements recognised by the Group in its consolidated statement of financial position amounted to approximately RMB158,792,000. Details of the transactions are set out in the announcement of the Company dated 19 December 2024.

(2) Continuing Connected Transactions

During the year ended 31 December 2024, the Group has entered into certain transactions which constituted continuing connected transactions of the Company under the Listing Rules. Details of these transactions are set out below:

Name of company	Nature of transactions	Transaction amount *RMB'000*
CHL and its subsidiaries (the "CHL Group")	Sales of pharmaceutical products *(note a)*	972,392
	Purchase of pharmaceutical products *(note b)*	244,703
	Consolidated services expenses *(note c)*	59,698

Notes:

(a) On 22 November 2021, the Company entered into a master sales agreement with CHL for the sale of pharmaceutical products to the CHL Group for a term of three years commencing on 1 November 2021 ("2021 Master Sales Agreement"). On 19 April 2024, both parties entered into a new master sales agreement to renew the transactions relating to the sale of pharmaceutical products for a term of three years commencing on 1 May 2024, which superseded the 2021 Master Sales Agreement.

(b) On 22 December 2021, the Company entered into a master purchase agreement with CHL for the purchase of medicines, raw materials, equipment, low-cost consumables and other products from the CHL Group for a term of three years commencing on 1 January 2022 ("2021 Master Purchase Agreement"). On 28 June 2024, both parties entered into a new master purchase agreement to renew the transactions relating to the purchase of pharmaceutical products for a term of three years commencing on 1 July 2024, which superseded the 2021 Master Purchase Agreement.

(c) A subsidiary of the Company has been leasing certain factory premises and obtaining energy supply services from NCP pursuant to a consolidated services agreement entered into between them prior to NCP becoming a subsidiary of CHL during the year. On 19 December 2024, both parties entered into a new energy supply services agreement for a term of three years commencing on 1 January 2025 upon expiry of the consolidated services agreement.

Mr. Cai Dongchen, an executive director and a substantial shareholder of the Company, is indirectly interested in more than 30% of CHL through a series of corporations. Therefore, CHL is an associate of a substantial shareholder of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules. In addition, each of Mr. Zhang Cuilong, Mr. Wang Zhenguo, Mr. Pan Weidong, Mr. Wang Huaiyu, Dr. Li Chunlei and Dr. Yao Bing, all being executive directors of the Company, is also indirectly interested in CHL.

The Company has engaged its external auditor, Deloitte Touche Tohmatsu, to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, the external auditor has confirmed in its letter to the Board that nothing has come to its attention which causes it to believe that the continuing connected transactions:

(i) have not been approved by the Board;
(ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
(iii) were not, in all material respects, in accordance with the relevant agreements governing such transactions; and
(iv) have exceeded the annual cap for 2024 as disclosed in the announcements.

The independent non-executive directors have reviewed the continuing connected transactions and the auditor's letter and have confirmed that the transactions have been entered into by the Group:

(i) in the ordinary and usual course of business of the Group;
(ii) on normal commercial terms or better; and
(iii) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Related Party Transactions

Significant related party transactions which were undertaken in the normal course of business of the Group are set out in note 41 to the consolidated financial statements. Those related party transactions which constituted exempted connected transactions or continuing connected transactions under the Listing Rules are not disclosed in the section headed "Connected Transactions and Continuing Connected Transactions".

Directors' Interests in Competing Business

CHL holds certain equity interest in (i) CSPC Jiangxi Jinfurong Pharmaceutical Co., Ltd, a company principally engaged in the manufacture and sales of traditional Chinese medicines in China, and (ii) Neimenggu Changsheng Pharmaceutical Co.,Ltd, a company principally engaged in the manufacture and sales of bulk antibiotics products in China. The above companies are considered to compete or likely to compete with certain businesses of the Group. Each of Mr. Cai Dongchen, Mr. Zhang Cuilong, Mr. Wang Zhenguo, Mr. Pan Weidong, Mr. Wang Huaiyu, Dr. Li Chunlei and Dr. Yao Bing, all being directors of the Company, has an indirect interest in CHL.

Emolument Policy

The emoluments of the directors of the Company are determined with reference to the expertise, experience, responsibilities and performance of the directors, financial and operational performance of the Group as well benchmarks from peer companies and prevailing market conditions.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month	Number of shares repurchased	Highest purchase price per share	Lowest purchase price per share	Aggregate consideration (before expenses)	
		HK$	*HK$*	*HK$*	*RMB* (equivalent)
April	26,628,000	5.99	5.66	155,616,000	141,147,000
June	36,350,000	6.58	6.21	231,848,000	211,185,000
August	55,760,000	4.93	4.69	268,055,000	244,853,000
September	108,100,000	4.88	4.51	504,924,000	460,291,000
November	57,580,000	5.25	5.02	295,822,000	273,376,000
December	55,750,000	4.87	4.61	264,804,000	244,964,000
	340,168,000			1,721,069,000	1,575,816,000

Of the shares repurchased, 284,418,000 shares were cancelled during the year and 55,750,000 shares were cancelled in January 2025. The Board considered that the repurchases were made for the benefit of the shareholders with a view to enhancing the earnings per share as well as maximizing shareholders' return.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 December 2024.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
CAI Dongchen
Chairman

Hong Kong, 28 March 2025

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF CSPC PHARMACEUTICAL GROUP LIMITED
石藥集團有限公司
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of CSPC Pharmaceutical Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 64 to 139, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Expected credit losses on trade receivables

We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period.

As at 31 December 2024, the Group's net trade receivables amounted to RMB5,160,672,000 representing approximately 12% of total assets of the Group, and RMB838,155,000 of which were past due.

As disclosed in note 39 to the consolidated financial statements, the management of the Group estimated the amount of lifetime ECL of trade receivables, other than major customers and credit-impaired balances, based on provision matrix through grouping of various debtors that have similar loss patterns, after considering aging, repayment history and/or past due status of respective trade receivables. Estimated loss rates were based on historical observed default rates over the expected life of the debtors and were adjusted for forward-looking information. Trade receivables with major customers and credit-impaired balances were assessed for ECL individually. The loss allowance of the credit-impaired trade receivables was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

As disclosed in note 39 to the consolidated financial statements, the Group's lifetime ECL recognised on trade receivables as at 31 December 2024 amounted to RMB58,441,000.

How our audit addressed the key audit matter

Our procedures in relation to impairment assessment of trade receivables included:

- Understanding key controls on how the management estimates the loss allowance for trade receivables;
- Evaluating the competence, capabilities and objectivity of the independent qualified professional valuer;
- Involving our internal valuation specialists to assess the appropriateness of valuation methodology and assumptions adopted;
- Testing the integrity of information used by management to develop the provision matrix, including trade receivables aging analysis as at 31 December 2024, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices and other supporting documents; and
- Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2024, including their identification of major customers and credit-impaired balances, the reasonableness of management's grouping of the remaining debtors into different categories in the provision matrix, and the basis of estimated loss rates applied for each individual trade debtor and each category in the provision matrix (with reference to historical default rates and forward-looking information).

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Fung Suet Ngan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2025

Consolidated Income Statement

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	5	**29,009,254**	31,450,109
Cost of sales		**(8,710,543)**	(9,273,423)
Gross profit		**20,298,711**	22,176,686
Other income		**561,089**	626,271
Other gains or losses, net		**(118,149)**	(104,936)
Selling and distribution expenses		**(8,662,306)**	(9,140,652)
Administrative expenses		**(1,079,603)**	(1,189,648)
Research and development expenses		**(5,190,656)**	(4,830,375)
Other expenses		**(97,213)**	(100,743)
Share of results of associates	18	**(45,922)**	(41,065)
Share of results of joint ventures	19	**(43,552)**	(13,131)
Gain on deemed disposal of partial interests in an associate		**–**	32,861
Finance costs	6	**(43,673)**	(25,896)
Profit before tax		**5,578,726**	7,389,372
Income tax expense	8	**(1,239,901)**	(1,316,679)
Profit for the year	7	**4,338,825**	6,072,693
Profit for the year attributable to:			
Owners of the Company		**4,328,035**	5,873,325
Non-controlling interests		**10,790**	199,368
		4,338,825	6,072,693
		RMB cents	RMB cents
Earnings per share	11		
— Basic		**36.87**	49.47
— Diluted		**36.87**	49.47

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 ***RMB'000***	2023 *RMB'000*
Profit for the year	**4,338,825**	6,072,693
Other comprehensive expense:		
Item that will not be reclassified to profit or loss:		
Fair value loss on financial assets measured at fair value through other comprehensive income, net of income tax	**(12,453)**	(6,003)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(29,594)**	(17,544)
Other comprehensive expense for the year, net of income tax	**(42,047)**	(23,547)
Total comprehensive income for the year	**4,296,778**	6,049,146
Total comprehensive income for the year attributable to:		
Owners of the Company	**4,285,988**	5,849,778
Non-controlling interests	**10,790**	199,368
	4,296,778	6,049,146

Consolidated Statement of Financial Position

At 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	13	**11,374,442**	10,416,599
Right-of-use assets	14	**1,128,458**	1,226,293
Investment property	15	**56,127**	59,432
Goodwill	16	**234,904**	234,904
Intangible assets	17	**2,609,506**	2,198,549
Interests in associates	18	**815,094**	786,085
Interests in joint ventures	19	**711,799**	682,351
Other financial assets	20	**2,334,120**	2,387,159
Deferred tax assets	33	**250,297**	186,776
Deposits, prepayments and other receivables	23	**576,100**	619,077
Bank deposits	26	**2,410,000**	740,000
		22,500,847	19,537,225
Current assets			
Inventories	21	**3,130,014**	3,138,664
Trade receivables	22	**5,160,672**	5,869,223
Deposits, prepayments and other receivables	23	**887,059**	672,655
Bills receivables	24	**4,035,490**	3,685,282
Amounts due from related companies	41	**359,123**	157,313
Amounts due from joint ventures	41	**65,475**	129,531
Other financial assets	20	**166,105**	–
Structured bank deposits	25	**1,307,007**	1,077,054
Bank deposits, balances and cash	26	**6,777,199**	12,015,223
		21,888,144	26,744,945

Consolidated Statement of Financial Position

At 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade payables	27	**1,667,247**	2,426,115
Other payables	28	**5,741,793**	5,978,313
Contract liabilities	31	**283,901**	326,205
Bills payables	29	**945,753**	415,624
Amounts due to related companies	41	**272,659**	21,436
Amounts due to joint ventures	41	**133,965**	35,587
Lease liabilities	32	**58,991**	149,627
Tax liabilities		**137,514**	379,450
Bank borrowings	30	**392,204**	450,216
		9,634,027	10,182,573
Net current assets		**12,254,117**	16,562,372
Total assets less current liabilities		**34,754,964**	36,099,597
Non-current liabilities			
Other payables	28	**407,808**	399,684
Lease liabilities	32	**56,135**	107,058
Deferred tax liabilities	33	**424,731**	574,843
		888,674	1,081,585
Net assets		**33,866,290**	35,018,012
Capital and reserves			
Share capital	35	**11,032,752**	10,899,412
Reserves		**21,231,943**	22,303,796
Equity attributable to owners of the Company		**32,264,695**	33,203,208
Non-controlling interests		**1,601,595**	1,814,804
Total equity		**33,866,290**	35,018,012

The consolidated financial statements on pages 64 to 139 were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

CAI Dongchen
DIRECTOR

ZHANG Cuilong
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Equity attributable to owners of the Company									Equity attributable to non-controlling interests			
	Share capital RMB'000	Treasury share reserve RMB'000	Employee share-based compensation reserve RMB'000	Other reserve RMB'000 (note a)	Statutory reserves RMB'000 (note b)	Capital contribution reserve RMB'000 (note c)	Translation reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Employee share-based compensation reserve of a subsidiary RMB'000	Share of net assets of subsidiaries RMB'000	Sub-total RMB'000	Total RMB'000
At 1 January 2023	10,899,412	(83,710)	9,475	(4,037,818)	2,055,657	196,574	22,047	21,135,897	30,197,534	7,612	1,436,729	1,444,341	31,641,875
Profit for the year	–	–	–	–	–	–	–	5,873,325	5,873,325	–	199,368	199,368	6,072,693
Other comprehensive expense for the year, net of income tax	–	–	–	(6,003)	–	–	(17,544)	–	(23,547)	–	–	–	(23,547)
Total comprehensive (expense)/income for the year	–	–	–	(6,003)	–	–	(17,544)	5,873,325	5,849,778	–	199,368	199,368	6,049,146
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(26,003)	(26,003)	(26,003)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	206,688	206,688	–	317,304	317,304	523,992
Purchase of shares under share award scheme	–	(254,348)	–	(4,248)	–	–	–	–	(258,596)	–	–	–	(258,596)
Dividends recognised as distribution	–	–	–	–	–	–	–	(2,726,253)	(2,726,253)	–	–	–	(2,726,253)
Cancellation of shares repurchased	–	–	–	–	–	–	–	(200,358)	(200,358)	–	–	–	(200,358)
Transfer to statutory reserves	–	–	–	–	154,187	–	–	(154,187)	–	–	–	–	–
Recognition of employee share-based compensation expense	–	–	42,030	–	–	193,952	–	–	235,982	(890)	–	(890)	235,092
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	(101,567)	(101,567)	–	(119,316)	(119,316)	(220,883)
Vesting of shares under share award scheme	–	21,844	(23,159)	–	–	–	–	1,315	–	–	–	–	–
At 31 December 2023	10,899,412	(316,214)	28,346	(4,048,069)	2,209,844	390,526	4,503	24,034,860	33,203,208	6,722	1,808,082	1,814,804	35,018,012
At 1 January 2024	**10,899,412**	**(316,214)**	**28,346**	**(4,048,069)**	**2,209,844**	**390,526**	**4,503**	**24,034,860**	**33,203,208**	**6,722**	**1,808,082**	**1,814,804**	**35,018,012**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,328,035**	**4,328,035**	**–**	**10,790**	**10,790**	**4,338,825**
Other comprehensive expense for the year, net of income tax	**–**	**–**	**–**	**(12,453)**	**–**	**–**	**(29,594)**	**–**	**(42,047)**	**–**	**–**	**–**	**(42,047)**
Total comprehensive (expense)/income for the year	**–**	**–**	**–**	**(12,453)**	**–**	**–**	**(29,594)**	**4,328,035**	**4,285,988**	**–**	**10,790**	**10,790**	**4,296,778**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(98,496)**	**(98,496)**	**(98,496)**
Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,115**	**2,115**	**2,115**
Purchase of shares under share award scheme	**–**	**(299,711)**	**–**	**(316,780)**	**–**	**–**	**–**	**–**	**(616,491)**	**–**	**–**	**–**	**(616,491)**
Dividends recognised as distribution	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,233,815)**	**(3,233,815)**	**–**	**–**	**–**	**(3,233,815)**
Cancellation of shares repurchased	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,579,098)**	**(1,579,098)**	**–**	**–**	**–**	**(1,579,098)**
Transfer to statutory reserves	**–**	**–**	**–**	**–**	**95,639**	**–**	**–**	**(95,639)**	**–**	**–**	**–**	**–**	**–**
Recognition of employee share-based compensation expense	**–**	**–**	**12,052**	**–**	**–**	**198,319**	**–**	**–**	**210,371**	**83**	**–**	**83**	**210,454**
Acquisition of additional interests in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(70,258)**	**(70,258)**	**–**	**(169,341)**	**(169,341)**	**(239,599)**
Deemed disposal of partial interest of interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(41,640)**	**(41,640)**	**–**	**41,640**	**41,640**	**–**
Vesting of shares under share award scheme	**–**	**3,884**	**(5,519)**	**–**	**–**	**–**	**–**	**1,635**	**–**	**–**	**–**	**–**	**–**
Exercise of share options	**133,340**	**–**	**(26,910)**	**–**	**–**	**–**	**–**	**–**	**106,430**	**–**	**–**	**–**	**106,430**
At 31 December 2024	**11,032,752**	**(612,041)**	**7,969**	**(4,377,302)**	**2,305,483**	**588,845**	**(25,091)**	**23,344,080**	**32,264,695**	**6,805**	**1,594,790**	**1,601,595**	**33,866,290**

Notes:

(a) The balance in other reserve mainly included i) an amount of RMB4,030,633,000 which represents the difference between the fair value of the deemed consideration under the reverse acquisition of RMB2,631,198,000 and the fair value of the consideration paid by the Company of RMB6,661,831,000 in a reverse acquisition on 29 October 2012; ii) the accumulated changes in fair value of financial assets designated at fair value through other comprehensive income ("FVTOCI"); and iii) repurchase of shares of CSPC Innovation Pharmaceutical Co., Ltd. ("CSPC Innovation"), a non-wholly owned listed subsidiary of the Company, for staff share incentive purpose.

(b) The statutory reserves are appropriated from profit after tax of the Company's subsidiaries in the People's Republic of China (the "PRC") under the laws and regulations of the PRC.

(c) The balance in capital contribution reserve mainly included the deemed contribution by CSPC Holdings Company Limited ("CHL"), a related company as defined in note 41, which comprises (i) the difference between the carrying amount of the net assets of entities comprising Robust Sun Holdings Limited ("Robust Sun") and its subsidiaries (collectively referred to as the "Robust Sun Group") and the consideration paid to CHL and its subsidiaries during group reorganisation under Robust Sun Group in 2012; (ii) the imputed interest on a non-interest bearing loan from CHL in 2012; and (iii) deemed capital contribution arising from the acquisition of CSPC Shengxue Glucose Co., Ltd. from CHL in 2016; and (iv) deemed capital contribution arising from the grant of share awards to employees of the Group in 2022 by a shareholder.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 ***RMB'000***	2023 *RMB'000*
Operating activities		
Profit before tax	**5,578,726**	7,389,372
Adjustments for:		
Depreciation of property, plant and equipment	**1,023,305**	867,252
Depreciation of right-of-use assets	**163,768**	164,077
Depreciation of investment property	**3,305**	3,305
Amortisation of intangible assets	**149,072**	82,856
Gain on lease termination	**–**	(188)
Finance costs	**43,673**	25,896
Government grant income	**(128,772)**	(215,702)
Fair value loss on financial assets measured at fair value through profit or loss	**151,936**	210,712
Fair value gain on structured bank deposits	**(47,470)**	(87,228)
Interest income	**(232,497)**	(259,881)
Loss on disposal of property, plant and equipment	**23,398**	22,226
Loss on write-off of intangible assets	**178**	–
Impairment loss recognised on intangible assets	**–**	42,315
Impairment loss recognised under expected credit loss model	**16,304**	18,412
Reversal of write-down of inventories	**–**	(57)
Employee share-based compensation expenses	**210,454**	235,092
Share of results of associates	**45,922**	41,065
Share of results of joint ventures	**43,552**	13,131
Gain on deemed disposal of partial interests in an associate	**–**	(32,861)
Operating cash flows before movements in working capital	**7,044,854**	8,519,794
Decrease/(increase) in inventories	**8,650**	(583,746)
Decrease/(increase) in trade receivables	**692,247**	(1,973,267)
(Increase)/decrease in deposits, prepayments and other receivables	**(214,404)**	20,569
Increase in bills receivables	**(1,000,925)**	(1,327,959)
(Increase)/decrease in amounts due from related companies	**(201,810)**	38,330
Decrease/(increase) in amounts due from joint ventures	**64,056**	(29,483)
(Decrease)/increase in trade payables	**(758,868)**	918,129
Decrease in contract liabilities	**(42,304)**	(473,253)
Increase/(decrease) in bills payables	**530,129**	(86,455)
(Decrease)/increase in other payables	**(421,061)**	445,900
Increase in deferred government grants	**177,426**	198,180
Increase/(decrease) in amounts due to joint ventures	**98,378**	(95,273)
Increase/(decrease) in amounts due to related companies	**251,223**	(83,502)
Cash generated from operations	**6,227,591**	5,487,964
Income tax paid	**(1,692,927)**	(1,309,149)
Net cash from operating activities	**4,534,664**	4,178,815

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Investing activities			
Purchase of property, plant and equipment		**(2,015,216)**	(1,623,688)
Purchase of right-of-use assets		**(103,580)**	(3,947)
Purchase of intangible assets		**(560,080)**	(265,432)
Purchase of other financial assets		**(411,950)**	(532,818)
Capital injection to an associate		**(80,000)**	(109,000)
Capital injection to a joint venture		**(93,000)**	(6,000)
Receipts of government grants		**104,077**	114,788
Placement of structured bank deposits		**(1,418,000)**	(1,890,000)
Withdrawal of structured bank deposits		**1,235,517**	4,475,033
Placement of pledged and restricted bank balances		**(82,029)**	(79,489)
Withdrawal of pledged and restricted bank balances		**56,584**	132,266
Placement of bank deposits		**(2,580,000)**	(2,040,000)
Withdrawal of bank deposits		**1,600,000**	2,220,000
Interest received		**232,497**	259,881
Dividend received from a joint venture		**20,000**	20,000
Dividend received from an associate		**5,069**	–
Proceeds from distribution of other financial assets		**42,092**	54,277
Proceed from disposal of other financial assets		**89,897**	–
Proceeds from disposal of property, plant and equipment		**99,922**	139,992
Net cash (used in)/from investing activities		**(3,858,200)**	865,863
Financing activities			
Dividends paid		**(3,233,815)**	(2,726,253)
Dividends paid to non-controlling interests		**(98,496)**	(26,003)
Repurchase and cancellation of shares		**(1,579,098)**	(200,358)
Interest on lease liabilities		**(7,636)**	(13,635)
Interest on bank borrowings		**(9)**	(2,356)
Repayment of lease liabilities		**(143,410)**	(138,590)
Repayment of bank borrowings		**(8,950)**	(27,840)
Advances drawn on bills discounted with recourse		**537,627**	530,945
New bank borrowings raised		**28,000**	–
Capital contribution from non-controlling interests		**2,115**	523,992
Acquisition of additional interests in subsidiaries		**(239,599)**	(220,883)
Purchase of shares under share award scheme		**(616,491)**	(258,596)
Proceeds from issue of shares upon exercise of options		**106,430**	–
Net cash used in financing activities		**(5,253,332)**	(2,559,577)
Net (decrease)/increase in cash and cash equivalents		**(4,576,868)**	2,485,101
Cash and cash equivalents at 1 January		**10,490,845**	8,000,852
Effect of foreign exchange rate changes		**3,399**	4,892
Cash and cash equivalents at 31 December, represented by bank balances and cash	*26*	**5,917,376**	10,490,845

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. General Information

CSPC Pharmaceutical Group Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company is disclosed in the "Corporate Information" section of this annual report.

The Company acts as an investment holding company and its subsidiaries (hereinafter together with the Company referred to as the "Group") are principally engaged in the manufacture and sale of pharmaceutical products. Details of the subsidiaries are set out in note 43.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. Application of new and Amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027

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

2. Application of new and Amendments to HKFRSs *(continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement 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 HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 *Earnings per Share* are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. Material Accounting Policy Information

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate 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 the 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. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date when the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. Material Accounting Policy Information *(continued)*

Basis of consolidation *(continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU"s) (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

3. Material Accounting Policy Information *(continued)*

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

3. Material Accounting Policy Information *(continued)*

Investments in associates and joint ventures *(continued)*

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interest in the associate or joint venture that is not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 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 a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead accounts for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. Material Accounting Policy Information *(continued)*

Leases *(continued)*

The Group as a lessee *(continued)*

Right-of-use assets (continued)

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 their estimated useful lives and the lease terms.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises 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 include 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 statement of financial position.

Lease modifications

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Employment benefits

Short-term employee benefits

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

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

3. Material Accounting Policy Information *(continued)*

Share-based payments

Equity-settled share-based payments transactions

Share options 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 share options 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 share options that will eventually vest, with a corresponding increase in equity (employee share-based compensation reserve). At the end of the reporting period, the Group revises its estimate of the number of share options expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share-based compensation reserve.

When share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to accumulated profits.

Awarded shares granted to employees

For grants of awarded shares that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of awarded shares at the grant date and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of awarded shares that will eventually vest, with a corresponding increase in equity (employee share-based compensation reserve).

At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity (employee share-based compensation reserve).

When trustee of the share award scheme purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is deducted from total equity and is presented as treasury share reserve. No gain or loss is recognised on the transactions of the Company's own shares.

When the trustee transfers the Company's granted shares to grantees upon vesting, the related costs of the granted shares vested are reversed from the treasury share reserve and the related expense of the granted shares vested is reversed from employee share-based compensation reserve. The difference arising from such transfer is debited/credited to accumulated profits.

3. Material Accounting Policy Information *(continued)*

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 profit 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 recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates or joint ventures, 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 investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 realised, based on tax rates (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 recognises 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.

3. Material Accounting Policy Information *(continued)*

Taxation *(continued)*

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

Deferred tax assets and liabilities are offset when there is 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 is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings and 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) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised 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 capitalised 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 include 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 statement 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 recognised so as to write off the cost of assets 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 each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised 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 an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss.

3. Material Accounting Policy Information *(continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation 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 not yet available for use that are acquired separately are not amortised but tested individually for impairment annually and carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised 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 recognised 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 recognised 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 recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination not yet available for use or with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain and loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

3. Material Accounting Policy Information *(continued)*

Bank deposits, balances and cash

Bank balances and cash include:

(a) cash, which comprises of cash on hand and demand deposits, and

(b) 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 and restricted deposits. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balance and cash as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 26.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable 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 which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised 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 HKFRS 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 recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised 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.

3. Material Accounting Policy Information *(continued)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised 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.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised 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 recognised by applying the effective interest rate to the amortised 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 recognised 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.

3. Material Accounting Policy Information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured 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 recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or 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 HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, bills receivables, amounts due from related companies and joint ventures, bank deposits, pledged and restricted bank deposits and bank balances) which are subject to impairment assessment under HKFRS 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. Assessment is 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 recognises lifetime ECL for trade receivables and trade receivables due from related companies.

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 recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Material Accounting Policy Information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(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, the credit default swap prices for the debtor;
- 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; and
- 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 has reasonable and supportable information to rebut the presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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, 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.

3. Material Accounting Policy Information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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 reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(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, or in the case of trade receivables and trade receivables due from related companies, when the amounts are over two years past due, whichever occurs sooner. 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 recognised 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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 certain trade receivables are considered based on provision matrix taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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 amortised cost of the financial asset.

The Group recognises 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 trade receivables due from related companies, where the corresponding adjustment is recognised through a loss allowance account.

3. Material Accounting Policy Information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the other reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

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 recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables, bills payables, amounts due to related companies and joint ventures and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises 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 derecognised and the consideration paid and payable is recognised in profit or loss.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make 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 recognised 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.

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 within the next financial year.

Provision of ECL for trade receivables

Trade receivables with major customers and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on debtors' aging as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31 December 2024, the carrying amount of trade receivables amounting to RMB5,160,672,000 (2023: RMB5,869,223,000) were net of impairment allowance under ECL model. The provision of ECL is sensitive to changes in estimates. The information about the ECL is disclosed in note 39.

Estimated impairment assessment of intangible assets not yet available for use

For intangible assets not yet available for use, the Group would assess the assets individually for impairment annually. In determining whether an asset is impaired, the Group has to exercise judgment 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, the Group estimates the recoverable amount of the CGU to which the assets belong, 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 the recoverable amounts.

As at 31 December 2024, the carrying amounts of intangible assets not yet available for use amounted to RMB1,262,135,000 (2023: RMB1,406,354,000). The information of the assessment of impairment of intangible assets not yet available for use is disclosed in note 17.

5. Revenue and Segment Information

	2024	2023
	RMB'000	*RMB'000*
Sale of goods	**28,991,423**	31,415,409
Licence fee income	**17,831**	34,700
	29,009,254	31,450,109

Information reported to executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered.

The Group's reportable segments are as follows:

(a) Finished drugs — research and development, manufacture and sale of pharmaceutical products and licence fee income;

(b) Bulk products — manufacture and sale of vitamin C, and antibiotic products in bulk powder form; and

(c) Functional food and others — manufacture and sale of functional food products (including caffeine food additives, anhydrous glucose, acarbose and vitamin C buccal tablets), provision of healthcare service and others.

Sale of goods

Revenue is recognised at a point in time upon control of the goods has transferred, being when the goods have been delivered to the customer's specific location. Following delivery, the customer bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 90 days upon delivery.

The transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

As at 31 December 2024, all outstanding sales contracts are expected to be fulfilled within one year.

Licence fee income

The Group provides licence of its patented intellectual property ("IP") or commercialisation licence to customers and revenue is recognized when the customers obtain rights to access or use the underlying IP or licence. Licence fee income is recognized at a point in time upon the customer obtains control of IP.

The consideration for licence comprises a fixed element (the upfront payment) and variable elements (including but not limited to development milestones and royalties).

For licence associated with customers' right to use, upfront fee received is recorded under contract liabilities and recognized as revenue only when customers have ability to use the licence and variable consideration is recognized only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future.

5. Revenue and Segment Information *(continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the year ended 31 December 2024

	Finished drugs *RMB'000*	Bulk products		Functional food and others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
		Vitamin C *RMB'000*	Antibiotics *RMB'000*				
SEGMENT REVENUE							
External sales	**23,718,326**	**1,994,256**	**1,588,907**	**1,689,934**	**28,991,423**	**–**	**28,991,423**
Inter-segment sales	**–**	**36,478**	**183,575**	**174,697**	**394,750**	**(394,750)**	**–**
Licence fee income	**17,831**	**–**	**–**	**–**	**17,831**	**–**	**17,831**
TOTAL REVENUE	**23,736,157**	**2,030,734**	**1,772,482**	**1,864,631**	**29,404,004**	**(394,750)**	**29,009,254**
SEGMENT PROFIT	**4,827,585**	**211,279**	**299,175**	**305,291**	**5,643,330**		**5,643,330**
Unallocated income							**279,966**
Unallocated expenses							**(211,423)**
Share of results of associates							**(45,922)**
Share of results of joint ventures							**(43,552)**
Finance costs							**(43,673)**
Profit before tax							**5,578,726**

For the year ended 31 December 2023

	Finished drugs *RMB'000*	Bulk products		Functional food and others *RMB'000*	Segment total *RMB'000*	Eliminations *RMB'000*	Consolidated *RMB'000*
		Vitamin C *RMB'000*	Antibiotics *RMB'000*				
SEGMENT REVENUE							
External sales	25,602,434	1,929,406	1,711,922	2,171,647	31,415,409	–	31,415,409
Inter-segment sales	–	11,960	299,812	300,250	612,022	(612,022)	–
Licence fee income	34,700	–	–	–	34,700	–	34,700
TOTAL REVENUE	25,637,134	1,941,366	2,011,734	2,471,897	32,062,131	(612,022)	31,450,109
SEGMENT PROFIT	6,699,897	4,950	154,346	561,525	7,420,718		7,420,718
Unallocated income							414,636
Unallocated expenses							(398,751)
Share of results of associates							(41,065)
Share of results of joint ventures							(13,131)
Gain on deemed disposal of partial interests in an associate							32,861
Finance costs							(25,896)
Profit before tax							7,389,372

5. Revenue and Segment Information *(continued)*

Segment revenues and results *(continued)*

Segment profit represents the profit earned by each segment without allocation of interest income, fair value changes on structured bank deposits, fair value changes on financial assets measured at FVTPL, central administrative expenses, share of results of associates and joint ventures, gain on deemed disposal of partial interests in an associate and finance costs. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

The executive directors make decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the executive directors do not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other segment information

For the year ended 31 December 2024

		Bulk products					
	Finished drugs	**Vitamin C**	**Antibiotics**	**Functional food and others**	**Segment total**	**Unallocated**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Depreciation and amortisation	**1,013,265**	**169,352**	**81,575**	**65,351**	**1,329,543**	**9,907**	**1,339,450**

For the year ended 31 December 2023

		Bulk products					
	Finished drugs	Vitamin C	Antibiotics	Functional food and others	Segment total	Unallocated	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation and amortisation	802,101	154,794	76,625	74,107	1,107,627	9,863	1,117,490

5. Revenue and Segment Information *(continued)*

Geographical information

Revenue from the external customers by geographical market (irrespective of the origin of the goods) based on the location of customers is presented below:

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**25,106,726**	27,183,715
Other Asian regions	**1,182,318**	1,582,878
Europe	**1,313,288**	1,276,883
North America	**853,042**	881,801
Others	**553,880**	524,832
	29,009,254	31,450,109

The Group's operations are substantially based in Mainland China and substantially all non-current assets of the Group are located in Mainland China. Therefore, no further analysis of geographical information is presented.

None of the Group's customers contributed over 10% of the total revenue of the Group for both years.

6. Finance Costs

	2024	2023
	RMB'000	*RMB'000*
Interest on discounted bills receivables	**36,028**	9,905
Interest on lease liabilities	**7,636**	13,635
Interest on bank borrowings	**9**	2,356
	43,673	25,896

7. Profit for the Year

	2024	2023
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging/(crediting):		
Staff costs, including directors' and chief executive's remuneration		
— salaries, wages and other benefits	**4,001,063**	4,230,760
— contribution to retirement benefit schemes	**193,978**	241,560
— employee share-based compensation expenses *(note a)*	**210,454**	235,092
Total staff costs	**4,405,495**	4,707,412
Depreciation of property, plant and equipment	**1,023,305**	867,252
Depreciation of right-of-use assets	**163,768**	164,077
Depreciation of investment property	**3,305**	3,305
Amortisation of intangible assets	**149,072**	82,856
Total depreciation and amortisation	**1,339,450**	1,117,490
Auditor's remuneration	**7,461**	7,493
Government grant income (included in other income) *(note 34)*	**(128,772)**	(215,702)
Impairment losses recognised under ECL model (included in other gains or losses)	**16,304**	18,412
Impairment losses recognised on intangible assets (included in other gains or losses)	**–**	42,315
Interest income on bank deposits and balances (included in other income)	**(232,497)**	(259,881)
Fair value loss on financial assets measured at FVTPL (included in other gains or losses)	**151,936**	210,712
Fair value gain on structured bank deposits (included in other gains or losses)	**(47,470)**	(87,228)
Loss on disposal of property, plant and equipment (included in other gains or losses)	**23,398**	22,226
Net foreign exchange gains (included in other gains or losses)	**(19,789)**	(102,531)

Notes:

(a) The amount mainly included employee share-based compensation expenses of RMB12,052,000 (2023: RMB42,030,000) in respect of share options and share awards granted by the Company and RMB198,319,000 (2023: RMB193,952,000) in respect of share awards granted by a shareholder of the Company involving the existing shares of the Company held by the shareholder.

(b) Cost of inventories recognised as an expense approximated cost of sales as shown in the consolidated income statement for both years.

8. Income Tax Expense

	2024	2023
	RMB'000	*RMB'000*
Current taxation:		
— PRC Corporate Income Tax ("PRC CIT")	**1,191,896**	1,279,724
— PRC withholding tax on dividends distributed by subsidiaries	**253,000**	136,017
— Overseas taxation	**6,095**	11,250
	1,450,991	1,426,991
Deferred taxation *(note 33)*	**(211,090)**	(110,312)
	1,239,901	1,316,679

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits arising in or derived from Hong Kong for both years.

The standard tax rate of the Company's PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law. Certain subsidiaries of the Company are qualified as High and New Technology Enterprises, and they are subject to a preferential tax rate of 15% up to 2027.

Under the EIT Law, dividends distributed by a company established in the PRC to foreign investor with respect to profits earned from 1 January 2008 onwards are subject to a withholding tax of 10%. The tax rate will be reduced to 5% if such foreign investors meet certain conditions specified in the relevant tax regulations.

Taxation arising in other jurisdictions is calculated at the rates prevailing in relevant jurisdictions.

The Group is operating in one of the jurisdictions where the Pillar Two Rules is effective. As the Group's estimated effective tax rates of such in-effect jurisdiction in which the Group operates is higher than 15%, after taking into account the adjustments under the Global Anti-base Erosion Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

8. Income Tax Expense *(continued)*

The income tax expense for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**5,578,726**	7,389,372
Tax at the PRC CIT rate of 25%	**1,394,682**	1,847,343
Tax effect of expenses not deductible for tax purpose	**279,614**	336,924
Tax effect of income not taxable for tax purpose	**–**	(12,652)
Tax effect of share of results of associates	**11,480**	10,266
Tax effect of share of results of joint ventures	**10,888**	3,283
Utilisation of previously unrecognised tax losses	**(84,894)**	(7,083)
Tax effect of tax losses not recognised	**741,671**	362,922
Effect of tax relief and concessions granted to certain PRC subsidiaries	**(1,216,250)**	(1,358,863)
PRC withholding tax on dividends of subsidiaries	**102,710**	134,539
Income tax expense for the year	**1,239,901**	1,316,679

Details of deferred taxation and unused tax losses are set out in note 33.

9. Directors' Emoluments

The emoluments paid or payable to the directors of the Company during the year are as follows:

2024	Fees	Salaries and allowances	Employee share-based compensation expenses (i)	Performance-related bonuses	Contributions to retirement benefit schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Cai Dongchen	58	6,004	4,259	–	552	10,873
Zhang Cuilong	58	693	1,893	–	92	2,736
Wang Zhenguo	58	693	710	–	92	1,553
Pan Weidong	58	678	710	–	99	1,545
Wang Huaiyu	58	693	710	–	–	1,461
Li Chunlei	58	705	1,420	–	92	2,275
Wang Qingxi (ii)	23	779	1,954	–	111	2,867
Chak Kin Man (ii)	23	830	710	–	83	1,646
Jiang Hao (iii)	53	660	710	–	85	1,508
Yao Bing (iv)	34	420	871	–	48	1,373
Cai Xin (iv)	34	395	–	–	54	483
Chen Weiping (v)	4	60	41	–	4	109
Independent non-executive directors:						
Wang Bo	144	–	–	–	–	144
Chen Chuan	144	–	–	–	–	144
Wang Hongguang	144	–	–	–	–	144
Au Chun Kwok Alan	345	–	–	–	–	345
Law Cheuk Kin Stephen	288	–	–	–	–	288
Li Quan	144	–	–	–	–	144
	1,728	12,610	13,988	–	1,312	29,638

9. Directors' Emoluments *(continued)*

2023	Fees	Salaries and allowances	Employee share-based compensation expenses (i)	Performance-related bonuses	Contributions to retirement benefit schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Cai Dongchen	57	4,539	8,161	13,503	419	26,679
Zhang Cuilong	57	693	3,627	9,002	93	13,472
Wang Zhenguo	57	693	1,360	2,701	93	4,904
Pan Weidong	57	695	1,360	2,701	108	4,921
Wang Huaiyu	57	693	1,360	3,601	26	5,737
Li Chunlei	57	704	2,720	5,851	88	9,420
Wang Qingxi	57	1,850	4,346	1,080	106	7,439
Chak Kin Man	57	2,128	1,360	2,521	196	6,262
Jiang Hao	57	720	1,360	1,800	85	4,022
Independent non-executive directors:						
Wang Bo	142	–	–	–	–	142
Chen Chuan	142	–	–	–	–	142
Wang Hongguang	142	–	–	–	–	142
Au Chun Kwok Alan	340	–	–	–	–	340
Law Cheuk Kin Stephen	284	–	–	–	–	284
Li Quan	142	–	–	–	–	142
	1,705	12,715	25,654	42,760	1,214	84,048

Notes:

(i) The amount represents the fair value of share options granted by the Company and share awards granted by a shareholder recognised in the consolidated income statement during the year.

(ii) Retired as an executive director on 28 May 2024.

(iii) Resigned as an executive director on 6 December 2024.

(iv) Appointed as an executive director on 29 May 2024.

(v) Appointed as an executive director on 6 December 2024.

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries.

The performance-related incentive payment was determined by the remuneration committee having regard to the performance of the Group, performance and responsibilities of individuals as well as prevailing market practices. No remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no Director has waived any emoluments in both years.

10. Five Highest Paid Employees

The five highest paid employees of the Group included one (2023: five) director of the Company, details of whose emoluments are set out in note 9 above. The emoluments of the remaining four (2023: nil) highest paid employees in 2024 are as follows:

	2024 *RMB'000*
Salaries, wages and other benefits	**5,971**
Contributions to retirement benefit schemes	**351**
Employee share-based compensation expenses	**12,654**
	18,976

The emoluments of the remaining four employees, including employee share-based compensation benefits, were within the following bands:

	2024
HK$4,500,001 to HK$5,000,000	**2**
HK$5,000,001 to HK$5,500,000	**1**
HK$6,000,001 to HK$6,500,000	**1**
	4

No emoluments were paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office in both years.

11. Earnings Per Share

The calculation of the basic and diluted earnings per share is as follows:

	2024	2023
Profit attributable to owners of the Company *(RMB'000)*	**4,328,035**	5,873,325
Weighted average number of ordinary shares for the purpose of basic earnings per share *(in '000)*	**11,738,041**	11,872,021
Effect of dilutive potential ordinary shares:		
Share options and share awards *(in '000)*	**2**	1,010
Weighted average number of ordinary shares for the purpose of diluted earnings per share *(in '000)*	**11,738,043**	11,873,031

The weighted average number of ordinary shares for the calculation of basic earnings per share for both years have been adjusted for the shares held by the trustee pursuant to the share award scheme of the Company.

12. Dividends

	2024	2023
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
Interim dividend paid:		
2024: HK16 cents (approximately RMB14.7 cents) (2023: HK14 cents (approximately RMB12.8 cents)) per share	**1,716,637**	1,529,135
Final dividend paid:		
2023: HK14 cents (approximately RMB13 cents) (2022: HK11 cents (approximately RMB10.1 cents)) per share	**1,540,544**	1,207,225
Less: dividend for shares held by share award scheme	**(23,366)**	(10,107)
	3,233,815	2,726,253

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK10 cents per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting. This proposed dividend has not yet been recognized as a liability in the consolidated financial statements.

13. Property, Plant And Equipment

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2023	4,639,272	6,809,149	487,437	20,595	2,244,922	14,201,375
Additions	37,584	179,104	84,289	7,057	1,555,246	1,863,280
Transfers	712,330	1,677,655	163,676	202	(2,553,863)	–
Disposals	(1,320)	(195,763)	(36,660)	(3,393)	–	(237,136)
Exchange adjustments	716	547	15	23	–	1,301
At 31 December 2023	**5,388,582**	**8,470,692**	**698,757**	**24,484**	**1,246,305**	**15,828,820**
Additions	**49,814**	**273,710**	**28,253**	**6,078**	**1,746,162**	**2,104,017**
Transfers	**186,365**	**512,431**	**58,904**	**–**	**(757,700)**	**–**
Disposals	**(60,726)**	**(93,332)**	**(34,080)**	**(3,346)**	**–**	**(191,484)**
Exchange adjustments	**964**	**211**	**26**	**20**	**–**	**1,221**
At 31 December 2024	**5,564,999**	**9,163,712**	**751,860**	**27,236**	**2,234,767**	**17,742,574**
DEPRECIATION						
At 1 January 2023	1,276,251	3,073,293	251,521	18,250	–	4,619,315
Provided for the year	226,740	551,243	86,769	2,500	–	867,252
Disposals	(20)	(50,427)	(21,986)	(2,485)	–	(74,918)
Exchange adjustments	320	222	13	17	–	572
At 31 December 2023	**1,503,291**	**3,574,331**	**316,317**	**18,282**	**–**	**5,412,221**
Provided for the year	**251,465**	**670,867**	**98,744**	**2,229**	**–**	**1,023,305**
Disposals	**(1,769)**	**(34,914)**	**(30,500)**	**(981)**	**–**	**(68,164)**
Exchange adjustments	**631**	**110**	**22**	**7**	**–**	**770**
At 31 December 2024	**1,753,618**	**4,210,394**	**384,583**	**19,537**	**–**	**6,368,132**
CARRYING VALUES						
At 31 December 2024	**3,811,381**	**4,953,318**	**367,277**	**7,699**	**2,234,767**	**11,374,442**
At 31 December 2023	3,885,291	4,896,361	382,440	6,202	1,246,305	10,416,599

The Group has obtained the formal title for all buildings in the PRC except for buildings with carrying amount of RMB307,957,000 (2023: RMB312,645,000) being in the process of obtaining.

The above items of property, plant and equipment, other than construction in progress, after taking account their residual values, are depreciated on a straight-line basis at the following useful life or rates per annum:

Buildings	Over the shorter of the lease term or 20 to 25 years
Plant and machinery	5% – 10%
Furniture, fixtures and equipment	20% – 33.33%
Motor vehicles	20%

14. Right-of-use Assets

	Land and buildings *RMB'000*
CARRYING AMOUNT	
As at 1 January 2023	1,394,859
Additions	247
Disposals	(6,430)
Depreciation provided for the year	(164,077)
Exchange adjustments	1,694
As at 31 December 2023	**1,226,293**
Additions	**64,751**
Depreciation provided for the year	**(163,768)**
Exchange adjustments	**1,182**
As at 31 December 2024	**1,128,458**

	2024 ***RMB'000***	2023 *RMB'000*
Total cash outflows for leases	**254,626**	156,172

The Group has entered into contracts to lease certain land and buildings for its operations for a fixed term of one year to twenty years. Lease terms are negotiated on an individual basis and contain a wide range of 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.

In addition, lease liabilities of RMB115,126,000 (2023: RMB256,685,000) are recognised with related right-of-use assets of RMB105,866,000 as at 31 December 2024 (2023: RMB243,520,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

15. Investment Property

	RMB'000
COST	
At 1 January 2023, 31 December 2023 and 31 December 2024	**72,653**
DEPRECIATION	
At 1 January 2023	9,916
Provided for the year	3,305
At 31 December 2023	**13,221**
Provided for the year	**3,305**
At 31 December 2024	**16,526**
CARRYING VALUES	
At 31 December 2024	**56,127**
At 31 December 2023	59,432

The investment property is depreciated on a straight-line basis over the shorter of lease terms of the leasehold land or 5% per annum.

The fair value of the investment property at 31 December 2024 was approximately RMB110,986,000 (2023: RMB110,986,000). The fair value was determined by the Directors with reference to recent market evidence of transaction prices for similar properties in similar locations and conditions. In estimating the fair value at level 3 hierarchy of the property, the highest and best use of the property is its current use.

16. Goodwill

	RMB'000
COST	
At 1 January 2023, 31 December 2023 and 31 December 2024	**234,904**

For the purpose of impairment testing, goodwill has been allocated to four individual CGUs as at 31 December 2024 (2023: four). The carrying amount of goodwill allocated to these units is as follows:

	2024	2023
	RMB'000	*RMB'000*
Ouyi Group *(note a)*	**82,172**	82,172
Yong Shun Group *(note b)*	**48,212**	48,212
Zhifan Group *(note c)*	**71,608**	71,608
Others *(note a)*	**32,912**	32,912
	234,904	234,904

Notes:

(a) The recoverable amounts of Ouyi (as defined in note 43) and its subsidiaries (collectively referred to as "Ouyi Group"), and others have been determined based on value-in-use calculations with certain key assumptions. The calculations use cash flow projections based on financial forecasts approved by management and pre-tax discount rates of 14% to 16% (2023: 14% to 15%). Cash flows beyond the forecasted period are extrapolated using a steady 2% growth rate (2023: 2%). These growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. Other key assumptions include forecast sales based on past performance and management's expectation of the market development.

(b) The recoverable amount of Yong Shun Technology Development Limited ("Yong Shun") and its subsidiaries (collectively referred to as "Yong Shun Group") has been determined based on value-in-use calculation with certain key assumptions. The calculation uses cash flow projection based on financial forecast approved by management and pre-tax discount rate of 17% (2023: 19%). Cash flows beyond the forecasted period are extrapolated using a steady 2% growth rate (2023: 2%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions include forecast sales based on management's expectations of the market development. The Directors believe that any reasonably possible changes in any of these assumptions would not cause the carrying amount to exceed the recoverable amount.

(c) The recoverable amount of Zhuhai Zhifan Enterprise Management Consultancy Centre (Limited Partnership) ("Zhuhai Zhifan") and its subsidiary (collectively referred to as "Zhifan Group") has been determined based on value-in-use calculation with certain key assumptions. The calculation uses cash flow projection based on financial forecast approved by management and pre-tax discount rate of 17% (2023: 18%). Cash flows beyond the forecasted period are extrapolated using a steady 2% growth rate (2023: 2%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions include forecast sales based on management's expectations of the market development.

The Directors considered that there was no impairment of any of its CGUs containing goodwill for the years ended 31 December 2023 and 2024.

17. Intangible Assets

	Development costs *RMB'000*	Research and development projects *RMB'000*	Product licences and patents *RMB'000*	Total *RMB'000*
COST				
At 1 January 2023	186,528	1,243,688	899,299	2,329,515
Additions	18,078	–	397,354	415,432
Written-off	–	–	–	–
Exchange adjustments	10	–	532	542
At 31 December 2023	**204,616**	**1,243,688**	**1,297,185**	**2,745,489**
Additions	**41,676**	**–**	**518,404**	**560,080**
Written-off	**(274)**	**–**	**–**	**(274)**
Exchange adjustments	**5**	**–**	**476**	**481**
At 31 December 2024	**246,023**	**1,243,688**	**1,816,065**	**3,305,776**
AMORTISATION AND IMPAIRMENT				
At 1 January 2023	150,714	24,316	246,373	421,403
Provided for the year	1,367	33,572	47,917	82,856
Impairment loss recognised	–	–	42,315	42,315
Exchange adjustments	1	–	365	366
At 31 December 2023	**152,082**	**57,888**	**336,970**	**546,940**
Provided for the year	**2,236**	**88,411**	**58,425**	**149,072**
Written-off	**(96)**	**–**	**–**	**(96)**
Exchange adjustments	**1**	**–**	**353**	**354**
At 31 December 2024	**154,223**	**146,299**	**395,748**	**696,270**
CARRYING VALUES				
At 31 December 2024	**91,800**	**1,097,389**	**1,420,317**	**2,609,506**
At 31 December 2023	52,534	1,185,800	960,215	2,198,549

Development costs mainly represent costs internally generated or techniques acquired from third parties for the development of products and production technology while the research and development projects are acquired through business combination. The product licences and patents represent consideration paid by the Group for obtaining product licences and patents of drugs or drug candidates.

During the year ended 31 December 2023, the management of the Group concluded there was indication of negative changes in the market conditions of an intangible asset with finite useful live and recognised an impairment loss of RMB42,315,000 after conducting an impairment test. The recoverable amounts of these intangible assets of RMB33,713,000 was determined based on value-in-use calculations. The calculations used cash flow projections based on financial forecast approved by management covering useful lives and pre-tax discount rate of 18%.

The management determined that there is no impairment on the development costs and research and development projects not yet available for use and believes that any reasonably possible change in any of the key assumptions would not cause the recoverable amounts to be lower than their carrying amounts.

Except for certain intangible assets not yet available for use, the above intangible assets having finite useful lives are amortised on a straight-line basis over their estimated useful lives:

Development costs	1 to 10 years
Research and development projects	3 to 15 years
Product licences and patents	3 to 10 years

18. Interests in Associates

	2024	2023
	RMB'000	*RMB'000*
Cost of investments in associates	**922,675**	842,675
Share of post-acquisition reserves	**(107,581)**	(56,590)
	815,094	786,085

The associates are accounted for using equity method in the consolidated financial statements. The interests in associate included listed investments with a fair value of approximately RMB414,703,000 (2023: RMB436,224,000) which was determined based on the quoted market bid price available on the stock exchange of Hong Kong multiplied by the quantity of shares held by the Group. As at 31 December 2023 and 2024, there is no individual associate material to the Group.

Aggregate information of associates that are not individually material:

	2024	2023
	RMB'000	*RMB'000*
The Group's share of losses and total comprehensive expense	**45,922**	41,065

19. Interests in Joint Ventures

	2024	2023
	RMB'000	*RMB'000*
Cost of investments in joint ventures	**719,611**	626,611
Share of post-acquisition reserves	**(7,812)**	55,740
	711,799	682,351

The joint ventures are accounted for using equity method in the consolidated financial statements. As at 31 December 2023 and 2024, there is no individual joint venture material to the Group.

Aggregate information of joint ventures that are not individually material:

	2024	2023
	RMB'000	*RMB'000*
The Group's share of losses and total comprehensive expense	**(43,552)**	(13,131)
Unrecognised share of losses of the joint ventures for the year	**(3,126)**	(2,843)
Cumulative unrecognised share of losses of the joint ventures	**(57,848)**	(54,722)

20. Other Financial Assets

	2024	2023
	RMB'000	*RMB'000*
Unlisted investments in partnerships and funds	**1,578,184**	1,593,287
Listed equity securities	**519,895**	88,236
Unlisted equity securities	**402,146**	705,636
	2,500,225	2,387,159
Analysed as:		
Financial assets measured at FVTPL	**1,789,816**	1,661,791
Financial assets measured at FVTOCI *(note)*	**710,409**	725,368
	2,500,225	2,387,159
Analysed as:		
Current	**166,105**	–
Non-current	**2,334,120**	2,387,159
	2,500,225	2,387,159

Note:

The above investments are mainly focused on the healthcare industry. The Directors have elected to designate these investments to be measured at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The Directors consider that the Group does not have any control nor significant influence to affect the variable returns through its investment in those enterprises.

In the current year, the Group received RMB42,092,000 (2023: RMB54,277,000) upon distribution by the partnerships and funds.

21. Inventories

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**830,887**	922,634
Work in progress	**204,304**	251,966
Finished goods	**2,094,823**	1,964,064
	3,130,014	3,138,664

The inventories are net of a provision of RMB4,295,000 as at 31 December 2024 (2023: RMB4,295,000).

22. Trade Receivables

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**5,219,113**	5,911,360
Less: allowance for ECL	**(58,441)**	(42,137)
	5,160,672	5,869,223

As at 1 January 2023, trade receivables (net of allowance under ECL model) from contracts with customers amounted to RMB3,937,967,000.

The Group allows a general credit period of 90 days to its trade customers. The following is an ageing analysis of trade receivables (net of allowance under ECL model) at the end of the reporting period presented based on the invoice dates which approximated the respective revenue recognition dates:

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**4,322,517**	5,272,089
91 to 180 days	**672,925**	564,976
181 to 365 days	**147,431**	29,364
More than 365 days	**17,799**	2,794
	5,160,672	5,869,223

Trade receivables with aggregate carrying amount of RMB838,155,000 (2023: RMB597,134,000) are past due as at the reporting date. Out of the past due balances, RMB165,230,000 (2023: RMB32,158,000) has been past due 90 days or more and is not considered as in default because there has not been significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Details of impairment assessment of trade receivables are set out in note 39.

23. Deposits, Prepayments and Other Receivables

	2024	2023
	RMB'000	*RMB'000*
Prepayments for raw materials and research and development expenses	**207,080**	175,305
Deposits paid for acquisition of property, plant and equipment and right-of-use assets	**576,100**	619,077
Other taxes recoverable	**362,346**	210,162
Others	**317,633**	287,188
	1,463,159	1,291,732
Analysed as:		
Current	**887,059**	672,655
Non-current	**576,100**	619,077
	1,463,159	1,291,732

24. Bills Receivables

The bills receivables of the Group are with a maturity period of less than 365 days (2023: less than 365 days) and not yet due at the end of the reporting period. The management considers the default risk is low based on historical information, experience and forward-looking information that is available without undue cost of effort.

As at 31 December 2024, the amount include RMB2,421,294,000 (2023: RMB2,211,169,000) of bills receivables measured at FVTOCI.

As at 31 December 2024, bills receivables of the Group of RMB364,204,000 (2023: RMB441,266,000) were discounted to banks on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the cash received of RMB364,204,000 (2023: RMB441,266,000) from the discount of bills receivables as borrowings as disclosed in note 30.

As at 31 December 2024, bills receivables of the Group of RMB412,458,000 (2023: RMB413,321,000) were endorsed to suppliers on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount and has recognised the trade payable of RMB412,458,000 (2023: RMB413,321,000) as included in note 27.

25. Structured Bank Deposits

The structured bank deposits carry guaranteed return up to 2.90% (2023: 1.75%) per annum and have a total expected return up to 3.00% (2023: 3.00%) per annum, depending on the market prices of the underlying commodities quoted in the market as specified in the terms of relevant deposits.

The structured bank deposits are designated at FVTPL on initial recognition as they contain non-closely related embedded derivatives.

26. Bank Deposits, Balances and Cash

	2024	2023
	RMB'000	*RMB'000*
Time deposits	**3,220,000**	2,240,000
Pledged and restricted bank balances	**49,823**	24,378
Bank balances and cash	**5,917,376**	10,490,845
	9,187,199	12,755,223
Analysed as:		
Current	**6,777,199**	12,015,223
Non-current	**2,410,000**	740,000
	9,187,199	12,755,223

The bank deposits and balances carry interest at market rates ranging from 0.20% to 4.12% (2023: 0.20% to 5.60%) per annum.

The pledged and restricted bank balances represent amounts required to be placed in banks for securing short-term banking facilities of the Group, and are classified as current assets.

27. Trade Payables

The following is an ageing analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**1,360,917**	1,994,671
91 to 180 days	**170,476**	203,696
More than 180 days	**135,854**	227,748
	1,667,247	2,426,115

The general credit period on purchases of goods is up to 90 days (2023: 90 days).

28. Other Payables

	2024	2023
	RMB'000	*RMB'000*
Other tax payable	**196,717**	181,502
Payables arising from construction and acquisition of property, plant and equipment	**1,033,790**	1,027,366
Deferred government grants *(note 34)*	**661,956**	509,226
Salaries, wages and staff welfare payable	**509,439**	660,299
Selling expense payable	**2,925,497**	3,293,158
Research and development expense payable	**189,807**	264,913
Others	**632,395**	441,533
	6,149,601	6,377,997
Analysed as:		
Current	**5,741,793**	5,978,313
Non-current	**407,808**	399,684
	6,149,601	6,377,997

29. Bills Payables

The bills payables of the Group are aged within 365 days (2023: 365 days) and not yet due at the end of the reporting period. Bank deposits of RMB43,752,000 (2023: RMB17,307,000) have been pledged to banks for the guarantee of bills payables.

30. Bank Borrowings

	2024	2023
	RMB'000	*RMB'000*
Discount of bills receivables *(note a)*	**364,204**	441,266
RMB bank loan *(note b)*	**28,000**	8,950
	392,204	450,216

The carrying amounts of the above borrowings are repayable within one year and classified as current liabilities.

Notes:

(a) The amount represents borrowings secured by the bill receivables discounted to banks with recourse and the amount is repayable within one year.

During the year ended 31 December 2024, the Group discounted bills receivables with recourse of RMB537,627,000 (2023: RMB530,945,000), net of interest.

(b) The bank loan carries fixed interest rate of 1.95% (31 December 2023: variable interest rates at PRC Loan Prime Rate plus 1.61%) per annum.

As of 31 December 2023, the bank loan was secured by certain properties with a net carrying amount of RMB71,000,000.

31. Contract Liabilities

Contract liabilities represent deposits received by the Group in advance of delivery of products.

As at 1 January 2023, contract liabilities amounted to RMB799,458,000. Revenue recognised in the current year relating to brought-forward contract liabilities amounted to RMB326,205,000 (2023: RMB799,458,000).

32. Lease Liabilities

	2024	2023
	RMB'000	*RMB'000*
The lease liabilities are payable as follows:		
Within one year	**58,991**	149,627
Within a period of more than one year but not more than two years	**20,913**	57,879
Within a period of more than two years but not more than five years	**30,951**	44,970
Within a period of more than five years	**4,271**	4,209
	115,126	256,685
Less: Amount due for settlement within one year shown under current liabilities	**(58,991)**	(149,627)
Amount due for settlement after one year shown under non-current liabilities	**56,135**	107,058

The weighted average incremental borrowing rate applied to lease liabilities was 4.35% (2023: 4.35%) per annum.

33. Deferred Taxation

For the purpose of presentation in the consolidated statement 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:

	2024	2023
	RMB'000	*RMB'000*
Deferred tax assets	**250,297**	186,776
Deferred tax liabilities	**(424,731)**	(574,843)
	(174,434)	(388,067)

33. Deferred Taxation *(continued)*

The following are the major deferred tax assets/(liabilities) recognised and their movements:

	Inventories	Property, plant and equipment	Right-of-use assets	Lease liabilities	Other intangible assets	Withholding tax on undistributed profits	Fair value change on financial assets	Research and development expenses	Unutilised tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	22,094	(59,420)	(112,670)	100,027	(166,594)	(307,568)	(51,861)	57,783	–	19,242	(498,967)
(Charge)/credit to profit or loss	(580)	14,237	36,827	(36,302)	21,432	1,478	18,394	(7,075)	67,720	(5,819)	110,312
Charge to other comprehensive income	–	–	–	–	–	–	242	–	–	–	242
Exchange adjustments	340	–	(446)	446	–	–	–	–	–	6	346
At 31 December 2023	**21,854**	**(45,183)**	**(76,289)**	**64,171**	**(145,162)**	**(306,090)**	**(33,225)**	**50,708**	**67,720**	**13,429**	**(388,067)**
Credit/(charge) to profit or loss	**9,792**	**6,930**	**37,922**	**(35,710)**	**11,027**	**148,000**	**8,183**	**(7,075)**	**(27,375)**	**59,396**	**211,090**
Charge to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**2,507**	**–**	**–**	**–**	**2,507**
Exchange adjustments	**7**	**–**	**(296)**	**320**	**–**	**–**	**–**	**–**	**–**	**5**	**36**
At 31 December 2024	**31,653**	**(38,253)**	**(38,663)**	**28,781**	**(134,135)**	**(158,090)**	**(22,535)**	**43,633**	**40,345**	**72,830**	**(174,434)**

At the end of the reporting period, the Group had unused tax losses of approximately RMB7,858,037,000 (2023: RMB5,503,189,000) available for offset against future profits. Deferred tax asset has been recognised in respect of approximately RMB268,971,000 (2023: RMB451,467,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB7,589,066,000 (2023: RMB5,051,722,000) due to the unpredictability of future profit streams.

The unrecognised unused tax losses for the PRC subsidiaries of RMB6,156,073,000 (2023: RMB3,922,646,000) will be expired in one to ten years for offsetting against future taxable profits. Tax losses of RMB89,764,000 (2023: RMB21,805,000) have been forfeited during the year.

At the end of reporting period, the subsidiaries in the US had net operating loss of RMB1,432,993,000 (2023: RMB1,129,076,000) carried forward for federal income tax purposes which is available for offsetting against future taxable profits. As at 31 December 2024 and 2023, all tax losses may carry forward indefinitely under the Act but subject to certain limitations.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB28,904,490,000 (2023: RMB25,308,000,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

There was no other significant unrecognised temporary differences for the year or at the end of the reporting period.

34. Deferred Government Grants

	2024	2023
	RMB'000	*RMB'000*
Current:		
— Other subsidies *(note a)*	**254,148**	168,698
Non-current:		
— Acquisition of property, plant and equipment *(note b)*	**407,808**	340,528
Total (included in other payables in note 28)	**661,956**	509,226

Notes:

(a) Other subsidies are generally provided for the development of pharmaceutical products or improvement of production efficiency. Such amounts are included in other payables until the conditions attaching to the grants have been fulfilled. During the year, the Group recognised income of RMB91,977,000 (2023: RMB170,524,000).

(b) Represents subsidies received for the acquisition of plant and machinery and will be transferred to profit or loss over the useful lives of the related assets upon the conditions attaching to the grants have been fulfilled. During the year, the Group recognised income of RMB36,795,000 (2023: RMB45,178,000).

35. Share Capital

	Number of shares	**Share capital**
		RMB'000
Issued and fully paid		
At 1 January 2023	11,933,219,732	10,899,412
Repurchased and cancelled during the year	(30,000,000)	–
At 31 December 2023	**11,903,219,732**	**10,899,412**
Repurchased and cancelled during the year	**(284,418,000)**	**–**
Exercise of share options	**19,500,000**	**133,340**
At 31 December 2024	**11,638,301,732**	**11,032,752**

During the year, the Company repurchased 340,168,000 shares on The Stock Exchange of Hong Kong Limited for a total aggregate consideration (before transaction expenses) of HK$1,721,069,000. Of the shares repurchased, 284,418,000 shares were cancelled during the year and 55,750,000 shares were cancelled in January 2025.

36. Long Term Incentive Programs

(a) Share option scheme

The share option scheme of the Company (the "Share Option Scheme") is for the purpose of providing the Company with a flexible means of giving incentive to eligible participants. Participants include any director, employee, business consultant, professional and other adviser of the Group. The Share Option Scheme was adopted on 9 December 2015 and will expire on 8 December 2025.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme shall not in aggregate exceed 591,101,840 shares, being 10% of the shares of the Company in issue at adoption the date of the Share Option Scheme. The maximum entitlement for any one participant is that the total number of shares issued or to be issued upon exercise of the share options granted to each participant in any twelve-month period shall not exceed 1% of the total number of shares in issue.

Share options granted have to be taken up within an acceptable period from the date of offer to such date as the Board may determine and specify in the letter of offer upon payment of HK$1. The subscription price for option granted is determined by the Board and shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the offer date which must be a business day; (ii) and the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share. Share options granted are exercisable for a period to be notified by the Board to each grantee and such period shall expire not later than 10 years from the date of grant.

As at 31 December 2024, the number of share options available for being further granted was 541,101,840 (1 January 2024: 541,101,840).

As at the date of this annual report, the total number of shares available for issue under the Share Options Scheme was 571,601,840 shares, representing 4.95% of the Company's issued shares as at that date.

The following table discloses movements of share options during the year:

				Number of share options				
Grantees	Date of grant	Exercise price	Exercise period	As at 1 Jan 2024	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31 Dec 2024
Directors	4 Sep 2023	HK$5.98	4 Sep 2023 to 3 Sep 2033	41,000,000	–	(19,000,000)	–	22,000,000
Employees (former directors)	4 Sep 2023	HK$5.98	4 Sep 2023 to 3 Sep 2033	9,000,000	–	(500,000)	–	8,500,000
				50,000,000	–	(19,500,000)	–	30,500,000

36. Long Term Incentive Programs *(continued)*

(a) Share option scheme *(continued)*

The following table discloses movements of share options during the prior year:

				Number of share options				
Grantees	Date of grant	Exercise price	Exercise period	As at 1 Jan 2023	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	As at 31 Dec 2023
Directors	4 Sep 2023	HK$5.98	4 Sep 2023 to 3 Sep 2033	–	50,000,000	–	–	50,000,000
				–	50,000,000	–	–	50,000,000

Notes:

(a) 50% of the share options granted have been vested on 1 April 2024. The remaining 50% will be vested on 1 April 2025 subject to the fulfilment of certain performance target relating to the financial results of the Group in 2024.

(b) The weighted average closing price of the Company's shares immediately before the date on which the options were exercised was HK$5.94.

(c) The fair value of the share options granted on the date of grant was RMB50,048,000.

(d) The share options outstanding as at 31 December 2024 had a weighted average remaining contractual life of 9 years (2023: 10 years).

The fair value of the share options granted was determined by using the Binomial model. The inputs into the model were as follows:

Share price on the grant date	HK$5.98
Exercise price	HK$5.98
Expected volatility	39.78%
Expected life	10 years
Risk-free rate	3.89%
Expected dividend yield	4.18%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the valuer's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The variables and assumptions used in computing the fair value of the share options are based on the valuer's best estimate. The value of an option varies with different variables of certain subjective assumptions.

During the year, the Group recognised share-based compensation expense of RMB11,831,000 (2023: RMB22,670,000) in relation to share options granted by the Company.

36. Long Term Incentive Programs *(continued)*

(b) Share award scheme

The share award scheme of the Company (the "Share Award Scheme") is for the purpose of providing the selected participants with an opportunity to acquire a proprietary interest in the Company; encouraging and retaining such individuals to work with the Company; and providing additional incentives to them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the selected participants directly to the shareholders through ownership of shares of the Company. Participants include any director, employee, officer, agent or consultant of the Group. The Share Award Scheme was adopted on 20 August 2018 and will expire on 19 August 2028.

The terms of the Share Award Scheme were amended on 21 May 2024 to the effect that the Board may only instruct the trustee to purchase existing shares of the Company on market to satisfy share awards granted under the Share Award Scheme, such that the Share Award Scheme has become a share scheme that is funded only by the existing shares of the Company.

The maximum number of shares which may be purchased from the market or issued under the Share Award Scheme shall not in aggregate exceed 124,860,368 shares, being 2% of the shares of the Company in issue as at the adoption date of the Share Award Scheme. The maximum number of shares which may be awarded to a selected participant at any one time or in aggregate under the Share Award Scheme must not exceed 31,215,092 shares, being 0.5% of the shares of the Company in issue as at the adoption date of the Share Award Scheme.

The awarded shares held by the trustee of the Share Award Scheme shall be vested in the selected participants in accordance with the vesting conditions or vesting schedules as set out in the grant notice. Awarded shares which do not vest will be forfeited and may be re-granted to other participants selected by the Board.

As at 31 December 2024, the number of share awards available for being further granted was 117,038,368 (1 January 2024: 117,312,368).

As at 31 December 2024, there were 100,000,000 shares of the Company held by the trustee of the Share Award Scheme (2023: 51,460,000 shares).

Details of movement of awarded shares during the year are as follows:

			Number of awarded shares				
Grantees	Date of grant	Vesting period	As at 1 Jan 2024	Granted during the year	Vested during the year	Cancelled/ lapsed during the year	As at 31 Dec 2024
Employees	15 Jan 2019	15 Jan 2019 to 14 Jan 2024	329,000	–	(316,000)	(13,000)	–
	16 Dec 2021	16 Dec 2021 to 14 Jan 2024	329,000	–	(316,000)	(13,000)	–
	22 Apr 2024	22 Apr 2024 to 21 Apr 2027	–	300,000	–	–	300,000
Total			658,000	300,000	(632,000)	(26,000)	300,000

36. Long Term Incentive Programs *(continued)*

(b) Share award scheme *(continued)*

Details of movement of awarded shares during the prior year are as follows:

			Number of awarded shares				
Grantees	Date of grant	Vesting period	As at 1 Jan 2023	Granted during the year	Vested during the year	Cancelled/ lapsed during the year	As at 31 Dec 2023
Employees	15 Jan 2019	15 Jan 2019 to 14 Jan 2023	329,000	–	(325,000)	(4,000)	–
	15 Jan 2019	15 Jan 2019 to 14 Jan 2024	329,000	–	–	–	329,000
	16 Dec 2021	16 Dec 2021 to 14 Jan 2023	329,000	–	(325,000)	(4,000)	–
	16 Dec 2021	16 Dec 2021 to 14 Jan 2024	329,000	–	–	–	329,000
	30 May 2023	30 May 2023 to 9 Jul 2023	–	3,000,000	(3,000,000)	–	–
Total			1,316,000	3,000,000	(3,650,000)	(8,000)	658,000

Notes:

(a) The weighted average closing price of the Company's share immediately before the date on which the awarded shares were vested was HK$6.54 (2023: HK$6.98) per share.

(b) The closing price of the Company's shares immediately before the date on which the share awards were granted was HK$6.00 (2023: HK$6.91) per share. The fair value of the share awards at the date of grant was HK$6.00 (2023: HK$6.55) per share, which was measured based on the closing price of the Company's shares at the date of grant and adjusted by the fair value of dividends during the vesting period as the grantees are not entitled to dividends before vesting.

(c) The shares were awarded and vested for no consideration.

During the year, the Group recognised share-based compensation expense of RMB221,000 (2023: RMB19,360,000) in relation to share awards granted by the Company.

(c) Share awards granted by a shareholder

Key Honesty Limited (Key Honesty"), a shareholder of the Company indirectly and wholly owned by Mr. Cai Dongchen, Chairman of the Company, has granted share awards involving the existing shares of the Company held by Key Honesty to selected employees of the Group in 2022. The awarded shares will be vested and transferred in batches from the third to fifth year after the grant at a transfer price of HK$2.95 per share subject to the fulfilment of certain conditions. During the year, the Group recognised share-based compensation expense of RMB198,319,000 (2023: RMB193,952,000) in relation to the share awards granted by Key Honesty.

Details of movement of share awards during the year are as follows:

			Number of awarded shares				
Grantees	**Date of grant**	**Vesting period**	**As at 1 Jan 2024**	**Granted during the year**	**Vested during the year**	**Cancelled/ lapsed during the year**	**As at 31 Dec 2024**
Employees	**1 Apr 2022**	**1 Apr 2022 to 1 Apr 2025**	**57,585,000**	**–**	**–**	**(3,540,000)**	**54,045,000**
	1 Apr 2022	**1 Apr 2022 to 1 Apr 2026**	**57,585,000**	**–**	**–**	**(3,540,000)**	**54,045,000**
	1 Apr 2022	**1 Apr 2022 to 1 Apr 2027**	**76,780,000**	**–**	**–**	**(4,720,000)**	**72,060,000**
	14 Sep 2022	**14 Sep 2022 to 14 Sep 2025**	**1,770,000**	**–**	**–**	**(990,000)**	**780,000**
	14 Sep 2022	**14 Sep 2022 to 14 Sep 2026**	**1,770,000**	**–**	**–**	**(990,000)**	**780,000**
	14 Sep 2022	**14 Sep 2022 to 14 Sep 2027**	**2,360,000**	**–**	**–**	**(1,320,000)**	**1,040,000**
Total			**197,850,000**	**–**	**–**	**(15,100,000)**	**182,750,000**

36. Long Term Incentive Programs *(continued)*

(c) Share awards granted by a shareholder *(continued)*

Details of movement of shares awards during the prior year are as follows:

			Number of awarded shares				
Grantees	Date of grant	Vesting period	As at 1 Jan 2023	Granted during the year	Vested during the year	Cancelled/ lapsed during the year	As at 31 Dec 2023
Employees	1 Apr 2022	1 Apr 2022 to 1 Apr 2025	60,045,000	–	–	(2,460,000)	57,585,000
	1 Apr 2022	1 Apr 2022 to 1 Apr 2026	60,045,000	–	–	(2,460,000)	57,585,000
	1 Apr 2022	1 Apr 2022 to 1 Apr 2027	80,060,000	–	–	(3,280,000)	76,780,000
	14 Sep 2022	14 Sep 2022 to 14 Sep 2025	1,770,000	–	–	–	1,770,000
	14 Sep 2022	14 Sep 2022 to 14 Sep 2026	1,770,000	–	–	–	1,770,000
	14 Sep 2022	14 Sep 2022 to 14 Sep 2027	2,360,000	–	–	–	2,360,000
Total			206,050,000	–	–	(8,200,000)	197,850,000

37. Capital And Other Commitments

At the end of the reporting period, the Group had the following capital and other commitments:

	2024	2023
	RMB'000	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**2,288,183**	1,088,060
Commitments arising from unlisted equity investments in partnerships	**615,917**	531,485

38. 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 maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings as disclosed in note 30 and amounts due to related companies and joint ventures in note 41, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt and the repayment of existing debt.

39. Financial Instruments

39a. Categories of financial instruments

	2024	2023
	RMB'000	*RMB'000*
Financial assets		
FVTPL		
— other financial assets	**1,789,816**	1,661,791
— structured bank deposits	**1,307,007**	1,077,054
FVTOCI		
— other financial assets	**710,409**	725,368
— bills receivables	**2,421,294**	2,211,169
Amortised cost	**16,386,665**	20,385,403
Financial liabilities		
Amortised cost	**8,146,776**	8,656,711

39b. Financial risk management objectives and policies

The major financial instruments of the Group include trade receivables, other receivables, bills receivables, amounts due from related companies and joint ventures, other financial assets, structured bank deposits, bank deposits, pledged and restricted bank deposits, balances and cash, trade payables, other payables, bills payables, amounts due to related companies and joint ventures, lease liabilities and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, several subsidiaries of the Company have foreign currency sales, mainly denominated in United States Dollars ("US$"), and bank balances and cash denominated in US$ and HK$, which expose the Group to foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, management will monitor foreign exchange exposure closely and consider the use of hedging instruments should the need arise.

39. Financial Instruments *(continued)*

39b. Financial risk management objectives and policies *(continued)*

***Market risk** (continued)*

(i) Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
HK$	**–**	63,434	**190,604**	183,830
US$	**–**	–	**1,746,823**	909,656

Sensitivity analysis

The Group is mainly exposed to currency risk of HK$ and US$.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against HK$ and US$. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% (2023: 5%) change in foreign currency rates. The post-tax profit would decrease by the below amounts where RMB strengthens 5% (2023: 5%) against the relevant currency. For a 5% (2023: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax profit and other equity.

	HK$ Impact (i)		US$ Impact (ii)	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Post-tax profit	**(8,101)**	(5,117)	**(74,240)**	(38,660)

(i) This is mainly attributable to the exposure to outstanding HK$ denominated bank balances at the end of the reporting period.

(ii) This is mainly attributable to the exposure to outstanding US$ denominated bank balances and trade receivables at the end of the reporting period.

39. Financial Instruments *(continued)*

39b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(ii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The Group also invested in certain unquoted equity securities for long-term strategic purposes which had been designated as FVTOCI. The Group has appointed a special team to monitor the price risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective listed equity instruments had been 5% (2023: 5%) higher/lower:

- Other reserves would increase/decrease by RMB15,413,000 (2023: RMB987,000) for the Group as a result of the changes in fair value of the listed equity investments measured at FVTOCI.

- Post-tax profit would increase/decrease by RMB9,336,000 (2023: RMB3,425,000) for the Group as a result of the changes in fair value of the listed equity investments measured at FVTPL.

Credit risk and impairment assessment

As at 31 December 2023 and 2024, the maximum exposure to credit risk by the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

The Group's concentration of credit risk by geographical locations on trade receivables is mainly in the PRC.

39. Financial Instruments *(continued)*

39b. Financial risk management objectives and policies *(continued)*

***Credit risk and impairment assessment** (continued)*

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year.

Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. Except for trade receivables with major customers and credit-impaired balances which are assessed individually, the Group determines the ECL on the remaining balances by using a provision matrix grouped by common risk characteristic. As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Loss allowance amount of the credit-impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group rebuts the presumption of default under ECL for trade receivables over 90 days past due based on the strong financial position with good repayment records of those customers and continuous business relationship with the Group.

Trade receivables with major customers and with an aggregate gross carrying amount of RMB2,789,461,000 as at 31 December 2024 (2023: RMB3,698,625,000) are assessed individually. These balances are from counterparties which have low risk of default and usually settle within credit period. The exposure to credit risk for these balances are assessed within lifetime ECL with an average loss rate of approximately 0.36% (2023: 0.44%), impairment allowance of RMB10,081,000 (2023: RMB16,215,000) was provided by the Group as at 31 December 2024.

The remaining trade receivables with gross carrying amount of RMB2,429,652,000 (2023: RMB2,212,735,000) are assessed based on debtors' aging. The following table provides information about the exposure to credit risk for trade receivables which are assessed within lifetime ECL (not credit-impaired) as at 31 December 2023 and 2024.

Gross carrying amount

	Average loss rate			
	2024	2023	**2024**	2023
			RMB'000	*RMB'000*
Current (not past due)	**0.07%**	0.06%	**1,933,326**	1,976,965
1–270 days past due	**5.89%**	6.14%	**471,802**	221,852
More than 270 days past due	**78.50%**	79.93%	**24,524**	13,918
			2,429,652	2,212,735

39. Financial Instruments *(continued)*

39b. Financial risk management objectives and policies *(continued)*

***Credit risk and impairment assessment** (continued)*

Trade receivables arising from contracts with customers (continued)

Gross carrying amount (continued)

The estimated loss rates are based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific trade receivable is updated.

As at 31 December 2024, the Group provided RMB48,360,000 (2023: RMB25,922,000) impairment allowance for trade receivables based on the provision matrix other than those major customers. No impairment allowance was made on credit-impaired debtors.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired)
	RMB'000
As at 1 January 2023	23,725
Impairment losses recognised	18,412
As at 31 December 2023	**42,137**
Impairment losses recognised	**16,304**
As at 31 December 2024	**58,441**

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivable is over two years past due, whichever occurs earlier.

Other receivables

The management believes that there is no significant increase in credit risk of other receivables since initial recognition and the Group provided impairment based on 12m ECL. No impairment loss on other receivables was recognised by the Group for both years.

Bills receivables

The credit risk of bills receivables is limited because the counterparties are mainly banks/financial institutions with high credit ratings assigned by independent credit-rating agencies. The Group measures the loss allowance at 12m ECL as there has been no significant increase in credit risk since initial recognition. As at 31 December 2024, the gross carrying amount of bills receivables measured at amortised cost and FVTOCI are RMB1,614,196,000 and RMB2,421,294,000 respectively (2023: RMB1,474,113,000 and RMB2,211,169,000, respectively), the 12m ECL is considered immaterial for both years.

39. Financial Instruments *(continued)*

39b. Financial risk management objectives and policies *(continued)*

***Credit risk and impairment assessment** (continued)*

Amounts due from related companies

In order to minimise the credit risk, the Group will assess the credit quality of related companies. Other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. As at 31 December 2024, the gross carrying amounts of receivables due from related companies is RMB359,123,000 (2023: RMB157,313,000).

For the purpose of impairment assessment for trade receivables and other receivables from related companies, the lifetime ECL and 12m ECL are considered to be immaterial after considering counterparties' financial background and creditability.

Amounts due from joint ventures

As at 31 December 2024, the gross carrying amount of amounts due from joint ventures is RMB65,475,000 (2023: RMB129,531,000). No impairment loss on amounts due from joint ventures was recognised by the Group for both years.

For the purpose of impairment assessment for trade receivables and other receivables due from joint ventures, exposure to credit risk for those balances are assessed individually with lifetime ECL and 12m ECL.

Bank deposits/bank balances/pledged and restricted bank deposits

The credit risk of bank deposits, bank balances, pledged and restricted bank deposits and structured bank deposits are limited because the counterparties are mainly banks/financial institutions with high credit ratings assigned by independent credit-rating agencies. The Group measures the loss allowance at 12m ECL as there has been no significant increase in credit risk since initial recognition. As at 31 December 2024, the gross carrying amount of bank deposits, bank balances, pledged and restricted bank deposits are RMB3,220,000,000, RMB5,917,376,000 and RMB49,823,000, respectively (2023: RMB2,240,000,000, RMB10,490,845,000 and RMB24,378,000, respectively), the 12m ECL is considered immaterial for both years.

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 operations of the Group and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with the relevant loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and derivative instrument. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on 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 from rate curve at the end of the reporting period.

39. Financial Instruments *(continued)*

39b. Financial risk management objectives and policies *(continued)*

***Liquidity risk** (continued)*

As at 31 December 2024

	Weighted average effective interest rate %	Less than 1 month or on demand *RMB'000*	1 – 3 months *RMB'000*	3 months to 1 year *RMB'000*	1 – 3 years *RMB'000*	More than 3 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
Non-derivative financial liabilities								
Trade payables	–	306,330	1,360,917	–	–	–	1,667,247	1,667,247
Other payables	–	4,734,948	–	–	–	–	4,734,948	4,734,948
Bills payables	–	72,912	298,707	574,134	–	–	945,753	945,753
Amounts due to related companies	–	272,659	–	–	–	–	272,659	272,659
Amounts due to joint ventures	–	133,965	–	–	–	–	133,965	133,965
Lease liabilities	4.35	8,263	16,527	36,636	41,450	19,475	122,351	115,126
Bank borrowings	1.95	217,643	74,600	112,019	–	–	404,262	392,204
		5,746,720	1,750,751	722,789	41,450	19,475	8,281,185	8,261,902

As at 31 December 2023

	Weighted average effective interest rate %	Less than 1 month or on demand *RMB'000*	1 – 3 months *RMB'000*	3 months to 1 year *RMB'000*	1 – 3 years *RMB'000*	More than 3 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
Non-derivative financial liabilities								
Trade payables	–	431,444	1,994,671	–	–	–	2,426,115	2,426,115
Other payables	–	5,307,733	–	–	–	–	5,307,733	5,307,733
Bills payables	–	75,175	86,619	253,830	–	–	415,624	415,624
Amounts due to related companies	–	21,436	–	–	–	–	21,436	21,436
Amounts due to joint ventures	–	35,587	–	–	–	–	35,587	35,587
Lease liabilities	4.35	12,635	25,271	113,203	83,239	37,373	271,721	256,685
Bank borrowings	5.26	75,856	217,811	160,339	–	–	454,006	450,216
		5,959,866	2,324,372	527,372	83,239	37,373	8,932,222	8,913,396

39. Financial Instruments *(continued)*

39c. Fair value measurement of financial instruments

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

Some of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used):

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key input(s)	Significant Unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2024 ***RMB'000***	31 December 2023 *RMB'000*				
Equity securities listed in Hong Kong and PRC	**519,895**	88,236	Level 1	Quoted bid prices in an active market.	N/A	N/A
Unquoted investments	**1,980,330**	2,298,923	Level 3	Where recent transaction prices of underlying investments is not available, discount cash flows is used for valuation.	Estimated discount rate	The higher the estimated discount rate, the lower the fair value, vice versa.
				Discount cash flows – in this approach, the discounted cash flow method was used to capture the present value of future expected cash flows to be derived from the underlying assets.	Long-term pre-tax operating margin	The higher the long-term pre-tax operating margin, the higher the fair value, vice versa.
Bills receivables measured at FVTOCI	**2,421,294**	2,211,169	Level 2	Discounted cash flow at a discount rate that reflects the credit risk of issuers	N/A	N/A
Structured bank deposits	**1,307,007**	1,077,054	Level 2	Expected yields of underlying Investments invested by bank at a discount rate that reflects the credit risk of the bank	N/A	N/A

During the year, an equity investment at level 3 fair value measurement was transferred to level 1. The carrying value of such equity investment at 31 December 2024 is RMB287,200,000 (31 December 2023: RMB300,000,000).

Unrealised fair value loss of RMB12,453,000 net of tax is included in other comprehensive income for the year ended 31 December 2024 (2023: RMB6,003,000) is related to other financial assets measured at FVTOCI held at 31 December 2024 and are reported as changes of "other reserve".

39. Financial Instruments *(continued)*

39c. Fair value measurement of financial instruments *(continued)*

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

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 and 2 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The finance department works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports to the Directors every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

(ii) Reconciliation of Level 3 Measurements

	Unquoted investments *RMB'000*
At 1 January 2023	2,025,117
Total losses	
— in other comprehensive income	(1,737)
— in profit or loss	(202,998)
Purchase of unquoted investments	532,818
Proceeds from distribution of unquoted investments	(54,277)
At 31 December 2023	**2,298,923**
Total losses	
— in other comprehensive income	**(3,490)**
— in profit or loss	**(84,965)**
Purchase of unquoted investments	**111,954**
Proceeds from distribution of unquoted investments	**(42,092)**
Transfer to listed equity securities	**(300,000)**
At 31 December 2024	**1,980,330**

(iii) Fair value of financial instruments that are recorded at amortised cost

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

40. 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 statement of cash flows as cash flows from financing activities.

	Bank borrowings *RMB'000 (note 30)*	**Dividend payable** *RMB'000 (note 12)*	**Dividend payable to non-controlling interests** *RMB'000*	**Lease liabilities** *RMB'000 (note 32)*	**Total** *RMB'000*
At 1 January 2023	182,434	–	–	400,110	582,544
Financing cash flows	500,749	(2,726,253)	(26,003)	(152,225)	(2,403,732)
Finance costs recognised	12,261	–	–	13,635	25,896
Maturity of bills receivables discounted with recourse	(245,228)	–	–	–	(245,228)
Dividend declared	–	2,726,253	26,003	–	2,752,256
Lease terminated	–	–	–	(13,519)	(13,519)
New lease entered	–	–	–	6,901	6,901
Exchange adjustments	–	–	–	1,783	1,783
At 31 December 2023	**450,216**	**–**	**–**	**256,685**	**706,901**
Financing cash flows	**556,668**	**(3,233,815)**	**(98,496)**	**(151,046)**	**(2,926,689)**
Finance costs recognised	**36,037**	**–**	**–**	**7,636**	**43,673**
Maturity of bills receivables discounted with recourse	**(650,717)**	**–**	**–**	**–**	**(650,717)**
Dividend declared	**–**	**3,233,815**	**98,496**	**–**	**3,332,311**
New lease entered	**–**	**–**	**–**	**571**	**571**
Exchange adjustments	**–**	**–**	**–**	**1,280**	**1,280**
At 31 December 2024	**392,204**	**–**	**–**	**115,126**	**507,330**

41. Related Party Disclosures

During the year, the Group had significant transactions and balances with related parties. Other than those disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following significant transactions with related parties and the balances with them at the end of the reporting period are as follows:

(i) Related companies and joint ventures

Relationships	**Nature of transactions/balances**	**2024**	2023
		RMB'000	*RMB'000*
Related companies	Sale of pharmaceutical products	**972,392**	845,539
(note a)	Payment of lease liabilities	**127,308**	128,941
	Purchase of pharmaceutical products and other products	**244,703**	21,991
	Consolidated services expense	**59,698**	–
	Balance due from/(to) the related companies		
	— trade receivables *(note b)*		
	aged 0–90 days	**328,248**	121,823
	aged 91–180 days	**12,165**	27,034
	aged 181–365 days	**3,010**	–
	aged over 365 days	**1,230**	1,609
		344,653	150,466
	— other receivables *(note c)*	**14,470**	6,847
	— trade payables *(note b)*		
	aged 0–90 days	**(264,095)**	(18,770)
	aged 91–180 days	**(2)**	(2)
	aged 181–365 days	**(195)**	(273)
	aged over 365 days	**(456)**	(16)
		(264,748)	(19,061)
	— other payables *(note c)*	**(7,911)**	(2,375)
	— lease liabilities	**(68,126)**	(160,558)

41. Related Party Disclosures *(continued)*

(i) Related companies and joint ventures *(continued)*

Relationships	Nature of transactions/balances	2024	2023
		RMB'000	*RMB'000*
Joint ventures	Sale of pharmaceutical products	**150,878**	5,919
	Purchase of raw materials	**215,738**	183,692
	Research and development expenses	**26,522**	24,231
	Balance due from/(to) joint ventures		
	— trade receivables *(note b)*		
	aged 0–90 days	**53**	3,038
	aged 91–180 days	**711**	3,693
		764	6,731
	— other receivables *(note c)*	**64,711**	122,800
	— trade payables *(note b)*		
	aged 0–90 days	**(103,439)**	(27,179)
	aged 91–180 days	**(7,106)**	(589)
	aged 181–365 days	**–**	(186)
	aged over 365 days	**(186)**	(79)
		(110,731)	(28,033)
	— other payables *(note c)*	**(23,234)**	(7,554)

(ii) Compensation to key management personnel

The details of the compensation paid to the executive directors of the Company during the year are set out in note 9.

Notes:

a. Mr. Cai Dongchen, Chairman and executive director of the Company, has significant influence over the Company and exercises control over CSPC Holdings Company Limited ("CHL") through a series of controlled corporations. Accordingly, CHL and its subsidiaries and associates (the "CHL Group") are related parties of the Group.

b. The general credit period for trade receivables and payables is 90 days (2023: 90 days).

c. The amounts are unsecured, repayable on demand and non-interest bearing.

42. Employee Retirement Benefit Schemes

The Group has offered a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. Contributions are made by both the employer and the employee based on a certain percentage of the employees' relevant income. The Group's contributions will be fully and immediately vested in the employees' accounts as their accrued benefits in the scheme. There was no contribution forfeited by the Group during the year.

The employees of the subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The relevant subsidiaries are required to make contributions to the retirement benefit scheme based on a certain percentage of payroll costs stipulated by the local government authorities. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. Upon retirement, the local government authorities are responsible for the payment of the retirement benefits to the retired employees.

The Group established a 401(k) savings trust plan ("401(k) Plan"), a defined contribution plan funded by employers and employees, in the US that qualifies as an Inland Revenue Service ("IRS") deferred salary arrangement under Section 401(k) of the US Internal Revenue Code. Under the 401(k) Plan, participating employees may elect to contribute up to a maximum amount subject to certain IRS limitations.

During the year, the contributions made by the Group relating to the above arrangements were RMB193,978,000 (2023: RMB241,560,000), of which RMB1,261,000 (2023: RMB1,022,000) and RMB2,502,000 (2023: RMB3,389,000) were attributable to the Mandatory Provident Fund Scheme in Hong Kong and 401(k) Plan in the US, respectively.

43. Particulars of Subsidiaries

43.1 General information of subsidiaries

The directors are of the opinion that a complete list of particulars of all subsidiaries will be of excessive length and therefore the following list contains only the particulars of subsidiaries as at 31 December 2023 and 2024 which principally affect the results or assets of the Group.

Name of subsidiary	Place of incorporation/ registration and operations	Legal form	Paid up issued/ registered capital	Percentage of nominal value of issued share capital/ registered capital and voting power held by the Company				Principal activities
				2024		2023		
				Directly %	Indirectly %	Directly %	Indirectly %	
Dragon Merit Holdings Limited	Hong Kong	Limited liability	RMB639,800,001	**–**	**100**	–	100	Investment holding
CSPC Weisheng Pharmaceutical (Shijiazhuang) Co., Ltd.	The PRC	Foreign investment enterprise with limited liability	US$106,348,000	**100**	**–**	100	–	Manufacture and sale of vitamin C products
CSPC Zhongnuo Pharmaceutical Co., Ltd.	The PRC	Sino-foreign equity joint venture with limited liability	RMB678,555,900	**88.82**	**10.57**	88.82	10.57	Manufacturing and sale of pharmaceutical products
CSPC Zhongqi Pharmaceutical Technology (Shijiazhuang) Co., Ltd.	The PRC	Foreign investment enterprise with limited liability	RMB39,754,680	**100**	**–**	100	–	Pharmaceutical research and development
CSPC Yinhu Pharmaceutical Co., Ltd.	The PRC	Limited liability	RMB150,000,000	**–**	**89.45**	–	89.45	Manufacture and sale of pharmaceutical products
CSPC Recomgen Pharmaceutical (Guangzhou) Co., Ltd ("Recomgen")	The PRC	Limited liability	RMB203,341,507	**–**	**83.96**	–	69	Manufacture and sale of pharmaceutical product
CSPC Zhongnuo Pharmaceutical (Taizhou) Co., Ltd.	The PRC	Limited liability	RMB170,000,000	**–**	**74.41**	–	74.41	Manufacture and sales of health supplement products
CSPC NBP Pharmaceutical Co., Ltd.	The PRC	Foreign investment enterprise with limited liability	RMB413,594,300	**54.06**	**45.94**	54.06	45.94	Manufacture and sales of pharmaceutical products
CSPC Ouyi Pharmaceutical Co., Ltd. ("Ouyi")	The PRC	Limited liability	RMB298,000,000	**–**	**100**	–	100	Manufacture and sales of pharmaceutical products

43. Particulars of Subsidiaries *(continued)*

43.1 General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Legal form	Paid up issued/ registered capital	Percentage of nominal value of issued share capital/ registered capital and voting power held by the Company				Principal activities
				2024		2023		
				Directly %	Indirectly %	Directly %	Indirectly %	
CSPC Innovation	The PRC	Limited liability	RMB1,404,592,944	–	**74.41**	–	74.41	Manufacture and sales of caffeine products
CSPC Baike (Shandong) Biopharmaceutical Co., Ltd.	The PRC	Limited liability	RMB734,700,000	–	**100**	–	100	Manufacture and sales of pharmaceutical products
CSPC Shengxue Glucose Co., Ltd.	The PRC	Limited liability	RMB500,000,000	–	**100**	–	100	Manufacture and sales of pharmaceutical products
Hebei Zhongnuo GWK Medicines & Health Products Co., Ltd.	The PRC	Limited liability	RMB30,000,000	–	**74.41**	–	74.41	Manufacture and sales of health supplement products
CSPC Taizhou GWK Medicines & Health Products Co., Ltd.	The PRC	Limited liability	RMB70,000,000	–	**74.41**	–	74.41	Sales of health supplement products
CSPC Neimenggu Zhongnuo Pharmaceutical Co., Ltd.	The PRC	Limited liability	RMB66,867,900	–	**99.39**	–	99.39	Manufacture and sales of pharmaceutical products
Shijiazhang Ouyihe Medical Trading Co., Ltd.	The PRC	Foreign investment enterprise with limited liability	RMB200,000,000	**100**	–	100	–	Sales of pharmaceutical products
Xinshi Biopharmaceutical Limited	The PRC	Limited liability	RMB132,800,000	–	**100**	–	100	Pharmaceutical research and development
CSPC Shanghai Co., Ltd.	The PRC	Limited liability	RMB800,000,000	–	**100**	–	100	Investment holding
Shanghai Yishi Pharmaceutical Technology Co., Ltd.	The PRC	Limited liability	RMB10,000,000	–	**100**	–	100	Pharmaceutical research and development

43. Particulars of Subsidiaries *(continued)*

43.1 General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Legal form	Paid up issued/ registered capital	Percentage of nominal value of issued share capital/ registered capital and voting power held by the Company				Principal activities
				2024		2023		
				Directly %	Indirectly %	Directly %	Indirectly %	
Shanghai Runshi Pharmaceutical Technology Co., Ltd.	The PRC	Limited liability	RMB10,000,000	–	**89**	–	89	Pharmaceutical research and development
CSPC Megalith Biopharmaceutical Co., Ltd.	The PRC	Limited liability	RMB2,040,816,326	–	**86.94**	–	100	Manufacture and sales of vaccines
Beijing Kangchuanglian Biopharmaceutical Technology Research Co., Ltd.	The PRC	Limited liability	RMB5,000,000	–	**100**	–	100	Pharmaceutical research and development
Shanghai JMT-BIO Technology Co., Ltd.	The PRC	Limited liability	RMB70,000,000	–	**100**	–	100	Pharmaceutical research and development
Shanghai JMT-BIO Pharmaceutical Co., Ltd.	The PRC	Limited liability	RMB20,000,000	–	**100**	–	100	Pharmaceutical research and development
Shanghai Novarock Biopharmaceutical Co., Ltd.	The PRC	Limited liability	US$10,000,000	–	**68.73**	–	68.73	Pharmaceutical research and development
Shanghai Alamab Biopharmaceutical Co., Ltd.	The PRC	Limited liability	US$10,000,000	–	**79.69**	–	79.69	Pharmaceutical research and development
Conjupro Bioerapecitics Inc.	USA	Limited liability	US$1,292,900	–	**100**	–	100	Pharmaceutical research and development
CSPC Healthcare Inc.	USA	Limited liability	US$74,400	–	**100**	–	100	Sales of pharmaceutical products
CSPC Dophen Corporation	USA	Limited liability	US$10	–	**100**	–	100	Pharmaceutical research and development
AlaMab Therapeutics, Inc.	USA	Limited liability	US$533	–	**79.69**	–	79.69	Pharmaceutical research and development
Novarock Biotherapeutics Limited	USA	Limited liability	US$519	–	**68.73**	–	68.73	Pharmaceutical research and development

43. Particulars of Subsidiaries *(continued)*

43.1 General information of subsidiaries *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Legal form	Paid up issued/ registered capital	Percentage of nominal value of issued share capital/ registered capital and voting power held by the Company				Principal activities
				2024		2023		
				Directly %	Indirectly %	Directly %	Indirectly %	
CSPC Innovation USA Inc.	USA	Limited liability	US$50,000	**–**	**74.41**	–	74.41	Sales of pharmaceutical products
CSPC Dermay Europe GMBH	Germany	Limited liability	EUR50,000	**–**	**100**	–	100	Sales of pharmaceutical products
CSPC Deryang Europe GMBH	Germany	Limited liability	EUR50,000	**–**	**74.41**	–	74.41	Sales of pharmaceutical products

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.

43.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
				RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
CSPC Innovation	The PRC	**25.59%**	25.59%	**8,902**	177,353	**1,255,440**	1,303,394
Recomgen	The PRC	**16.04%**	31.00%	**16,274**	41,023	**194,913**	347,980
Individually immaterial subsidiaries with non-controlling interests				**(14,386)**	(19,008)	**151,242**	163,430
				10,790	199,368	**1,601,595**	1,814,804

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

43. Particulars of Subsidiaries *(continued)*

43.2 Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

CSPC Innovation

	2024	2023
	RMB'000	*RMB'000*
Current assets	**2,802,403**	4,219,882
Non-current assets	**3,219,713**	1,412,242
Current liabilities	**(1,434,295)**	(510,838)
Non-current liabilities	**(91,891)**	(34,123)
Equity attributable to owners of the Company	**3,730,544**	3,781,240
Non-controlling interests	**765,386**	1,305,923
Revenue	**1,980,753**	2,450,350
(Loss)/profit for the year	**(303,213)**	755,378
Profit and total comprehensive income attributable to owners of the Company	**54,238**	577,965
(Loss)/profit and total comprehensive (expense)/income attributable to the non-controlling interests	**(356,939)**	177,353
(Loss)/profit and total comprehensive (expense)/income for the year	**(302,701)**	755,318
Dividends paid to non-controlling interests of CSPC Innovation	**98,496**	26,003
Net cash (outflow)/inflow from operating activities	**(1,235,054)**	927,241
Net cash outflow from investing activities	**(1,291,439)**	(92,986)
Net cash (outflow)/inflow from financing activities	**(392,514)**	365,206
Effect of foreign exchange rate changes	**7,800**	31,165
Net cash (outflow)/inflow	**(2,911,207)**	1,230,626

43. Particulars of Subsidiaries *(continued)*

43.2 Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Recomgen

	2024	2023
	RMB'000	*RMB'000*
Current assets	**280,087**	164,638
Non-current assets	**1,133,225**	1,175,240
Current liabilities	**(79,637)**	(58,440)
Non-current liabilities	**(118,613)**	(126,581)
Equity attributable to owners of the Company	**1,020,149**	806,877
Non-controlling interests	**194,913**	347,980
Revenue	**562,262**	293,968
Profit for the year	**60,205**	119,875
Profit and total comprehensive income attributable to owners of the Company	**43,931**	78,852
Profit and total comprehensive income attributable to the non-controlling interests	**16,274**	41,023
Profit and total comprehensive income for the year	**60,205**	119,875
Net cash inflow from operating activities	**43,992**	49,163
Net cash outflow from investing activities	**(38,495)**	(64,534)
Net cash (outflow)/inflow from financing activities	**(8,660)**	48,856
Net cash (outflow)/inflow	**(3,163)**	33,485

44. Statement of Financial Position and Reserves of the Company

	2024	2023
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	**700**	872
Investments in subsidiaries	**9,370,654**	9,343,624
Other financial assets	**21,063**	19,733
Amounts due from subsidiaries	**223,142**	2,910,124
Right-of-use assets	**3,106**	5,199
	9,618,665	12,279,552
Current assets		
Other receivables	**926**	2,546
Amounts due from subsidiaries	**3,030,238**	406,970
Bank balances and cash	**260,332**	340,597
	3,291,496	750,113
Current liabilities		
Other payables	**2,829**	71,794
Tax liabilities	**24,726**	24,726
Lease liabilities	**2,641**	2,462
	30,196	98,982
Net current assets	**3,261,300**	651,131
Total assets less current liabilities	**12,879,965**	12,930,683
Non-current liability		
Lease liabilities	**577**	2,831
Net assets	**12,879,388**	12,927,852
Capital and reserves		
Share capital	**11,032,752**	10,899,412
Reserves	**1,846,636**	2,028,440
Total equity	**12,879,388**	12,927,852

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

CAI Dongchen
DIRECTOR

ZHANG Cuilong
DIRECTOR

44. Statement of Financial Position and Reserves of the Company *(continued)*

Movement in the Company's reserves

	Investments valuation reserve	Treasury share reserve	Employee share-based compensation reserves	Capital contribution reserve	Accumulated profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	(14,065)	(83,710)	9,475	149,780	1,798,635	1,860,115
Profit for the year	–	–	–	–	3,118,362	3,118,362
Other comprehensive expense for the year	(5,060)	–	–	–	–	(5,060)
Total comprehensive (expense)/income for the year	(5,060)	–	–	–	3,118,362	3,113,302
Dividend recognised as distribution	–	–	–	–	(2,726,253)	(2,726,253)
Purchase of shares under share award scheme	–	(254,348)	–	–	–	(254,348)
Recognition of employee share-based compensation expense	–	–	42,030	193,952	–	235,982
Cancellation of shares repurchased	–	–	–	–	(200,358)	(200,358)
Vesting shares under share award scheme	–	21,844	(23,159)	–	1,315	–
At 31 December 2023	**(19,125)**	**(316,214)**	**28,346**	**343,732**	**1,991,701**	**2,028,440**
Profit for the year	**–**	**–**	**–**	**–**	**4,746,878**	**4,746,878**
Other comprehensive income for the year	**481**	**–**	**–**	**–**	**–**	**481**
Total comprehensive income for the year	**481**	**–**	**–**	**–**	**4,746,878**	**4,747,359**
Dividend recognised as distribution	**–**	**–**	**–**	**–**	**(3,233,815)**	**(3,233,815)**
Purchase of shares under share award scheme	**–**	**(299,711)**	**–**	**–**	**–**	**(299,711)**
Recognition of employee share-based compensation expense	**–**	**–**	**12,052**	**198,319**	**–**	**210,371**
Repurchase of shares	**–**	**–**	**–**	**–**	**(1,579,098)**	**(1,579,098)**
Vesting shares under share award scheme	**–**	**3,884**	**(5,519)**	**–**	**1,635**	**–**
Exercise of share options	**–**	**–**	**(26,910)**	**–**	**–**	**(26,910)**
At 31 December 2024	**(18,644)**	**(612,041)**	**7,969**	**542,051**	**1,927,301**	**1,846,636**

Financial Summary

	For the year ended 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Results					
Revenue	24,942,204	27,866,870	30,936,904	31,450,109	**29,009,254**
Profit before tax	6,391,023	6,847,096	7,582,261	7,389,372	**5,578,726**
Income tax expense	(1,162,013)	(1,158,972)	(1,350,211)	(1,316,679)	**(1,239,901)**
Profit for the year	5,229,010	5,688,124	6,232,050	6,072,693	**4,338,825**
Profit for the year attributable to:					
Owners of the Company	5,159,655	5,605,185	6,091,390	5,873,325	**4,328,035**
Non-controlling interests	69,355	82,939	140,660	199,368	**10,790**
	5,229,010	5,688,124	6,232,050	6,072,693	**4,338,825**
	RMB cents	*RMB cents*	*RMB cents*	*RMB cents*	***RMB cents***
Earnings per share					
Basic	43.16	46.89	51.11	49.47	**36.87**
Diluted	43.16	46.89	51.11	49.47	**36.87**

	As at 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Assets and liabilities					
Total assets	30,070,206	34,741,576	41,769,774	46,282,170	**44,388,991**
Total liabilities	(6,969,133)	(7,913,345)	(10,127,899)	(11,264,158)	**(10,522,701)**
Net assets	23,101,073	26,828,231	31,641,875	35,018,012	**33,866,290**
Equity attributable to owners of the Company	22,332,288	25,986,672	30,197,534	33,203,208	**32,264,695**
Non-controlling interests	768,785	841,559	1,444,341	1,814,804	**1,601,595**
Total equity	23,101,073	26,828,231	31,641,875	35,018,012	**33,866,290**