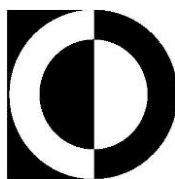


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DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED
東瑞製葯(控股)有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2348)

ANNOUNCEMENT OF THE ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS HIGHLIGHTS

	For the year ended 31 December		
	2024	2023	Changes
Revenue (RMB'000)	1,060,309	1,151,145	-7.9%
Gross profit (RMB'000)	577,628	641,519	-10.0%
Gross profit margin (%)	54.5%	55.7%	-1.2 percentage points
Profit before tax (RMB'000)	636,949	414,057	53.8%
Profit for the year (RMB'000)	562,762	322,667	74.4%
Profit attributable to owners of the parent (RMB'000)	564,940	326,000	73.3%
Net profit margin (%)	53.1%	28.0%	25.1percentage points
Earnings per share attributable to ordinary equity holders of the parent—basic (RMB)	0.3754	0.2174	72.7%
Dividend per share (HK\$)			
-Interim dividend	0.015	0.015	0%
-Proposed final dividend	0.048	0.065	-26.2%
-Proposed special dividend	0.032	-	n/a
-Proposed full year dividend	0.095	0.080	18.8%

The board (the “Board”) of the directors (the “Directors”) of Dawnrays Pharmaceutical (Holdings) Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024 (the “reporting period”) together with the comparative amounts for 2023 as follows:

*for identification purpose only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	1,060,309	1,151,145
Cost of sales		<u>(482,681)</u>	<u>(509,626)</u>
Gross profit		577,628	641,519
Other income and gains	4	451,957	185,771
Selling and distribution expenses		(127,835)	(147,049)
Administrative expenses		(130,368)	(113,206)
Research and development costs		(70,831)	(90,808)
Other expenses	5	(56,298)	(20,248)
Finance costs	6	(3,608)	(989)
Share of losses of an associate		<u>(3,696)</u>	<u>(40,933)</u>
PROFIT BEFORE TAX	7	636,949	414,057
Income tax expense	8	<u>(74,187)</u>	<u>(91,390)</u>
PROFIT FOR THE YEAR		<u>562,762</u>	<u>322,667</u>
Attributable to:			
Owners of the parent		564,940	326,000
Non-controlling interests		<u>(2,178)</u>	<u>(3,333)</u>
		<u>562,762</u>	<u>322,667</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic, for profit for the year		<u>RMB0.3754</u>	<u>RMB0.2174</u>
Diluted, for profit for the year		<u>RMB0.3752</u>	<u>RMB0.2170</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
PROFIT FOR THE YEAR	<u>562,762</u>	<u>322,667</u>
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	4,318	(2,679)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	<u>10,697</u>	<u>6,304</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>15,015</u>	<u>3,625</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u><u>577,777</u></u>	<u><u>326,292</u></u>
Attributable to:		
Owners of the parent	579,955	329,625
Non-controlling interests	<u>(2,178)</u>	<u>(3,333)</u>
	<u><u>577,777</u></u>	<u><u>326,292</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB '000	2023 RMB '000
NON-CURRENT ASSETS			
Property, plant and equipment		1,038,195	758,907
Investment properties		2,611	2,739
Right-of-use assets		104,644	101,456
Construction in progress		85,568	356,898
Goodwill		241,158	241,158
Other intangible assets		300,923	288,307
Investment in an associate		-	-
Loans to an associate		-	106,457
Financial assets at fair value through profit or loss		20,000	20,000
Long-term prepayments		8,469	7,564
Deferred tax assets		5,467	18,977
Total non-current assets		1,807,035	1,902,463
CURRENT ASSETS			
Inventories		308,241	211,107
Trade and notes receivables	11	267,886	321,996
Prepayments, other receivables and other assets		249,715	120,396
Financial assets at fair value through profit or loss		207,135	160,871
Cash and bank balances		1,158,261	905,826
		2,191,238	1,720,196
Assets held for sale		11,003	-
Total current assets		2,202,241	1,720,196
CURRENT LIABILITIES			
Trade and notes payables	12	221,560	162,161
Other payables and accruals		299,417	341,129
Interest-bearing bank and other borrowings		29,864	120,060
Lease liabilities		1,160	364
Income tax payable		2,602	45,226
Total current liabilities		554,603	668,940
NET CURRENT ASSETS		1,647,638	1,051,256
TOTAL ASSETS LESS CURRENT LIABILITIES		3,454,673	2,953,719
NON-CURRENT LIABILITIES			
Government grants		3,360	-
Deferred tax liabilities		120,950	94,382
Lease liabilities		3,695	103
Total non-current liabilities		128,005	94,485
Net assets		3,326,668	2,859,234

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**31 December 2024**

	Notes	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		80,530	80,455
Reserves		3,243,738	2,774,201
		<u>3,324,268</u>	<u>2,854,656</u>
Non-controlling interests		2,400	4,578
		<u>2,400</u>	<u>4,578</u>
Total equity		<u><u>3,326,668</u></u>	<u><u>2,859,234</u></u>

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all IFRS Accounting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income that have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

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

- a) Manufacture and sale of finished drugs (including antibiotics finished drugs and non-antibiotics finished drugs) (the “finished drugs” segment)
- b) Manufacture and sale of intermediates and bulk medicines (the “intermediates and bulk medicines” segment)

Management monitors the operating results of these operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income, non-lease-related finance costs, government grants, dividend income, fair value gains from the Group’s financial instruments, share of losses of an associate, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and bank balances, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

3. OPERATING SEGMENT INFORMATION (continued)

Year ended

31 December 2024

	Finished drugs <i>RMB'000</i>	Intermediates and bulk medicines <i>RMB'000</i>	Elimination of intersegment sales <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	1,018,263	42,046	-	1,060,309
Intersegment sales	-	109,318	(109,318)	-
Total segment revenue	1,018,263	151,364	(109,318)	1,060,309
Segment results	425,211	(60,975)	-	364,236
<u>Reconciliation:</u>				
Unallocated gains				400,052
Corporate and other unallocated expenses				(123,850)
Finance costs (other than interest on lease liabilities)				(3,489)
Profit before tax				636,949

Year ended

31 December 2023

	Finished drugs <i>RMB'000</i>	Intermediates and bulk medicines <i>RMB'000</i>	Elimination of intersegment sales <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	1,021,726	129,419	-	1,151,145
Intersegment sales	-	80,632	(80,632)	-
Total segment revenue	1,021,726	210,051	(80,632)	1,151,145
Segment results	487,277	(32,692)	-	454,585
<u>Reconciliation:</u>				
Unallocated gains				145,811
Corporate and other unallocated expenses				(185,394)
Finance costs (other than interest on lease liabilities)				(945)
Profit before tax				414,057

3. OPERATING SEGMENT INFORMATION (continued)

As at 31 December 2024	Finished drugs RMB'000	Intermediates and bulk medicines RMB'000	Total RMB'000
Segment assets:	890,759	838,296	1,729,055
<u>Reconciliation:</u>			
Assets held for sale	11,003	-	11,003
Corporate and other unallocated assets			<u>2,269,218</u>
Total assets			<u>4,009,276</u>
Segment liabilities:	260,148	235,277	495,425
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			<u>187,183</u>
Total liabilities			<u>682,608</u>
As at 31 December 2023	Finished drugs RMB'000	Intermediates and bulk medicines RMB'000	Total RMB'000
Segment assets:	909,622	611,947	1,521,569
<u>Reconciliation:</u>			
Corporate and other unallocated assets			<u>2,101,090</u>
Total assets			<u>3,622,659</u>
Segment liabilities:	244,627	193,329	437,956
<u>Reconciliation:</u>			
Corporate and other unallocated liabilities			<u>325,469</u>
Total liabilities			<u>763,425</u>

3. OPERATING SEGMENT INFORMATION (continued)

Year ended	Finished	Intermediates and bulk		
31 December 2024	drugs	medicines	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other segment information				
Share of losses of an associate	-	-	(3,696)	(3,696)
Impairment losses recognised in the statement of profit or loss	21,807	20,088	-	41,895
Depreciation and amortisation	73,774	32,849	-	106,623
Capital expenditure	107,329	31,790	-	139,119
Assets held for sale	11,003	-	-	11,003

Year ended	Finished	Intermediates and bulk		
31 December 2023	drugs	medicines	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other segment information				
Share of losses of an associate	-	-	(40,933)	(40,933)
Impairment losses recognised in the statement of profit or loss	385	11,237	-	11,622
Depreciation and amortisation	54,125	29,768	-	83,893
Capital expenditure	59,735	32,748	-	92,483

Geographical information

(a) Revenue from external customers

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	1,049,022	1,134,418
Other countries	11,287	16,727
Total revenue	<u>1,060,309</u>	<u>1,151,145</u>

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

3. OPERATING SEGMENT INFORMATION (continued)

(b) Non-current assets

The Group's operations are substantially based in Mainland China and 98% of the non-current assets, excluding deferred tax assets and an investment in an associate, of the Group are located in Mainland China. Therefore, no further analysis of geographical information is presented.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	<u>1,060,309</u>	<u>1,151,145</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2024

<u>Segments</u>	Finished drugs <i>RMB'000</i>	Intermediates and bulk medicines <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services			
Sale of pharmaceutical products	1,016,463	41,834	1,058,297
Rendering of pilot test services	2,012	-	2,012
Total	<u>1,018,475</u>	<u>41,834</u>	<u>1,060,309</u>
Geographical markets			
Mainland China	1,018,475	30,547	1,049,022
Other countries	-	11,287	11,287
Total	<u>1,018,475</u>	<u>41,834</u>	<u>1,060,309</u>
Timing of revenue recognition			
Goods transferred at a point in time	1,016,463	41,834	1,058,297
Services transferred over time	2,012	-	2,012
Total	<u>1,018,475</u>	<u>41,834</u>	<u>1,060,309</u>

4. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2023

<u>Segments</u>	Finished drugs <i>RMB '000</i>	Intermediates and bulk medicines <i>RMB '000</i>	Total <i>RMB '000</i>
Types of goods or services			
Sale of pharmaceutical products	1,020,090	129,419	1,149,509
Rendering of pilot test services	1,636	-	1,636
Total	<u>1,021,726</u>	<u>129,419</u>	<u>1,151,145</u>
Geographical markets			
Mainland China	1,016,460	117,958	1,134,418
Other countries	5,266	11,461	16,727
Total	<u>1,021,726</u>	<u>129,419</u>	<u>1,151,145</u>
Timing of revenue recognition			
Goods transferred at a point in time	1,020,090	129,419	1,149,509
Services transferred over time	1,636	-	1,636
Total	<u>1,021,726</u>	<u>129,419</u>	<u>1,151,145</u>

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

	2024 <i>RMB '000</i>	2023 <i>RMB '000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of pharmaceutical products	<u>17,896</u>	<u>29,658</u>

4. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

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

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

Rendering of pilot test services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Pilot test service contracts are for periods of one year or less, or are billed based on the time incurred.

The amounts of transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	<u>32,733</u>	<u>17,896</u>

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

	2024 RMB'000	2023 RMB'000
<u>Other income</u>		
Government grants	119,187	11,729
Bank interest income	36,395	22,086
Dividend income from financial assets at fair value through profit or loss	612	627
Rental income	274	229
Loan interest income	28	3,841
Others	<u>460</u>	<u>1,448</u>
Total other income	<u>156,956</u>	<u>39,960</u>
<u>Gains</u>		
Gain on disposal of an associate	286,670	-
Fair value gain on financial assets at fair value through profit or loss, net	6,220	5,677
Reversal of impairment of trade receivables	1,985	-
Gain on sales of scrapped materials	126	301
Government relocation compensation	-	139,833
Total gains	<u>295,001</u>	<u>145,811</u>
Total other income and gains	<u>451,957</u>	<u>185,771</u>

5. OTHER EXPENSES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Write-down of inventories to net realisable value	43,880	10,936
Foreign exchange losses, net	5,549	5,526
Loss on disposal of intangible assets	3,204	-
Write-off of obsolete stocks	1,690	2,104
Loss on disposal of items of property, plant and equipment	1,002	255
Donations	673	273
Impairment of trade receivables	-	686
Others	300	468
	<hr/>	<hr/>
Total	<u>56,298</u>	<u>20,248</u>

6. FINANCE COSTS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans	3,182	594
Interest on discounted notes receivable	307	351
Interest on lease liabilities	119	44
	<hr/>	<hr/>
Total	<u>3,608</u>	<u>989</u>

7. PROFIT BEFORE TAX

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of sales*	482,681	509,626
Depreciation of property, plant and equipment	80,029	61,260
Depreciation of investment properties	128	43
Depreciation of right-of-use assets**	3,708	3,409
Research and development costs:		
Amortisation of intangible assets***	76	6,197
Current year expenditure	70,755	84,611
Total	70,831	90,808
Lease payments not included in the measurement of lease liabilities	2,219	2,428
Auditors' remuneration:		
Statutory audit service	2,260	2,260
Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	180,763	167,835
Equity-settled share option expense	(511)	(1,019)
Retirement benefits	14,398	12,498
Accommodation benefits	8,149	7,266
Other benefits	27,868	25,200
Total	230,667	211,780
Foreign exchange differences, net	5,549	5,526
Write-down of inventories to net realisable value	43,880	10,936
Impairment of trade receivables	-	686
Reversal of impairment of trade receivables	(1,985)	-
Fair value gain on financial assets at fair value through profit or loss, net	(6,220)	(5,677)
Bank interest income	(36,395)	(22,086)
Gain on disposal of an associate	(286,670)	-
Loss on disposal of intangible assets	3,204	-
Government relocation compensation	-	(139,833)
Loss on disposal of items of property, plant and equipment	1,002	255

* The depreciation of RMB57,069,000 for the year (2023: RMB42,526,000) is included in "manufacturing costs".

** The depreciation of right-of-use assets for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

*** The amortisation of intangible assets amounted to RMB76,000 (2023: RMB6,197,000) for the year is included in "Research and development costs" on the face of the consolidated statement of profit or loss.

8. INCOME TAX

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
Charge for the year	31,933	98,895
Overprovision in prior years	2,176	205
Deferred income tax	<u>40,078</u>	<u>(7,710)</u>
Total tax charge for the year	<u>74,187</u>	<u>91,390</u>

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gain or appreciation shall apply to the Company or its operations. The undertaking for the Company is for a period of 20 years from 8 October 2002. The qualification was renewed with extension period of 20 years from 19 September 2023. Accordingly, the Company is not subject to tax.

The subsidiaries incorporated in the British Virgin Islands (the “BVI”) are not subject to income tax, as these subsidiaries do not have a place of business (other than a registered office only) or carry out any business in the BVI.

The Hong Kong subsidiaries are subject to tax at a statutory profit tax rate of 16.5% (2023: 16.5%) under the income tax rules and regulations of Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in its respective Hong Kong subsidiaries during the year (2023: Nil).

According to the PRC Enterprise Income Tax Law effective from 1 January 2008, the Mainland China Subsidiaries are all subject to income tax at the rate of 25% on their respective taxable income.

On 21 October 2008, Suzhou Dawnrays Pharmaceutical Co., Ltd. (“Suzhou Dawnrays Pharmaceutical”) was qualified as a High-New Technology Enterprise (“HNTE”) of Jiangsu Province. As a result, Suzhou Dawnrays Pharmaceutical was entitled to a concessionary rate of income tax at 15% for three years commencing on 1 January 2008. The qualification was renewed in 2023 and Suzhou Dawnrays Pharmaceutical was entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years through 2023 to 2025 and would apply for renewal of the qualification every three years.

On 2 December 2019, Fujian Dawnrays Pharmaceutical Co., Ltd. (“Fujian Dawnrays”) was qualified as a HNTE of Fujian Province. As a result, Fujian Dawnrays was entitled to a concessionary rate of income tax at 15% for three years commencing on 1 January 2019. The qualification was renewed in 2022 and Fujian Dawnrays was entitled to continue to enjoy the beneficial tax rate of 15% as an HNTE for the years through 2022 to 2024 and would apply for renewal of the qualification every three years.

All other subsidiaries in Mainland China were subject to corporate income tax at a rate of 25% in 2024.

8. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country or jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit before tax	<u>636,949</u>	<u>414,057</u>
At the PRC's statutory rate	159,237	103,514
Tax effect of profits entitled to tax concession or lower tax rate enacted by local authorities	(117,564)	(47,301)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	16,061	22,946
Effect of withholding tax at 10% on the gains from PRC	9,043	-
Adjustments in respect of current income tax of previous periods	2,176	205
Expenses not deductible for tax	599	6,615
Tax credit for qualified research and development costs	(13,506)	(11,233)
Tax losses not recognised	18,141	17,486
Tax losses utilised from previous periods	<u>-</u>	<u>(842)</u>
Tax charge at the Group's effective rate	<u>74,187</u>	<u>91,390</u>

9. DIVIDENDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interim – HK\$0.015 (2023: HK\$0.015) per ordinary share	20,413	21,038
Proposed final – HK\$0.048 (2023: HK\$0.065) per ordinary share	67,293	89,670
Proposed special dividend – HK\$0.032 (2023: Nil) per ordinary share	<u>44,862</u>	<u>-</u>

The proposed final dividend and special dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of 1,504,859,000 shares (2023: 1,499,620,000 shares) outstanding during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent	<u>564,940</u>	<u>326,000</u>
	<u>Number of shares</u>	
	2024	2023
	Thousands	Thousands
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	1,504,859	1,499,620
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>1,038</u>	<u>2,982</u>
Total	<u>1,505,897</u>	<u>1,502,602</u>

11. TRADE AND NOTES RECEIVABLES

	Notes	2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	(i)	123,895	155,967
Notes receivable	(ii)	<u>145,588</u>	<u>169,611</u>
		269,483	325,578
Impairment		<u>(1,597)</u>	<u>(3,582)</u>
Net carrying amount		<u>267,886</u>	<u>321,996</u>

11. TRADE AND NOTES RECEIVABLES (continued)

Notes:

- (i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months for major customers. Each customer has a credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to manage credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and notes receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB '000	2023 RMB '000
Trade receivables		
Outstanding balances with ages:		
Within 90 days	106,395	125,049
Between 91 and 180 days	12,283	18,180
Between 181 and 270 days	2,132	5,801
Between 271 and 360 days	209	2,531
Over one year	1,279	824
Total	<u>122,298</u>	<u>152,385</u>

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

	2024 RMB '000	2023 RMB '000
At beginning of year	3,582	2,896
Impairment losses, net	<u>(1,985)</u>	<u>686</u>
At end of year	<u>1,597</u>	<u>3,582</u>

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

From 1 January 2018, the Group has applied the simplified approach to provide impairment for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs below also incorporate forward-looking information. The impairment is determined as follows:

11. TRADE AND NOTES RECEIVABLES (continued)

Notes: (continued)

(i) (continued)

	2024	2023
Expected credit loss rate	1.29%	2.30%
Gross carrying amount (RMB'000)	123,895	155,967
Impairment (RMB'000)	1,597	3,582

- (ii) Notes receivable are held with a business model with the objective of both holding to collect contractual cash flows and selling as the Group sometimes endorses notes receivable to suppliers prior to their expiry date. These are classified and measured as debt instruments at fair value through other comprehensive income. Notes receivable are subject to impairment under the general approach. The Group estimated that the expected credit loss rate for notes receivable was minimal.

Financial assets that are not derecognised in their entirety

As at 31 December 2024, the Group endorsed certain notes receivable accepted by banks in the PRC (the “Endorsed Notes”) with a carrying amount of RMB42,013,000 (2023: RMB54,556,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Notes, including sale, transfer or pledge of the Endorsed Notes to any other third parties. The aggregate carrying amounts of the trade payables and other payables settled by the Endorsed Notes during the year to which the suppliers have recourse were RMB26,953,000 (2023: RMB33,426,000) and RMB15,060,000 (2023: RMB21,130,000) as at 31 December 2024, respectively.

Financial assets that are derecognised in their entirety

As at 31 December 2024, the Group discounted certain notes receivable accepted by banks in the PRC (the “Discounted Notes”) with a carrying amount of RMB24,864,000 (2023: RMB15,060,000). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Notes, and accordingly, it continued to recognise the full carrying amounts of the Discounted Notes and the associated short-term borrowings. Subsequent to the discounting, the Group does not retain any rights on the use of the Discounted Notes, including sale, transfer or pledge of the Discounted Notes to any other third parties. The aggregate carrying amount of short-term borrowings arising from the Discounted Notes was RMB24,864,000 (2023: RMB15,060,000) as at 31 December 2024.

As at 31 December 2024, the Group discounted certain note receivable accepted by banks in the PRC (the “Derecognised Notes”) with a carrying amount of RMB61,883,000 (2023: RMB62,434,000). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. The Group has not retained the substantial risks and rewards, which include default risks relating to such Derecognised Notes. The Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes. The maximum exposure to loss from the Group's continuing involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the Derecognised Notes are not significant.

12. TRADE AND NOTES PAYABLES

An ageing analysis of the trade payables and notes payable as at the end of the reporting period is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Outstanding balances with ages:		
Within 90 days	153,810	98,076
Between 91 and 180 days	66,682	63,110
Between 181 and 270 days	679	459
Between 271 and 360 days	38	357
Over one year	<u>351</u>	<u>159</u>
Total	<u>221,560</u>	<u>162,161</u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms. During the year ended 31 December 2024, the aggregate carrying amount of the trade payables settled by the Endorsed Notes to which the suppliers have recourse was RMB26,953,000 (2023: RMB33,426,000).

CHAIRMAN’S STATEMENT

GROUP RESULTS

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB1,060,309,000 (2023: RMB1,151,145,000), representing a decrease of 7.9% as compared with 2023. Profit attributable to owners of the parent was approximately RMB564,940,000 (2023: RMB326,000,000), representing an increase of 73.3% as compared with 2023.

Profit attributable to owners of the parent included a net gain of RMB277,627,000 (before tax RMB286,670,000) from the disposal of the Group’s 35% equity interest in AD Pharmaceuticals Co., Ltd. with nil carrying value, and the net gain of approximately RMB89,292,000 (before tax RMB105,049,000) from the government subsidy for the verification of the equipment in the factory at Shanfeng Road. Excluding the above non-recurring profit of approximately RMB366,919,000 and share a loss of RMB3,696,000 (2023: RMB40,933,000) on the investment in AD Pharmaceutical Co., Ltd. before disposal, the operating profit attributable to owners of the parent amounted to approximately RMB201,717,000 (2023: RMB249,954,000), representing a decrease of 19.3% as compared to 2023. Such decrease was mainly attributable to the decrease in sales of the “An (安)” series products as impacted by national centralized procurement of drugs; and the impact of the completion of the relocation projects of Tianling Road factory of the Company’s indirectly wholly-owned subsidiary Suzhou Dawnrays Pharmaceutical Co., Ltd. (“Suzhou Dawnrays”) and the factory of Lanzhou Dawnrays Pharmaceutical Co., Ltd. (“Lanzhou Dawnrays”), domestic and overseas customers required to re-initiate product certifications, complete supplier filings, and obtain overseas registrations resulting in low sales volume of bulk medicine and intermediate segment, and the high production costs due to unattainable production capacity, resulting in inventory provision of RMB43,880,000 (2023: RMB10,936,000), and a loss of RMB60,975,000 (2023: loss of RMB32,692,000) recorded from bulk medicine and intermediate segment.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.048 per share for the year ended 31 December 2024 (2023: HK\$0.065), totaling approximately HK\$72,091,000 (2023: approximately HK\$97,516,000) (equivalent to approximately RMB67,293,000 (2023: approximately RMB89,670,000)), to the shareholders whose names appeared in the register of members on Friday, 30 May 2025 subject to the approval of the shareholders at the forthcoming 2025 Annual General Meeting (the “2025 AGM”).

SPECIAL DIVIDEND

The Board recommends the payment of a special dividend of HK\$0.032 per share for the year ended 31 December 2024, totaling approximately HK\$48,061,000 (equivalent to approximately RMB44,862,000), to the shareholders whose names appeared in the register of members on Friday, 30 May 2025 subject to the approval of the shareholders at the forthcoming 2025 AGM.

Taking into consideration the interim dividend of HK\$0.015 per share paid on 3 October 2024, the proposed special dividend of HK\$0.032 per share and final dividend of HK\$0.048 per share, the total annual dividend distribution for the year will be HK\$0.095 per share (2023: HK\$0.080), representing a year-on-year increase of 18.8%. The annual dividend payout ratio will be approximately 23.5% (2023: 34.0%), which is slightly below the Company's Dividend Policy of distributing at least 25% of the profit attributable to owners of the parent. The main reason primarily resulted from the 2024 profit attributable to owners of the parent included a one-time book gain of approximately RMB366,919,000. Amid the current complex external economic environment, fiercely competitive business model, and increasingly stringent and volatile regulatory policies, the Board believes that maintaining sufficient reserves will be conducive to the Company's long-term sustainable development.

INDUSTRY REVIEW

In 2024, persistent geopolitical tensions, energy market volatility, and high-interest-rate policies continued to exert pressure on global economic recovery. Nevertheless, the global pharmaceutical industry progressed steadily despite the complex external environment. In China, under the guidance of the "Healthy China 2030" strategy, the pharmaceutical sector advanced the "tripartite healthcare system coordination (三醫聯動)" reforms focusing on improving medical service efficiency, refining healthcare insurance policies, and driving high-quality development of the pharmaceutical industry. In June 2024, the Chinese government released the "Key Tasks for Deepening the Reform of the Medical and Healthcare System in 2024 (深化醫藥衛生體制改革二零二四年重點工作任務)", further clarifying the industry's development priorities: normalization of national centralized procurement of drugs, price linkage mechanisms, consistency evaluation requirements, and stricter regulatory oversight. While these measures have intensified short-term operational pressures for enterprises, they also provide new opportunities for the advancement of high-caliber generic drugs and innovative drugs.

BUSINESS REVIEW

In 2024, the Group proactively responded to market dynamics, aligning with national development strategies to advance its high-end, intelligent, green, and international development initiatives. The Group steadily advanced all business operations, intensified R&D investments, and drove the integration of generic and innovative drug development, striving to secure a competitive position in the market of national centralized procurement of drugs while expanding into underserved market segments.

PRODUCTION

In 2024, the factory at Shanfeng Road of Suzhou Dawnrays and Lanzhou Dawnrays successively obtained production approvals, with validation batches progressively supplied to customers for filing procedures. While initial low production volumes resulted in higher allocated costs, leading to losses in the bulk medicine and intermediate segment, the gradual ramp-up of these new production capacities is expected to fuel future growth.

SALES

In terms of sales, the Group's sales team optimized product portfolios and expanded market channels. As a result, apart from the sales volume and sales of some products in the "An (安)" series products decreased due to unsuccessful bids in national centralized procurement of drugs or market share dilution from multi-winners, other product categories achieved growth in sales volume, such as antihyperlipidemic drug Atorvastatin Calcium Tablets, antiviral drug Entecavir Dispersible Tablets and anti-allergic drug "Xikewei (西可韋)". In particular, the Cefoperazone Sodium and Sulbactam Sodium for Injection (1:1) successfully won the bid in the eighth batch of national centralized procurement of drugs, driving over 50% year-on-year growth in sales volume and revenue in 2024 as compared to the same period in 2023. In addition to entering hospital channels through national centralized procurement, the Group's products also expanded retail terminal operations by enhancing collaborations with major pharmacy chains. Meanwhile, the Group initiated pharmaceutical e-commerce business models, adopting multiple approaches to enable broader patient access to its products and safeguard market share of Dawnrays brand. However, despite a year-on-year increase in sales volume from 2023, total sales revenue declined by 7.9% as compared to the same period in 2023, constrained by pricing pressures.

PROGRESS IN RESEARCH AND DEVELOPMENT

Since its establishment, the Suzhou Dawnrays Advanced Technology Research Institute* (蘇州東瑞先進技術研究院) has recruited a team of scientific research talents. Currently, about 60% of the products under development are self-developed projects. In late 2024, the institute hired a Ph.D. as its dean. The new dean will conduct a comprehensive assessment and integration of the R&D teams from the Company's indirectly wholly-owned subsidiaries including Fujian Dawnrays Pharmaceutical Co.,

Ltd. (“Fujian Dawnrays”), Suzhou Dawnrays, Lanzhou Dawnrays, and the Company’s indirectly non-wholly-owned subsidiary Nanjing PharmaRays Science and Technology Co., Ltd., with the aim of optimizing project pipelines and management processes, restructuring the R&D organization framework as and when needed, enhancing efficiency, and avoiding resource redundancy or misallocation. The R&D team will focus on developing the first or top three generics drugs as well as improved innovative drugs, to inject new vitality into the future product pipeline.

OUTLOOK

The Group faced multiple challenges in 2024 but achieved profit growth through asset disposals and government subsidies, bolstering treasury reserves to support future development. Looking ahead, healthcare reform will continue to introduce new policies to reduce medication costs, while Chinese regulators will intensify quality oversight through unannounced inspections, data integrity audits, and stricter compliance requirements, requiring pharmaceutical enterprises to elevate quality management standards and ensure public medication safety. On the other hand, accelerated population ageing and rising prevalence of chronic diseases such as cardiovascular conditions, diabetes, and cancer, coupled with heightened health awareness, are driving demand for related drugs. To address these challenges and opportunities, the Group will focus on the following strategic priorities:

- (1) Increase R&D investment: with a focus on strengths and main business, the Group will prioritize chronic diseases, antiviral and antimicrobial fields to drive product iteration, diversify product pipelines by exploring anti-ageing, nutritional health and other healthcare domains, and develop generic and innovative drugs with proprietary intellectual property to advance domestic substitution.
- (2) Enhance production efficiency: the Group will optimize cost structures and improve capacity utilization through smart manufacturing, lean production, and technological innovation.
- (3) Expand market channels: the Group will deep-dive into terminal markets, leverage e-commerce platforms and actively explore international markets to increase product coverage and competitiveness.
- (4) Promote sustainable development: the Group will strengthen environmental protection infrastructure to reduce pollution and strive to achieve carbon peak by 2030 and carbon neutrality by 2060, fulfilling corporate social responsibility.

The Group will continue to uphold the business philosophy of 'Quality First, Integrity as Foundation,' dedicating to providing patients with safe, effective, and stable quality products. Leveraging its advantages in integrated R&D, production, and sales, robust corporate governance system and sound financial management, the Group will maintain pragmatic operations and agile adaptability to address emerging challenges and seize new opportunities, contributing to the realization of the 'Healthy China' strategic vision and delivering long-term value to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

During the reporting period, China's pharmaceutical industry continued to operate in a complex and volatile market environment. Despite facing numerous challenges, it demonstrated strong resilience and innovation capabilities. As compared to the last year, the Group had additional products winning the bid for renewal of centralized procurement of drugs in national alliance member regions, including "Xianlian (先聯)" (Cefoperazone Sodium and Sulbactam Sodium for Injection (2:1)), "Zhen Tongyan (真侗言)" (Loxoprofen Sodium Tablets), "Yousuheng (優素衡)" (Metformin Hydrochloride Sustained-Release Tablets (III)), and "Xianding (先定)" (Cefotaxime for Injection), which has provided substantial support for expanding market share. Together with our existing bid-winning products, including "Xianshu (先舒)" (Cefoperazone Sodium and Sulbactam Sodium for Injection: (1:1)), "Anneizhen (安內真)" (Amlodipine Benzoate Tablets), "Shumaitong (舒邁通)" (Atorvastatin Calcium Tablets), and "Ruifuen (瑞夫恩)" (Entecavir Dispersible Tablets), they continue to play a pivotal role in driving sales. During the reporting period, the factory at Shanfeng Road of Suzhou Dawnrays successfully obtained commercial production qualifications for cephalosporin bulk medicines, powder injections and solid dosage forms, with orderly progress in the commercialization of these products. Lanzhou Dawnrays also secured production permits, steadily advancing the launch of new products and their registration in overseas markets. For the year ended 31 December 2024, there was an increase of 22.5% in the production volume of intermediates and bulk medicines of the Group, as compared with the corresponding period of 2023. There was an increase of 49.3% in the production volume of cephalosporin powder for injection, as compared with the corresponding period of 2023. There was an increase of 11.3% in the production volume of solid-dosage-forms as compared with the corresponding period of 2023.

In terms of sales, due to changes in the rules for the alliance centralized procurement of preparation product, transformed from single-winner to multi-winners competing for market share and expanded from medical terminals to retail pharmacies, village clinics and private medical institutions, which impacted the overall price; as well as the change and relocation of bulk medicine business production sites and customer filing cycles, the Group's total sales revenue in 2024 declined by 7.9% as compared with the same period of last year. Of them, the sales volume and amount of anti-hypertensive drugs in "An (安)" series products decreased by 6.6% and 21.2% respectively, as compared with the same period of 2023; the sales volume and amount of Fujian Dawnrays series products which are mainly used for treating hyperlipidaemic increased by 10.9% and 2.4% respectively, as compared with the same period of 2023; the sales volume and amount of anti-allergic drugs "Xikewei (西可韋)" and "Xikexin (西可新)" increased by 10.2% and 3.6% respectively, as compared with the same period of 2023; the sales volume and amount of Entecavir Dispersible Tablets, an anti-HBV drug respectively increased by 16.9% and 13.2% as compared with the same period of 2023.

Among the antibiotic series products, as “Xianshu (先舒)” (Cefoperazone Sodium and Sulbactam Sodium for Injection: (1:1)) won the bid in the national centralized procurement, the sales volume of powder for injection increased by 21.3% and the sales amount increased by 42.9% as compared with the same period of 2023; the sales volume of cephalosporin for oral increased by 17.2% and sales amount increased by 43.2% as compared with the same period of 2023; The sales volume of cephalosporin intermediates and bulk medicines decreased by 58.1% and the sales amount decreased by 67.5% as compared with the same period of 2023.

During the year, facing changes in the external policy environment, the Group promptly optimized and adjusted its sales team and sales strategies, strengthened marketing management, and reorganized our market layout. Through full product development across existing channels, refined distributor partnerships, continuous deepening collaborations with pharmacy chains, and exploring new business models such as pharmaceutical e-commerce, the Group fully unlocked market potential and further enhanced product market coverage, achieving breakthroughs across product categories, specifications, and regional markets. The Group will strive to achieve significant growth in 2025, thereby contributing more to the Group’s profit.

ANTI-HYPERTENSIVE PRODUCTS

The Group has advantages in anti-hypertensive series of products. Through more than 20 years of deep engagement of the Group in the pharmaceutical market, the series of products had a good brand reputation among doctors and patients with hypertension. Based on the Group’s integration of the survey data of market research institutions, Anneizhen (安内真)” was ranked in the leading position among similar products on the second and third market terminals in many cities and provinces in terms of sales, and gained considerable market shares. Due to the decline in sales volume and market price pressures as impacted by centralized procurement in national alliance member regions, the sales of the series of products were RMB334,252,000 in 2024 (2023: RMB424,186,000), accounting for 31.5% of the sales of the Group. In the future, the Group’s marketing management team will focus more on brand planning, channel building, price adjustment and academic promotion of the “An (安)” series products, improve product diversity, strengthen the access design of products for different markets by closely following up national policies related to chronic disease management, and further explore the new market.

ANTIHYPERLIPIDEMIC PRODUCTS

Antihyperlipidemic products are products newly developed by the Group. During the year, with the national centralized procurement and centralized procurement in alliance member regions, there was a substantial increase in the retail markets of sales of Fujian Dawnrays’s Atorvastatin Calcium Tablets and Rosuvastatin Calcium Tablets. The sales of the antihyperlipidemic products were

RMB299,372,000 (2023: RMB292,331,000), accounting for 28.2% of the sales of the Group. The Group ranked in leading position in the sales market in China in terms of such sales.

ANTIVIRAL PRODUCTS

The antiviral products are covered by the traditional treatment sector of the Group. With the “unique cyclodextrin inclusion technology”, Entecavir Dispersible Tablets of the Group have a good reputation among doctors and patients. During the year, the sales of the products in China were RMB141,241,000 (2023: RMB124,828,000), accounting for 13.3% of the sales of the Group, which was better than expectations, due to winning the bid for centralized procurement of drugs in national alliance member regions. The Group ranked in leading position in the sales market in China in terms of such sales.

POWDER FOR INJECTION

After years of sluggish adjustment, the antibiotic injection has shown a steady recovery in recent years. During the year, the “Xianshu (先舒)” (Cefoperazone Sodium and Sulbactam Sodium for Injection (1:1)) won the bid for the eighth batch of national centralized procurement, while “Xianding (先定)” (Cefotaxime for Injection) and “Xianlian (先聯)” (Cefoperazone Sodium and Sulbactam Sodium for Injection (2:1)) won the bid for centralized procurement of drugs in national alliance member regions, and as a result, the sales volume of them increased. Other powder for injection products also won the bid for centralized procurement of drugs in relevant provinces. Overall sales of powder for injection were on the rise, with sales amount of RMB108,846,000 (2023: RMB76,196,000), accounting for 10.3% of the Group's sales.

INTERMEDIATES AND BULK MEDICINES

During the year, the bulk medicine base of Suzhou Dawnrays obtained commercial production qualification. Its primary products, Cefoperazone Sodium, Sulbactam Sodium, and their combination powder, achieved commercial sales. The base is actively advancing associated review and filing procedures to expand its customer base. Meanwhile, the bulk medicine base of Lanzhou Dawnrays secured a pharmaceutical production license, with intermediates already in commercial sales. The commercialization of new Cephalosporin and specialty drug varieties, along with rapidly progressing overseas registration applications, has laid a solid foundation for further enhancing market share in intermediates and bulk medicine in the future.

PRODUCT RESEARCH AND DEVELOPMENT

Suzhou Dawnrays Advanced Technology Research Institute serves as the Group's R&D platform, centrally coordinating and managing research and development operations across all subsidiaries within the Group. In 2024, through external talent acquisition and internal talent development, the Company continued optimizing its talent structure while strengthening technical expertise and research capabilities, with the proportion of proprietary R&D demonstrating sustained growth. The Company

plans to progressively increase R&D investment to diversify its product pipeline and accelerate iterations of existing product lines, striving for the launch of new products every year to add new momentum to the Group's future development.

Apart from the description in the following section of "NEW PRODUCTS AND PATENT LICENSING", the Group's ongoing projects cover the therapeutic areas of the cardiovascular and cerebrovascular system, anti-infective drugs, anti-viral drugs, topical dermatological preparations, etc. The Group will continuously invest more resources in the research and innovation of production technology and products, for developing generics of the system specific medicines, exploring Class 3 drugs and some innovative drugs as well as health and wellness products and seeking various scientific research cooperation opportunities to optimize product structure and profit base.

CONSISTENCY EVALUATION

As of 31 December 2024, according to statistics by product specification, the Group conducted quality and efficacy research on 35 varieties, the applications for 31 varieties (namely Entecavir Dispersible Tablets (0.5mg), Amlodipine Besylate Tablets (5mg), Amlodipine Besylate Tablets (2.5mg), Levocetirizine Dihydrochloride Tablets (5mg), Cetirizine Hydrochloride Tablets (10mg), Metformin Hydrochloride Tablet (0.25g), Azithromycin Tablets (0.25g), Clarithromycin Tablets (0.25g), Telmisartan Tablets (40mg), Telmisartan Tablets (80mg), Cefprozil Tablets (0.25g), Cefoperazone Sodium and Sulbactam Sodium for Injection (1.0g), Cefoperazone Sodium for Injection (1.0g), Azithromycin for Suspension (0.1g), Losartan Potassium and Hydrochlorothiazide Tablets (50mg/12.5mg), Ceftriaxone Sodium for Injection (1.0g), Cefmetazole Sodium for Injection (0.5g), Cefmetazole Sodium for Injection (1.0g), Cefoperazone Sodium and Sulbactam Sodium for Injection (2:1) (1.5g)) and Cefoperazone Sodium and Sulbactam Sodium for Injection (2:1) (3.0g), Ceftazidime for Injection (1.0g), Cefixime Tablets (0.2g), Cefixime Tablets (0.1g), Cefuroxime Sodium for Injection (0.75g), Cefuroxime Sodium for Injection (1.5g), Cefminox Sodium for Injection (1.0g), Cefoxitin Sodium for Injection (1.0g), Cefotaxime Sodium for Injection (1.0g), Cefotaxime Sodium for Injection (2.0g), Cefazolin Sodium for Injection (1.0g) and Loxoprofen Sodium Tablets (60mg) were approved. The application for consistency evaluation for one variety has been submitted to the Center for Drug Evaluation, NMPA. Moreover, pharmaceutical research into 3 of such varieties is ongoing.

OTHER MATTERS

During the year, the Group continued improving production, safety, product quality, human resources, compliance management, information, internal audit etc., and endeavored to enhance the risk control capability and improve the operating level of various systems, in an attempt to maintain the Group's sustainable development in the fierce business competition environment.

NEW PRODUCTS AND PATENT LICENSING

In 2024, the Group applied to the Center for Drug Evaluation, CFDA for the registration of a total of 12 varieties, including 2 supplementary applications (consistency evaluation) applications, 3 supplementary applications (additional specifications) applications and 7 applications for marketing authorization. In 2024, the Company obtained 22 drug approvals, including 11 approvals for supplementary applications (consistency evaluation), 3 approvals for supplementary applications (additional specifications) and 8 recordation documents.

In 2024, the Group obtained a total of 16 national patent certificates (including 11 invention patents and 5 utility model patents):

- 1) “Rosuvastatin Calcium Tablets and its preparation method”, patent number: ZL202310984586.9
- 2) “A Valsartan and Amlodipine Tablet and its preparation method”,
patent number: ZL202310850994.5
- 3) “A preparation method for Rosuvastatin Calcium and its intermediates”,
patent number: ZL202210318770.5
- 4) “A preparation method for Entecavir”, patent number: ZL202211194935.9
- 5) “A method for the recovery of ethanol from the production of Sulbactam”,
patent number: ZL202211684589.2
- 6) “A preparation method for Cefoperazone Sodium”, patent number: ZL202210214565.4
- 7) “A method for the determination of methyl acetoacetate in Benidipine Hydrochloride”,
patent number: ZL202111621308.4
- 8) “A preparation method for Benidipine Hydrochloride”, patent number: ZL202210402664.5
- 9) “An aerosol containing Sitafloxacin and its preparation method”,
patent number: ZL202210183954.5
- 10) “A preparation method for Crisaborole”, patent number: ZL202210183885.8
- 11) “A method for the preparation of pharmaceutical grade anhydrous ethanol by recycling of Sulbactam Sodium stock solution”, patent number: ZL202111517704.2
- 12) “A rotary tablet press for pharmaceutical tablet production”, patent number: ZL202420088855.3
- 13) “A transparent film packaging machine for tablet production”,
patent number: ZL202323340351.0
- 14) “A raw material screening device for tablet production”, patent number: ZL202420088726.4
- 15) “A nozzle adjustment device for coating machines”, patent number: ZL202321773579.6
- 16) “A kind of fluidised bed exhaust heat recovery treatment device”,
patent number: ZL202323157234.0

HONORS AWARDED TO THE GROUP IN 2024

Time of Awards	Honors
January 2024	Lanzhou Dawnrays Pharmaceutical Co., Ltd. was awarded a Donation Certificate by Red Cross Society of China Gansu Branch.
June 2024	Fujian Dawnrays Pharmaceutical Co., Ltd. received authentication certificates from Fujian Xin Qihang Certification Co., Ltd. for "Meeting the Quality Management System standard of GB/T 19001-2016 / ISO 9001:2015", "Meeting the Environmental Management System standard of GB/T 24001-2016 / ISO 14001:2015", and "Meeting the Occupational Health and Safety Management System standard of GB/T 45001-2020 / ISO 45001:2018"; Lanzhou Dawnrays Pharmaceutical Co., Ltd. was awarded the Work Safety License by the Gansu Provincial Emergency Management Bureau.
August 2024	Suzhou Dawnrays Pharmaceutical Co., Ltd. was awarded the "2023 Contract-Honoring and Creditworthy Enterprise" Public Recognition Certificate by the Jiangsu Provincial Enterprise Credit Management Association; Fujian Dawnrays Pharmaceutical Co., Ltd. was awarded the "Putian Waste-Free Factory" honorary title from the Leading Group Office for "Waste-Free City" Development in Putian City; Lanzhou Dawnrays Pharmaceutical Co., Ltd. was presented with a Commemorative Banner of Appreciation for charitable donations by the Lanzhou New District Social Welfare Institute.
November 2024	Suzhou Dawnrays Pharmaceutical Co., Ltd. was included in the "Jiangsu Provincial Manufacturing Pilot Platform Incubation Pool (Suzhou City)" approved by the Industry and Information Technology Department of Jiangsu; Fujian Dawnrays Pharmaceutical Co., Ltd. was awarded the "2023 Advanced Unit Honor" certificate from the Fujian Pharmaceutical Profession Association.

FINANCIAL REVIEW

SALES AND GROSS PROFIT

For the year ended 31 December 2024, the Group recorded a turnover of approximately RMB1,060,309,000, decreased by RMB90,836,000 or 7.9% compared with last year, of which the turnover of intermediates and bulk medicines was RMB42,046,000, decreased by RMB87,373,000 or 67.5% compared with last year. The turnover of finished drugs was RMB1,018,263,000, which is basically the same as last year. The significant decrease in the sales of intermediates and bulk medicines was mainly caused by product certification of Suzhou Dawnrays Shanfeng Road Factory, the bulk medicines supplier filings and the overseas registration of Lanzhou Dawnrays.

Sales amount of finished drugs, comprising system specific medicines, powder for injection and tablets of cephalosporin and other oral solid-dosage-form of antibiotics, reached approximately RMB1,018,263,000. Taking into account of the total turnover, sales amount of finished drugs was approximately 96.0%, increased by 7.2 percentage points compared with last year, of which the sales amount of system specific medicines accounted for 85.9% of sales of finished drugs.

Gross profit was approximately RMB577,628,000, decreased by RMB63,891,000 compared with last year, representing a decrease of 10.0%. Gross profit margin decreased by 1.2 percentage points to 54.5% from 55.7% as in last year. It was mainly due to the decline in the sales of high gross profit “An” series products and the production costs increased with unattainable production capacity of the factory at Shanfeng Road of Suzhou Dawnrays and Lanzhou Dawnrays.

TABLE OF TURNOVER ANALYSIS – BY PRODUCT

PRODUCT	TURNOVER			SALES BREAKDOWN		
	(RMB'000)	(RMB'000)	(RMB'000)	(%)	(%)	Percentage
	2024	2023	changes	2024	2023	points changes
Intermediates and Bulk Medicines	42,046	129,419	-87,373	4.0	11.2	-7.2
Finished Drugs	1,018,263	1,021,726	-3,463	96.0	88.8	7.2
Overall	1,060,309	1,151,145	-90,836	100.0	100.0	0

EXPENSES

During the year, the total expenses incurred were approximately RMB388,940,000, representing an increase of RMB16,640,000 from RMB372,300,000 in the previous year, and accounted for 36.7% of the turnover (2023: 32.3%). Due to most of the Group’s finished drugs entered the centralized procurement, the selling expenses decreased by RMB19,214,000 as compared with last year, and the selling expense ratio was 12.1% (2023: 12.8%). The administrative expenses increased by RMB17,162,000 as compared with last year, mainly due to the increase in salaries and benefits, depreciation, amortisation of intangible assets and transfer of additional tax. Finance expenses were RMB3,608,000, mainly was interest of short term borrowings, representing an increase of RMB2,619,000 as compared with the previous year. Research and development expenses decreased by RMB19,977,000 as compared with last year, mainly due to the difference in phased expenses of research and development projects. Other expenses increased by RMB36,050,000 as compared with last year, mainly because of the impact of provision of inventory made due to high production costs caused by the unattainable production capacity of Lanzhou Dawnrays and the factory at Shanfeng Road of Suzhou Dawnrays.

SEGMENT PROFIT

For the year ended 31 December 2024, the segment profit from the finished drugs segment was approximately RMB425,211,000, representing a decrease of RMB62,066,000 compared with RMB487,277,000 in 2023, mainly due to the decline in gross profit caused by centralized procurement. The intermediates and bulk medicines had segment loss of RMB60,975,000 while it was segment loss of RMB32,692,000 in 2023. The loss was mainly attributable to the fact that the Lanzhou Dawnrays and the factory at Shanfeng Road of Suzhou Dawnrays have not reached full production capacity, low sales volume and high production costs.

DISPOSAL OF SHARE INTEREST IN AN ASSOCIATE

Dawnrays Biotechnology Capital (Asia) Ltd. (“Dawnrays Biotechnology”), an indirectly and wholly owned subsidiary of the Group, originally invested a total of RMB185,000,000 for 35% share interest in AD Pharmaceuticals Co., Ltd. (“AD Pharmaceuticals”). In January 2024, the Group shared an unaudited investment loss to an associate of approximately RMB3,696,000, in proportion to the investment percentage in AD Pharmaceuticals. On 8 February 2024, Dawnrays Biotechnology entered into a share transfer agreement with Akeso Biopharma Co. Ltd. (“Akeso Biopharma”) to sell the 35% share interest of AD Pharmaceuticals to Akeso Biopharma for approximately RMB267,387,000 (“the Purchase Price”) and AD Pharmaceuticals agreed to repay the loan and interest accrued up to 8 February 2024 approximately RMB122,613,000. According to the share transfer agreement, Dawnrays Biotechnology received final payment of the Purchase Price from Akeso Biopharma on 2 July 2024. As the carrying amount of the investment in the Group’s associate was decreased to RMB0 and loss allowance for the loan to an associate was RMB19,283,000, the disposal of AD Pharmaceuticals recorded a net book gain of RMB277,627,000 (before tax RMB286,670,000). Details was set out in the Company’s announcement dated 9 February 2024 and 4 March 2024.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2024, profit attributable to owners of the parent amounted to approximately RMB564,940,000 representing an increase of RMB238,940,000 or 73.3% compared with RMB326,000,000 in last year. Of which, included net gain from government subsidies for verification of equipment of factory located at Shanfeng Road RMB89,292,000, net gain of RMB277,627,000 from disposal of an associate (AD Pharmaceuticals) and share of loss of RMB3,696,000 for the investment in AD Pharmaceuticals (2023: RMB40,933,000). Excluding the above factors, the actual operating profit attributable to owners of the parent was RMB201,717,000 (2023: RMB249,954,000), decreased by 19.3% compared with last year, mainly due to the loss from bulk medicines and intermediate business and the decline in sales amount of “An” series products caused by centralized procurement.

ANALYSIS ON THE RETURN ON ASSETS

As at 31 December 2024, net assets attributable to owners of the parent were approximately RMB3,324,268,000. The return on net assets, which is defined as the profit attributable to owners of the parent divided by net assets attributable to owners of the parent was 17.0% (2023: 11.4%). The current ratio and quick ratio was 3.97 and 3.42 respectively. Turnover days for trade receivables were approximately 48 days. Turnover days for trade receivables including bills receivables were approximately 101 days. Turnover days for inventory were approximately 194 days.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2024, the Group had financial assets at fair value through profit or loss including:

- (i) invested in certain Hong Kong public listed shares amounted approximately RMB10,795,000 (31 December 2023: approximately RMB10,333,000);
- (ii) purchased certain wealth management products (all were structured deposits) of approximately RMB195,500,000 (31 December 2023: RMB150,000,000) of floating interest rate principal-preservation type with annual interest rate from 1.0%-2.51% from 5 good credit worth banks in China. The expected yield would be approximately RMB840,000 in total. The wealth management products were mainly relatively lower risk of default. All principal and interests will be paid together on the maturity date. The Board believes that the investment in aforementioned wealth management products can strengthen the financial position of the Group and bring the fruitful contribution to the profit of the Group.

As at 31 December 2024, the above mentioned financial assets at fair value through profit or loss amounted to approximately RMB207,135,000 (31 December 2023: approximately RMB160,871,000), representing approximately 5.2% (31 December 2023: 4.4%) of the total assets of the Group. For the year ended 31 December 2024, the Group recorded net gain of approximately RMB6,220,000 (2023: RMB5,677,000) on the financial assets at fair value through profit or loss.

- (iii) considering business cooperation and financial investment, the Group invested RMB20,000,000 to hold 1,895,735 shares of Waterstone Pharmaceuticals (Wuhan) Co., Ltd. (stock code: 873938), accounting for 1.48% of share interest.

The Board believes that the investment in equity investment and financial assets can diversify the investment portfolio of the Group and achieve a better return to the Group in future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had cash and bank balances approximately RMB1,158,261,000 (as at 31 December 2023: RMB905,826,000), of which, RMB542,586,000 (as at 31 December 2023: RMB539,000,000) were time deposits with maturity over three months. During the year, the net cash inflows from operating activities was approximately RMB220,200,000 (2023: RMB338,400,000). Net cash inflows from investing activities was approximately RMB205,170,000 (2023 net cash outflows: RMB387,573,000). Net cash outflows from financing activities was approximately RMB189,438,000 (2023 net cash inflows: RMB2,070,000).

As at 31 December 2024, the Group had aggregate bank facilities of approximately RMB1,613,000,000 (as at 31 December 2023: RMB1,270,000,000). As at 31 December 2024, the Group's interest-bearing bank and other borrowings was RMB29,864,000 (as at 31 December 2023: RMB120,060,000), and the debt ratio (defined as sum of interest-bearing bank borrowings over total assets) of the Group was 0.7% (as at 31 December 2023: 3.3%). The above mentioned bank and other borrowings were short-term loans not more than 1 year and the interest rate were fixed ranging from 0.95% to 3.6%.

As at 31 December 2024, the Group had trade receivables of approximately RMB122,298,000 (as at 31 December 2023: RMB152,385,000), decreased by 18.7% compared to 2023, mainly due to the impact of decrease in sales of bulk medicines and short payment cycle for centralized procurement.

As at 31 December 2024, the inventory balance of the Group was approximately RMB308,241,000 (as at 31 December 2023: RMB211,107,000), representing an increase of RMB97,134,000 as compared with 2023, mainly attributed to the increase in inventory of bulk medicines and intermediates and the Spring Festival stocking up.

As at 31 December 2024, the Group's contracted but not provided for plant and machinery capital commitments amounted to approximately RMB21,363,000 (as at 31 December 2023: RMB62,588,000), which was mainly related to Suzhou Dawnrays relocation construction project and Lanzhou Dawnrays intermediates and bulk medicines production base project.

SUBSTANTIAL INVESTMENT

Nanjing PharmaRays, a majority-owned subsidiary of the Group and a research and development company, owned as to 65% by Suzhou Dawnrays, had the registered capital of RMB50,000,000, and Suzhou Dawnrays made a capital contribution of RMB32,500,000, in accordance with the joint venture agreement. As at 31 December 2024, the registered capital subscribed by the other shareholder amounted to RMB17,500,000, of which RMB17,000,000 was paid. Due to structure reorganisation, Guangzhou PharmaRays Science and Technology Co., Ltd., a subsidiary of Nanjing PharmaRays Science and Technology Co., Ltd., was deregistered in December 2024.

During the reporting period, the factory of Suzhou Dawnrays located at Wuzhong Economic and Technological Development Zone was relocated from Tianling Road to Shanfeng Road of Wusongjiang Chemical Industrial Park in Wuzhong Economic and Technological Development Zone due to the urban planning adjustment of Wuzhong Economic and Technological Development Zone by the Suzhou Municipal People's Government. Suzhou Dawnrays and the local government signed a relocation compensation agreement on 20 December 2017. The agreed relocation compensation amounted to approximately RMB351,200,000. As at 31 December 2024, Suzhou Dawnrays received the relocation compensation of RMB175,595,000. The planned investment in new factory located at Shanfeng Road was RMB565,497,000. All bulk material workshops in factory located at Shanfeng Road had obtained notification of passing GMP compliance inspection and customers are processing bulk materials filing and will gradually reach production. During the year, Dawnrays International made a capital contribution of US\$10,000,000 to Suzhou Dawnrays.

The registered capital of Lanzhou Dawnrays Pharmaceutical Co., Ltd., the intermediates and bulk medicines production base of the Group, was RMB540,344,000. During the year, Suzhou Dawnrays invested the registered capital of RMB80,000,000. As at 31 December 2024, the accumulated registered capital invested was RMB505,750,000. Lanzhou Dawnrays, with 250 mu land area, its main products are cephalosporin bulk medicines and intermediates, system specific bulk medicines, raw materials of enzyme inhibitors, and raw materials of health supplements. The planned investment in the project was RMB490,482,000. The construction of phase 1 of the project was completed and put into operation. However, its products need to be re-registered overseas and production capacity awaits further ramp-up.

The goodwill arising from the acquisition of Top Field Limited and its subsidiary Fujian Dawnrays ("Fujian Dawnrays Goodwill") amounted to RMB241,158,000. The Group is required to check, at each reporting period end, whether the recoverable amount based on the value in use of the cash-generating unit of Fujian Dawnrays exceeds the carrying value at 31 December 2024. After an assessment, the Group believes that there were no impairment on Fujian Dawnrays Goodwill as at 31 December 2024.

Suzhou Dawnrays established Suzhou Dawnrays Pharmaceuticals Trading Co. Ltd. in 2023 with registered capital of RMB5,000,000 for planning to develop an agency to sell imported and domestic pharmaceutical products as to enrich the product pipeline. It has not yet started operations. During the year, Suzhou Dawnrays invested RMB2,000,000 registered capital.

To facilitate business management, the English name of “Dawnrays International Co. Ltd.”, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands was changed to “Dawnrays International Ltd.” with effect from 18 December 2024 while the Chinese name and company incorporation certificate number remain unchanged.

Save as disclosed above, there were no significant external investments, material acquisitions or disposal of subsidiaries and associated companies by the Group during the year.

FOREIGN EXCHANGE AND TREASURY POLICIES

For the year ended 31 December 2024, the Group recorded an exchange loss of RMB5,549,000 (2023: of RMB5,526,000). The Group’s substantial business activities, assets and liabilities are denominated in Renminbi, so the risk derived from the foreign exchange to the Group is not high. The treasury policy of the Group is to manage any risk of foreign exchange or interest rate (if any) only if it will potentially impose a significant impact on the Group. The Group continues to observe the foreign exchange and interest rate market, and may hedge against foreign currency risk with foreign exchange forward contracts and interest rate risk with interest rate swap contracts if necessary.

STAFF AND REMUNERATION POLICY

As at 31 December 2024, the Group employed approximately 1,183 (2023: 1,143) employees and the total remuneration was approximately RMB230,667,000 (2023: RMB211,780,000). The total remuneration increased mainly due to staff increase and salary adjustment. The Group regards human resources as the most valuable assets and truly understands the importance of attracting and retaining high-performance employees. The remuneration policy is generally based on the references of market salary index and individual qualifications. The Group provides its employees with other fringe benefits, including defined contribution retirement schemes, share option scheme and medical coverage. The Group also offers some of its employees stationed in the PRC with dormitory accommodation.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

CHARGES ON ASSETS

As at 31 December 2024, the Group had not pledged any assets to banks to secure credit facilities granted to its subsidiaries (as at 31 December 2023: Nil).

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no significant events which had material effect on the Group subsequent to the year ended 31 December 2024 and up to the date of this announcement.

PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCE OF FUNDING

Save for those disclosed above in connection with capital commitments, increase of registered capital in subsidiaries and capital for relocation plans under the section “Liquidity and Financial Resources” and “Substantial Investment”, the Group does not have any plan for material investments or acquisition of capital assets.

The Group has sufficient financial and internal resources to pay the capital commitments, capital expenditure for relocation plans, investment projects and increased registered share capital described above. However, it is still possible to pay the above capital expenditure commitments with bank loans or internal resources of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2024, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

CORPORATE GOVERNANCE CODE

To the best knowledge, information and belief of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd. (the “Listing Rules”) for the year ended 31 December 2024. Except for the following deviation:

Code Provision C.1.6 of the CG Code - Attendance of Non-executive Directors at general meeting

The code provision C.1.6 of the CG Code requires that independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the view of shareholders. Except two independent non-executive Directors namely Mr. Lo Tung Sing Tony (“Mr. Lo”) and Mr. Ede, Ronald Hao Xi (“Mr. Ede”) could not attend due to their other business commitment, all Directors attended the annual general meeting of the Company held on 24

May 2024 (the “AGM”). The views of shareholders had been reported to Mr. Lo and Mr. Ede after the AGM.

MODEL CODE FOR 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 as the Company’s code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of all Directors, the Company confirms that all the Directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the 2024 annual report.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in compliance with Rule 3.21 of the Listing Rules to oversee the Group’s financial reporting system, risk management and internal control systems. As at the date of this announcement, the Audit Committee’s chairman is Mr. Lo Tung Sing Tony. Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan are the committee’s members. All of them are independent non-executive Directors of the Company.

The audited financial statements of the Company for the year ended 31 December 2024 have been reviewed by the Audit Committee before recommending them to the Board for approval.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the Group’s financial results for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group’s independent auditors, Ernst & Young (“EY”), to be consistent with the amounts set out in the Group’s consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by EY on this preliminary announcement.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of a final dividend of HK\$0.048 per share and a special dividend of HK\$0.032 per share to shareholders whose names appear in the Register of Members of the Company on Friday, 30 May 2025. The proposed final dividend of HK\$0.048 per share and special dividend of HK\$0.032 per share, the payment of which are subject to approval of the shareholders at the 2025 AGM of the Company to be held on Friday, 23 May 2025, are to be payable on Thursday, 12 June 2025 to shareholders.

The register of members of the Company will be closed during the following periods:

- (i) from Monday, 19 May 2025 to Friday, 23 May 2025, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2025 AGM. In order to be eligible to attend and vote at the 2025 AGM, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged for registration not later than 4:30 p.m. on Friday, 16 May 2025 with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (ii) from Thursday, 29 May 2025 to Friday, 30 May 2025, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend and the proposed special dividend. In order to establish entitlements to the proposed final dividend and the proposed special dividend, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged for registration not later than 4:30 p.m. on Wednesday, 28 May 2025 with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

During the periods mentioned in sub-paragraphs (i) and (ii) above, no transfers of shares will be registered.

APPRECIATION

The year 2025 marks a significant milestone for the Group as we celebrate the 30th anniversary of establishment. Over the past three decades, the Group has consistently adhered to an innovation-driven approach and quality-centric foundation, earning the trust and support of extensive patients and partners. On behalf of the Board of Directors, I would like to extend our most sincere gratitude to all employees, Directors, business partners, and shareholders. It is your unwavering dedication, hard work, and steadfast support that have enabled the Group to achieve its current accomplishments.

By order of the Board

Li Kei Ling

Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board of the Company comprises two executive Directors, namely Ms. Li Kei Ling and Mr. Hung Yung Lai; one non-executive Director, namely Mr. Leung Hong Man; three independent non-executive Directors, namely Mr. Lo Tung Sing Tony, Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan.