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山東新華製藥股份有限公司

Shandong Xinhua Pharmaceutical Company Limited

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 00719)

2024 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) and directors (“**Directors**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) hereby announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2024 (the “**Reporting Period**”). The following financial information has been prepared in accordance with China Accounting Standards for Business Enterprises (the “**CASBE**”).

This announcement is published in Chinese and English. In case of any discrepancies between the Chinese version and the English version, the Chinese version shall prevail.

I. COMPANY INFORMATION

Chinese Name of the Company: 山東新華製藥股份有限公司

English Name of the Company: SHANDONG XINHUA PHARMACEUTICAL COMPANY LIMITED

Legal Representative: Mr. He Tongqing

Secretary to the Board: Mr. Cao Changqiu

Telephone Number: 86-533-2196024

Facsimile Number: 86-533-2287508

E-mail Address of Secretary to the Board: cqcao@xhzy.com

Registered Address: Chemical Industry Area of Zibo Hi-tech Industry Development Zone, Zibo City, Shandong Province, the People's Republic of China (the “**PRC**”)

Office Address: No. 1 Lutai Ave., Hi-tech Industry Development Zone, Zibo City, Shandong Province, the PRC

Postal Code: 255086

Website of the Company: <http://www.xhzy.com>

E-mail Address of the Company: xhzy@xhzy.com

PRC newspaper for information disclosure: Securities Times

PRC website for information disclosure: <http://www.cninfo.com.cn>

Listing Information:

H Shares: The Stock Exchange of Hong Kong Limited (the “SEHK”)

Stock Short Name: Shandong Xinhua

Stock Code: 00719

A Shares: Shenzhen Stock Exchange

Stock Short Name: Xinhua Pharm

Stock Code: 000756

II. FINANCIAL SUMMARY

Principal financial data prepared in accordance with CASBE (audited)

Unit: Renminbi (“RMB”)

Item	2024	2023	Change as compared previous year	2022 (after adjustment)
Operating income	8,466,309,803.08	8,100,844,707.33	4.51%	7,502,987,102.09
Total profit	533,653,423.32	532,685,725.02	0.18%	471,774,350.61
Income tax expense	46,938,849.44	26,578,700.01	76.60%	45,664,566.04
Net profit	486,714,573.88	506,107,025.01	(3.83%)	426,109,784.57
Minority shareholders’ profit or loss	16,690,827.80	9,594,823.76	73.96%	15,046,727.99
Net profit attributable to shareholders of listed company	470,023,746.08	496,512,201.25	(5.33%)	411,063,056.58
Net profit attributable to shareholders of listed company after deduction of non-recurring profit or loss	448,006,721.77	461,535,415.37	(2.93%)	378,505,671.04
Net cash flow from operating activities	367,610,448.95	265,278,895.87	38.58%	758,240,601.50
Basic earnings per share (RMB/share)	0.69	0.74	(6.76%)	0.62
Diluted earnings per share (RMB/share)	0.68	0.72	(5.56%)	0.61
Ratio of weighted average return on net assets	9.79%	11.41%	Decreased by 1.62 percentage points	10.61%

Item	As at 31 December 2024	As at 31 December 2023	Change as compared to previous year	As at 31 December 2022 (after adjustment)
Total assets	9,019,601,567.53	8,286,166,330.90	8.85%	8,264,790,395.98
Total liabilities	3,802,101,150.19	3,510,413,044.14	8.31%	3,915,226,169.32
Minority interest	225,911,892.56	222,649,417.20	1.47%	223,289,847.14
Net assets attributable to shareholders of listed company	4,991,588,524.78	4,553,103,869.56	9.63%	4,126,274,379.52

Note:

1. According to Interpretation of Accounting Standards for Business Enterprises No. 16, “deferred income tax related to assets and liabilities arising from single transactions does not apply to the accounting treatment of initial recognition exemption”. As such, the Company has retroactively adjusted the relevant data of the financial statements for 2022 in 2023. The adjustment has not had a significant impact on the Company’s operations.
2. From the end of the Reporting Period to the date of this announcement, 7.3689 million new A-shares had been issued following completion of the second exercise period of the initial grant of the share option scheme of the Company adopted on 31 December 2021 (the “2021 Share Option Scheme”).

III. CHANGES IN SHARE CAPITAL STRUCTURE AND SHAREHOLDERS' INFORMATION

1. Table of changes in share capital structure

Unit: share

Item	31 December 2024		31 December 2023	
	Number of shares	Proportion of total share capital (%)	Number of shares	Proportion of total share capital (%)
1. Total number of conditional tradable shares	38,633,274	5.66	38,676,675	5.73
State-owned shares	-	-	-	-
Shares owned by domestic legal persons	37,091,988	5.44	37,091,988	5.50
Number of executive shares in A shares with limited sale conditions	1,541,286	0.22	1,584,687	0.23
Others	-	-	-	-
2. Total number of unconditional tradable shares	643,774,361	94.34	636,006,160	94.27
RMB-denominated ordinary shares (A shares)	448,774,361	65.76	441,006,160	65.37
Overseas listed foreign shares (H shares)	195,000,000	28.58	195,000,000	28.90
3. Total number of shares	682,407,635	100.00	674,682,835	100.00

Note:

During the Reporting Period, a total of 7,724,800 new A-shares were issued due to the exercise of share options that were exercisable under the first exercise period of the initial grant of the 2021 Share Option Scheme. The 7,724,800 new A-shares were registered and listed for circulation on 15 January 2024.

2. Shareholders' information

(1) As at 31 December 2024, the Company had a total of 76,496 registered shareholders, including 39 registered holders of H shares and 76,457 holders of A shares. As at 28 February 2025, the Company had a total of 78,450 registered shareholders, including 40 registered holders of H shares and 78,410 holders of A shares. Such information excludes non-registered shareholders who hold H shares through HKSCC (Nominees) Limited.

(2) As at 31 December 2024, the top ten registered shareholders of the Company were as follows:

Unit: share

Name of shareholders	Nature of shareholders	% of the total share capital	Number of shares held at the end of the Reporting Period	Change over the Reporting Period	Number of conditional tradable shares held	Number of unconditional tradable shares
華魯控股集團有限公司(Hualu Holdings Group Co. Ltd.*) ⁽ⁱ⁾ (“HHC”)	State-owned	30.02	204,864,092	-	-	204,864,092
香港中央結算(代理人)有限公司(HKSCC (Nominees) Limited)	H shares	28.33	193,314,147	-	-	193,314,147
華魯投資發展有限公司(Hualu Investment Development Co. Ltd) ⁽ⁱ⁾	State-owned	5.44	37,091,988	-	37,091,988	-
招商銀行股份有限公司－南方中證1000交易型開放式指數證券投資基金(China Merchants Bank Co., Ltd. - Southern CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	Others	0.35	2,422,500	2,124,100	-	2,422,500

董靜 Jiang Jing	Domestic natural person	0.34	2,294,665	2,294,665	-	2,294,665
香港中央結算有限公司 (HKSCC Limited)	Overseas Legal Person	0.29	1,946,407	(606,284)	-	1,946,407
於海濤 Yu Haitao	Domestic natural person	0.20	1,385,300	-	-	1,385,300
招商銀行股份有限公司－華夏中證 1000 交易型開放式指數證券投資基金(China Merchants Bank Co., Ltd. - Huaxia CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	Others	0.19	1,296,900	1,056,400	-	1,296,900
中國工商銀行股份有限公司－廣發中證 1000 交易型開放式指數證券投資基金 (Industrial and Commercial Bank of China Limited - Guangfa CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	Others	0.15	1,008,830	756,130	-	1,008,830
郭鳳英 Guo Fengying	Domestic natural person	0.12	812,425	200,000	-	812,425

(3) As at 31 December 2024, the ten registered largest shareholders of unconditional tradable shares of the Company were as follows:

Name of shareholders	Number of unconditional tradable shares at the end of the Reporting Period	Unit: share
		Nature of shares
華魯控股集團有限公司(HHC) (i)	204,864,092	RMB ordinary share
香港中央結算(代理人)有限公司 HKSCC (Nominees) Limited	193,314,147	Overseas listed foreign share
招商銀行股份有限公司－南方中證 1000 交易型開放式指數證券投資基金(China Merchants Bank Co., Ltd. - Southern CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	2,422,500	RMB ordinary share
董靜 Jiang Jing	2,294,665	RMB ordinary share
香港中央結算有限公司(HKSCC Limited)	1,946,407	RMB ordinary share
於海濤 Yu Haitao	1,385,300	RMB ordinary share
招商銀行股份有限公司－華夏中證 1000 交易型開放式指數證券投資基金(China Merchants Bank Co., Ltd. - Huaxia CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	1,296,900	RMB ordinary share
中國工商銀行股份有限公司－廣發中證 1000 交易型開放式指數證券投資基金 (Industrial and Commercial Bank of China Limited - Guangfa CSI 1000 Exchange Traded Open Ended Index Securities Investment Fund)	1,008,830	RMB ordinary share
郭鳳英 Guo Fengying	812,425	RMB ordinary share
閻霞 Yan Xia	624,400	RMB ordinary share

Notes:

- (i) The shareholding of HHC represented excludes the 37,091,988 A shares which are directly held by Hualu Investment Development Co. Ltd (“**Hualu Investment**”), a direct wholly owned subsidiary of HHC. As of 31 December 2024, Hualu Investment and Well Bring Limited (“**Well Bring**”) are a direct wholly owned subsidiary and an indirect wholly owned subsidiary of HHC, respectively. Hualu Investment holds 37,091,988 A shares of the Company, representing approximately 5.44% of the issued share capital of the Company. Well Bring holds 20,827,800 H shares (being overseas listed foreign shares) of the Company, representing approximately 3.05% of the issued share capital of the Company.
- (ii) The following is a description of the association relationship among above shareholders or whether they are regarded as persons acting in concert under applicable PRC laws and regulations:
- Except for Hualu Investment which is a wholly owned subsidiary of HHC, to the best of the knowledge of the Directors, there is no association relationship (as defined in the *Rules Governing Listing of Stocks On Shenzhen Stock Exchange*) amongst the other abovementioned shareholders and none of them are persons acting in concert (as defined in the *Measures for the Administration of the Takeover of Listed Companies*” (“**Administration Measures for Takeover**”) issued by the China Securities Regulatory Commission (the “**CSRC**”). In addition, the Directors are not aware of any association amongst the shareholders of H Shares of the Company or that any of them are persons acting in concert as defined in the Administration Measures for Takeover.
- The Directors are not aware of any association amongst the abovementioned shareholders without trading limit condition of the Company, or among the other abovementioned shareholders without trading limit condition and the other shareholders of the Company, or that any of them are persons acting in concert as defined in the Administration Measures for Takeover.
- (iii) Save as disclosed above and so far as the Company is aware, no other domestic shareholder directly held more than 5% of the total issued shares of the Company.
- (iv) Save as disclosed above and so far as the Directors are aware, as at 31 December 2024, no other person (other than the Directors, supervisors of the Company (the “**Supervisors**”), chief executives or members of senior management (the “**Senior Management**”) of the Company) had an interest or short position in the Company’s shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the “**SEHK**”) under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“**SFO**”) and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as the term is defined in the Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”) of the Company.

3. As far as the Company is aware, there had been no change of Controlling Shareholder (as defined under the Listing Rules) of the Company during the Reporting Period.

IV. DIVIDENDS

The following is the final profit distribution plan proposed by the Board for the year 2024: The total number of issued shares of the Company as at the date of this announcement was 689,776,535 (of which 494,776,535 shares were A shares and 195,000,000 shares were H shares). Based on such total issued share capital of the Company, it is proposed that a dividend in the amount of RMB0.25 (tax inclusive) per share shall be paid to shareholders of the Company. In the event the total issued share capital of the Company changes due to the exercise of share options or the listing of new shares for refinancing actions of the Company before the implementation of the Company’s 2024 final profit distribution plan, the distribution plan will be adjusted accordingly on the principle that the distribution proportion per share shall remain unchanged. The abovementioned proposed final dividends distribution for the year 2024 is subject to obtaining approval from shareholders of the Company. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

An announcement containing further details as to, amongst others, the payment currency and applicable foreign exchange rate, the relevant record date and book closure period in connection with the proposed cash dividend will be disclosed in due course.

v. INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Set out below are changes in Directors, supervisors and members of senior management of the Company and their respective interests in the securities of the Company during the relevant periods indicated:

Name	Position	As at 31 December 2024	Change in shareholding	As at 31 December 2023
Directors				
Mr. He Tongqing	Chairman	291,950	108,800 ^(Note2)	183,150
Mr. Xu Wenhui	Executive Director, General Manager	242,000	108,800 ^(Note2)	133,200
Mr. Xu Lie	Non-executive Director	291,950	108,800 ^(Note2)	183,150
Mr. Zhang Chengyong	Non-executive Director	Nil	-	Nil
Mr. Hou Ning	Executive Director, Financial Controller	328,800	108,800 ^(Note2)	220,000
Mr. Pan Guangcheng	Independent non-executive Director	Nil	-	Nil
Mr. Zhu Jianwei	Independent non-executive Director	Nil	-	Nil
Mr. Ling Peixue	Independent non-executive Director	Nil	-	Nil
Ms. Cheung Ching Ching, Daisy	Independent non-executive Director	Nil	-	Nil
Supervisors				
Mr. Liu Chengtong	Chairman of Supervisory Committee	Nil	-	Nil
Mr. Tao Zhichao	Independent Supervisor	Nil	-	Nil
Mr. Xiao Fangyu	Independent Supervisor	Nil	-	Nil
Ms. Hu Yanhua	Employee Supervisor	Nil	-	Nil
Mr. Wang Jianping	Employee Supervisor	Nil	-	Nil
Other senior Management				
Mr. Zheng Zhonghui	Deputy General Manager	291,950	108,800 ^(Note2)	183,150
Mr. Wei Changsheng	Deputy General Manager	242,000	108,800 ^(Note2)	133,200
Mr. Liu Xuesong	Deputy General Manager	91,100	68,000 ^(Note2)	23,100
Mr. Kou Zuxing	Deputy General Manager	74,100	51,000 ^(Note2)	23,100
Mr. Cao Changqiu	Secretary to the Board	201,200	68,000 ^(Note2)	133,200
Total		2,055,050	839,800^(Note2)	1,215,250

Notes:

- (1) All interests in the securities of the Company owned by the Directors, Supervisors and Senior Management of the Company are long position in A Shares.
- (2) The relevant Shares were issued pursuant to the first exercise of share options under the initial grant of the 2021 Share Option Scheme.
- (3) So far as the Directors, the Senior Management and Supervisors of the Company are aware, as at 31 December 2024, no Director, Senior Management or Supervisor of the Company had any interest or short position in the shares, underlying shares and / or debentures (as the case may be) of the Company or any of its associated corporations (as defined in Part XV of the SFO) which was required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short position which any such Director, Senior Management or Supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules.

VI. MAIN BUSINESS AND FINANCIAL SITUATION

The Group is mainly engaged in the development, production and sale of chemical bulk drugs, preparations, medical intermediates and other products.

Analysis of operating results and financial situation in accordance with CASBE

(I) Analysis of Assets and Liabilities

1. Assets constitute changes

Unit: RMB Yuan

Item	At the end of 2024		At the beginning of 2024		Percentage increase or decrease
	Amounts	Proportion of total assets	Amounts	Proportion of total assets	
Monetary funds	1,245,022,873.47	13.80%	918,334,462.29	11.08%	2.72%
Accounts receivable	868,204,001.79	9.63%	699,877,948.91	8.45%	1.18%
Contract assets	439,963.12	0.00%	819,429.40	0.01%	(0.01%)
Inventories	1,272,856,947.10	14.11%	1,312,983,676.75	15.85%	(1.74%)
Investment real estate	31,797,104.69	0.35%	33,908,633.73	0.41%	(0.06%)
Long-term equity investment	58,730,419.65	0.65%	58,572,098.00	0.71%	(0.06%)
Fixed assets	3,511,461,272.20	38.93%	3,325,944,627.93	40.14%	(1.21%)
Projects under construction	781,095,104.92	8.66%	730,545,057.96	8.82%	(0.16%)
Right-of-use assets	3,086,649.43	0.03%	4,324,321.34	0.05%	(0.02%)
Short-term borrowing	580,155,616.42	6.43%	283,958,677.68	3.43%	3.00%
Contract liability	96,837,598.29	1.07%	149,135,948.62	1.80%	(0.73%)
Long-term borrowings	771,540,739.20	8.55%	799,400,000.00	9.65%	(1.10%)
Lease liabilities	1,105,117.40	0.01%	1,578,792.87	0.02%	(0.01%)

2. Analysis of major changes of items

Unit: RMB Yuan

Items	As at 31 December 2024	As at 1 January 2024	Change as compared to the Beginning of the Year	Description of significant changes
Monetary funds	1,245,022,873.47	918,334,462.29	35.57%	(1)
Notes receivable	40,915,665.41	8,191,109.23	399.51%	(2)
Contract assets	439,963.12	819,429.40	(46.31%)	(3)
Other current assets	46,435,406.70	89,146,943.15	(47.91%)	(4)
Other equity instrument investments	247,694,480.94	182,797,067.30	35.50%	(5)
Other comprehensive income	169,597,400.06	113,618,002.82	49.27%	
Long-term deferred expenses	9,985,697.02	14,462,413.51	(30.95%)	(6)
Other non-current assets	58,952,192.85	102,863,124.90	(42.69%)	(7)
Short-term borrowings	580,155,616.42	283,958,677.68	104.31%	(8)
Contract liabilities	96,837,598.29	149,135,948.62	(35.07%)	(9)
Employee compensation payables	73,108,770.91	123,985,296.73	(41.03%)	(10)
Other current liabilities	41,823,799.77	22,930,593.51	82.39%	(11)
Lease liabilities	1,105,117.40	1,578,792.87	(30.00%)	(12)
Special reserves	6,267,199.72	3,392,612.67	84.73%	(13)

Reasons for the changes of the relevant date for more than 30% over the beginning of the year:

- (1) The main reason for the increase in monetary funds compared to the end of last year is due to the appropriate increase in capital reserves this year to meet investment needs, resulting in an increase in bank deposits.
- (2) The main reason for the increase in notes receivable in 2024 compared to the end of 2023 was the increase in bank acceptance bills that have not been derecognized in 2024.
- (3) The main reason for the decrease in contract assets in 2024 compared to the end of 2023 is that certain material contracts have been fulfilled and completed in 2024.
- (4) The main reason for the decrease in other current assets in 2024 compared to the end of 2023 was the decrease in prepaid income tax and retained value-added tax of the Company in 2024.
- (5) The main reason for the increase in other equity instrument investments and other comprehensive income in 2024 compared to the end of the previous year was the increase in fair value of other equity instruments.
- (6) The decrease in long-term deferred expenses in 2024 compared to the end of 2023 was due to the amortization of long-term deferred expenses as scheduled in 2024 that reduced the balance of long-term deferred expenses.

- (7) The decrease in other non-current assets in 2024 compared to the end of 2023 was mainly due to certain purchased patented technologies having reached the condition for use and were therefore transferred as intangible assets in 2024.
- (8) The main reason for the increase in short-term borrowings in 2024 compared to the end of 2023 was the increase in short-term borrowings in 2024 with a view to optimize the debt structure and reduce financing costs of the Company.
- (9) The main reason for the decrease in contract liabilities in 2024 compared to the end of the previous year was that the company fulfilled certain contractual obligations in 2024, resulting in a decrease in advance payments from customers.
- (10) The main reason for the decrease in employee compensation payables in 2024 compared to the end of the previous year was the reduction in unpaid employee salaries at the end of 2024.
- (11) The main reason for the increase in other current liabilities in 2024 compared to the end of 2023 was the increase in bank acceptance bills that have not been derecognized this year.
- (12) The decrease in lease liabilities in 2024 compared to the beginning of the year was mainly a result of the payment of lease fees according to the contract in 2024.
- (13) The main reason for the increase in special reserves in 2024 compared to the beginning of the year is the increase in unused safety production fees that have been provisioned for 2024.

(II) Expense and income statement items

Unit: RMB Yuan

Items	2024	2023	Change as compared to the same period last year	Description of significant changes
Selling expenses	584,739,997.94	780,171,394.31	(25.05%)	
Administration expenses	437,070,533.59	513,824,781.93	(14.94%)	
Financial expenses	12,140,626.62	16,351,279.14	(25.75%)	
Cost of research and development (R&D)	413,182,811.71	419,239,700.90	(1.44%)	
Other incomes	58,188,339.60	25,902,239.33	124.65%	(1)
Gains from asset disposal (losses to be listed with brackets)	1,419,533.61	8,733,639.41	(83.75%)	(2)
Non-operating income	8,481,488.89	5,537,126.16	53.17%	(3)
Taxes and surcharges	46,938,849.44	26,578,700.01	76.60%	(4)

Reasons for the change of the relevant date for more than 30% over the same period:

- (1) The year-on-year increase in other incomes of the company was mainly due to the Company having enjoyed tax incentives in 2024, resulting in an increase in value-added tax in 2024.
- (2) The main reason for the year-on-year decline in gains from asset disposal in 2024 was the decrease in fixed asset disposal in 2024.
- (3) The year-on-year increase in non-operating income in 2024 was mainly due to the cancellation of certain long-term unpaid liabilities by the Company in 2024.
- (4) The year-on-year increase in income tax expenses was the increased profitability of enterprises with higher income tax rates.

(III) Cash flow

Unit: RMB Yuan

Items	2024	2023	Change as compared to the same period last year	Description significant of changes
Cash inflows from operating activities	8,190,329,183.85	7,057,191,280.19	16.06%	
Cash outflows from operating activities	7,822,718,734.90	6,791,912,384.32	15.18%	
Net cash flow generated from operating activities	367,610,448.95	265,278,895.87	38.58%	(1)
Cash inflows from investing activities	8,836,905.00	20,024,731.10	(55.87%)	(2)
Cash outflows from investing activities	221,047,627.59	325,133,303.80	(32.01%)	(3)
Net cash flow generated from investing activities	(212,210,722.59)	(305,108,572.70)	30.45%	
Cash inflows from financing activities	979,178,520.78	868,447,154.49	12.75%	
Cash outflows from financing activities	794,399,946.60	1,064,556,785.17	(25.38%)	
Net cash flow generated from financing activities	184,778,574.18	(196,109,630.68)	194.22%	(4)
Net increase in cash and cash equivalents	355,190,755.19	(229,080,092.64)	255.05%	(5)

Reasons for the change of the relevant data for more than 30% over the same period:

- (1) The main reason for the year-on-year increase in net cash flow generated from operating activities in 2024 was the improvement of operational capacity, reasonable control of inventory scale, accelerated inventory turnover, and increased collection of payments in 2024.
- (2) The main reason for the year-on-year decrease in cash inflows from investment activities was the reduction in cash received from the disposal of fixed assets in 2024.
- (3) The main reason for the year-on-year decrease in cash outflows from investment activities and the year-on-year increase in net cash flows from investment activities was the decrease in cash paid for the purchase of fixed assets in 2024.
- (4) The year-on-year increase in net cash inflows from financing activities was mainly due to the fact that the Company repaid a loan to HHC in 2023.
- (5) The main reasons for the year-on-year increase in net increase in cash and cash equivalents due to the matters described in (1) and (4) above.

(IV) The Group's operating revenue classified by industry, by product and by geographical location in accordance with CASBE in 2024 is as follow:

Unit: RMB Yuan

Item	Operating revenue	Operating costs	Gross profit rate	Change in operating income as compared to the same period last year	Change in operating costs as compared to the same period last year	Change in gross profit rate as compared to the same period last year
By industry						
Chemical bulk drugs	2,735,954,202.75	1,788,950,185.65	34.61%	(12.31%)	(5.06%)	Decrease by 5.00 percentage points
Preparations	4,072,208,527.22	3,002,579,189.52	26.27%	11.91%	17.31%	Decrease by 3.39 percentage points
Medical intermediates and other products	1,658,147,073.11	1,633,231,346.54	1.50%	23.56%	29.08%	Decrease by 4.21 percentage points
Total	8,466,309,803.08	6,424,760,721.71	24.11%	4.51%	12.53%	Decrease by 5.41 percentage points
By product						
Raw material pharmaceuticals such as antipyretic and analgesic	2,735,954,202.75	1,788,950,185.65	34.61%	(12.31%)	(5.06%)	Decrease by 5.00 percentage points
Preparations such as tablet, injection, capsule etc.	4,072,208,527.22	3,002,579,189.52	26.27%	11.91%	17.31%	Decrease by 3.39 percentage points
Medical intermediates and others	1,658,147,073.11	1,633,231,346.54	1.50%	23.56%	29.08%	Decrease by 4.21 percentage points
Total	8,466,309,803.08	6,424,760,721.71	24.11%	4.51%	12.53%	Decrease by 5.41 percentage points
By geographical location						
China (including Hong Kong)	6,332,209,258.42	4,741,684,522.52	25.12%	6.72%	15.91%	Decrease by 5.94 percentage points
Americas	921,435,363.90	705,815,315.78	23.40%	20.63%	23.59%	Decrease by 1.83 percentage points
Europe	798,415,909.41	610,377,016.29	23.55%	(22.02%)	(18.34%)	Decrease by 3.44 percentage points
Others	414,249,271.35	366,883,867.12	11.43%	9.10%	22.36%	Decrease by 9.60 percentage points
Total	8,466,309,803.08	6,424,760,721.71	24.11%	4.51%	12.53%	Decrease by 5.41 percentage points
Sub-sales model						
Direct selling	3,046,152,971.94	2,293,840,362.93	24.70%	(4.64%)	3.66%	Decrease by 6.03 percentage points
Distribution selling	5,420,156,831.14	4,130,920,358.78	23.79%	10.47%	18.15%	Decrease by 4.96 percentage points
Total	8,466,309,803.08	6,424,760,721.71	24.11%	4.51%	12.53%	Decrease by 5.41 percentage points

(V) Liquidity and analysis of financial resources and capital structure

As at 31 December 2024, the current ratio was 133.31% and the quick ratio of the Group was 87.78% while the accounts receivable turnover rate (accounts receivable turnover rate = operating revenue/average trade and bill receivables $\times 100\%$) was 1,079.83% and the inventory turnover rate (inventory turnover rate = cost of sales/ net amount of average inventories $\times 100\%$) was 496.92%.

The current ratio of our Group remained relatively stable in 2024 compared to the end of the previous year, while the quick ratio increased. The main reason for this is that our Group's inventory occupancy decreased at the end of this year, leading to an increase in quick assets. Separately, the Group's demand for working capital did not record significant seasonal fluctuation.

The Group did not have any loans to other entities outstanding as at the end of the Reporting Period.

The Group's main sources of funds were loans and operating profits. As at 31 December 2024, the Group's total amount of outstanding loans amounted to RMB1,663,214,000. As at 31 December 2024, currency funds of the Group amounted to RMB1,245,023,000. The Group has a good credit record with banks and has sufficient credit lines from banks at its disposal. Therefore, it can readily meet liquidity requirements.

As at 31 December 2024, (i) the Company recorded a housing loan deposit in the amount of RMB679,000; (ii) the Company and its subsidiary charged currency funds in the amount of RMB81,140,000 and RMB15,199,000 respectively to a bank for the processing of bank acceptance of foreign exchange deposits, with a performance bond from a subsidiary of the Company in the amount of RMB758,000; (iii) a subsidiary of the Company had RMB10,372,000 in restricted funds as fixed deposits and deposit for funding of migrant workers; and (iv) the Group's notes receivable in the amount of RMB31,954,000 and accounts receivable in the amount of RMB54,112,000 have not been terminated. Save as disclosed above, the Group did not have other charged assets.

During the Reporting Period, the Company completed the absorption and merger of its wholly-owned subsidiary, Ronghua (Zibo) Property Services Co., Ltd. For details, please refer to the announcement of the Company dated 29 October 2024.

Save as the transactions stated above, the Group did not have other material investment, acquisitions or disposal of assets and subsidiaries, associates and joint ventures during the Reporting Period.

The breakdown of the performance results of the Group is listed in the section headed "*Analysis of operating results and financial situation in accordance with CASBE*".

As at 31 December 2024, the number of staff employed by the Group was 7,296, and the aggregate amount of salaries payable for 2024 amounted to RMB743,487,000.

The asset-liability ratio of the Group (asset-liability ratio = total liabilities/total assets $\times 100\%$) was 42.15%.

The current bank deposits of the Company primarily serve as working capital for projects implementation, production and operation.

As at 31 December 2024, the Group had a gross gearing ratio (i.e. gross debt divided by adjusted capital) of 33.32%, and a net gearing ratio (i.e. net debt divided by adjusted capital) of 8.38%. For this purpose, gross debt is defined as total borrowings and net debt is defined as total borrowings less cash and cash equivalents, and adjusted capital defined as all components of equity attributable to shareholders other than designated reserves.

The assets and liabilities of the Group is mainly recorded in RMB. For the year 2024, revenue derived from the Group's exports amounted to approximately US\$295,916,000, which was subject to risks associated with exchange rate fluctuations. Therefore, the Group has taken the following measures to lower the risks of exchange rates fluctuations: (1)The Group will fully consider the impact of exchange rate fluctuations when signing sales contracts for export business, and reasonably set the settlement price; (2) The Group will promote cross-border RMB settlement and increase the proportion of RMB settlement in export business; and (3) the Group will pay close attention to changes in exchange rates, settle foreign exchange in a timely manner, and properly control the scale of foreign currency assets.

As of the date of this report, the Group had no contingent liabilities.

VII. BUSINESS REVIEW

In 2024, the Group overcame difficulties, such as insufficient market demand and fierce competition, and through the exertion of great efforts and perseverance, our production and operation maintained stable and healthy development momentum.

1. Vigorously promoted structural transformation and actively cultivated new driving forces for development

During the year, we obtained 36 drug approvals (including in respect of 22 new formulations, 5 new APIs, and 9 consistency evaluations), obtained 20 international registration numbers 23 and animal drug production approvals as well as applied for 109 patents (of which 57 patents have been granted), all of which were record highs for the Group.

Our sales revenue for new formulations and animal drug formulations has doubled year-on-year. 22 new formulations were launched in the market throughout the year. Our research and development of major innovative drugs such as OAB-14 has accelerated, and our Ibuprofen API was listed as one of the eighth batch of national manufacturing industry champions. The Company was selected as one of the “Top 200 Enterprises” by the State-owned Assets Supervision and Administration Commission of the State Council.

2. Focused on marketing efforts to improve market influence

We fully utilized the comprehensive competitive advantages of APIs, actively consolidated and increased market share, and stabilized the basic market. We have accelerated the pace of growth of sales of our formulations, such as “Daguo (大果)”, with five products, such as rabeprazole sodium enteric-coated tablets, having achieved sales of over RMB 100 million and seven products and nine specifications having been selected in the tenth batch of the national centralized procurement. Self operated formulation exports have made significant progress. In the commercial sector, we have strengthened strategic cooperation with leading enterprises. The pharmaceutical intermediates sector continued to enhance its development capabilities.

3. Focused on key project construction to play a leading role

All of our key project planned for the year 2024 have been completed. After the successful launch of the pharmaceutical intermediates strong chain supplementation project, the modern pharmaceutical logistics project and the oral liquid production line project is progressing smoothly. The Merck project has officially entered commercial operation and the second phase project has the conditions for production verification. The Shouguang Company’s multi-functional centre for characteristic APIs has completed trial production. 91 breakthrough projects have been completed.

4. Deepened institutional reform and enhanced development vitality

We fully implemented the green channel mechanism for research and development and production conversion, accelerating the transformation and growth of new products. We organized competitions and rotations, implemented full-target and performance management assessments, and continuously enhanced our development vitality. The Company values talent introduction and has introduced one member of the Chinese Academy of Engineering, two people selected for the national key talent project, three new Taishan industry leading talents, one special allowance expert of the State Council, one Shandong provincial government special allowance expert, and two Qilu chief technicians. The Company has been included in the pilot cultivation list for talent-led enterprises in Shandong Province and has been approved as a continuing education base for professional and technical personnel in Shandong Province.

5. Strengthened enterprise management to build a solid foundation for development

Our lifeline projects remained stable. We completed carbon audits for three parks and carbon footprint reports for five products. The Company was included in the list of key foreign trade enterprises exempted at the provincial level. We successfully passed on-site audits by the FDA, Canada's Ministry of Health and Brazil's Ministry of Health, and Germany's BJV. The second factory was recognized as an intelligent factory in Shandong Province. We initiated the construction of integrated risk control and compliance, strictly controlling business risks. The Company has been rated as an excellent organization for two consecutive years during Shandong Province's safety production month and has been recognized as a provincial-level healthy enterprise.

VIII. PROSPECTS

Affected by factors such as European and the United States trade policies and tariff adjustments, the pharmaceutical export market is facing significant challenges, and industry competition pressure has increased. Coupled with a slowdown in market demand growth, it is expected that the profit margin of the pharmaceutical market may be affected in the short term.

Looking forward to the future, the overall stable development trend of the domestic economy and society remains unchanged, whilst industry reshuffling and transformational upgrades will bring new strategic opportunities for us. Market demand is expected to gradually recover, and the Company's leading products is expected to remain stable in the market. A series of key projects is expected to gradually achieve production and effectiveness, and more than 50 new products are expected to be launched in the market over the next two years. All of these will provide us with strong assurances for accelerating innovation breakthroughs and fully achieving our target goals in 2025.

To this end, during 2025, the Company will focus on the following key tasks:

1. Building three world-class bases, integrating development resources, and accelerating industrial breakthroughs

Focusing on building three world-class bases, we will accelerate the construction of our key projects. We shall promote the full operation of the modern pharmaceutical logistics project and accelerate the launch of projects, such as the Merck project, the oral liquid project and the DCB project, to cultivate new sources of growth.

We will formulate and implement a roadmap for innovation breakthroughs in 2025, strengthen our mechanism for staff to innovate and achieve breakthroughs, and reinforce our project inspections and supervision. We will implement responsibilities at all levels and implement measures to ensure timely completion.

2. Fully develop new products, cultivate market growth and accelerate market breakthroughs

We will further strengthen the green channel mechanism for research and development and conversion, and speed up the launch of new products. We aim to accelerate the development of new formulations, continue to cultivate strategic varieties and large varieties of formulations, ensure continued procurement, strengthen terminal development, and ensure production and supply. We will stabilize and operate international cooperation projects for formulations and speed up the development of the international market for formulations. We will leverage our advantages in APIs to accelerate the development of veterinary drug formulations.

Through implementing a “one product, one strategy” approach for leading API products, we shall actively participate in market competition using comprehensive advantages. We will make efforts to develop new API products for the international and domestic markets.

Fully utilizing the Company's brand and industrial chain advantages, we shall focus on market segmentation for new products, tap into potential, enhance customer stickiness, strive to increase sales of leading products, and fully improve the efficiency of new product conversions.

3. Focusing on the “15th Five-Year Plan” and future development, exert effort to promote new product research and development and technological innovation and accelerate scientific research breakthroughs

We will strive to obtain more than 15 drug approvals this year and strengthen the capacity for research and development and conversion of APIs.

By smoothly advancing the research and development of innovative drugs such as OAB-14, we will implement a new batch of major innovative drug research and development projects.

We will accelerate research on new processes and other technologies, carry out process optimization and quality improvement actions, and continue to promote production continuity and informatization, using technological progress to improve competitiveness.

4. Strengthening competition mechanisms and development performance, promoting reform and innovation, and achieving breakthroughs in performance

We will implement competitive recruitment and job rotation, and strengthen the selection of young talents. We will establish a comprehensive performance management system and a systematic evaluation mechanism, and also start a new round of equity incentive plans to further stimulate the potential of employees and strengthen competition mechanisms and performance evaluation.

Based on the original organizational structure and salary and performance system, we will review, evaluate, and optimize, highlighting the value and performance contributions, improving overall efficiency, benefits, and effectiveness at all levels and throughout all processes, and further optimizing the “six-specific” work.

5. Strengthening the foundation for development, ensuring healthy development, and achieving breakthroughs in capabilities

We will ensure the stability of lifeline projects. We will implement a three-year action plan to address the root causes of issues that negatively affects safe production and improve the level of inherent safety. We will pay attention to environmental management and actively promote the implementation of the “dual carbon” strategy. We will also strengthen quality management and deepen the construction of an international modern quality management system.

We will strengthen professional management in all areas. We will promote the integration of risk management, internal control, and compliance, and strictly prevent various operational risks. We will also refine budget management, strengthen cost benchmarking, and deeply reduce costs and increase efficiency.

We will plan ahead with reference to the “15th Five-Year Plan”. We will study industry development trends, tap into the Company’s development potential, clarify strategic planning, and strengthen the API sector, make breakthroughs in the preparation field, and enter the large health industry.

IX. IMPORTANT ISSUES

Staff and Remuneration

The Group's staff remuneration was formulated in accordance with national policies, the Company's financial condition, and with reference to comparable remuneration level in society.

As at 31 December 2024, the Group employed 7,296 staff and their aggregate wages for the year 2024 amounted to RMB 743,487,000.

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

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

Auditors

The accounts of the Company and the Group for the year was prepared in accordance with CASBE and have been audited by Grant Thornton Zhitong Certified Public Accountants LLP (certified public accountants in the PRC).

The Company have approved the appointment of Grant Thornton Zhitong Certified Public Accountants LLP as the Company's auditor for the year 2024 and the adaptation of the CASBE to prepare its financial statements as of 31 December 2024 at the 2023 annual general meeting on 26 June 2024. The Company intends to re-appoint Grant Thornton Zhitong Certified Public Accountants LLP as the auditor of the Company for the year 2025 at the 2024 annual general meeting to be held in 2025.

Corporate Governance Code

The Directors (including the independent non-executive Directors) confirmed that for the year ended 31 December 2024, the Company complied with all provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to Listing Rules.

The Company has always strived to comply with best corporate governance practices in the Corporate Governance Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions conducted by the Directors. Having made specific enquiry with all the Directors of the Company, each of the Directors have confirmed that they have complied with the prescribed standard set out in the Model Code throughout the year ended 31 December 2024.

Sale and Purchase of Assets

In 2024, save as disclosed under the "Liquidity and analysis of financial resources and capital structure" section, the Group did not have any material acquisitions or disposal of assets or mergers during the Reporting Period.

Amendments to the Articles

A resolution to amend the articles of association was considered and approved by the annual general meeting of 2023 held on 26 June 2024. For details, please refer to the circular dated 28 May 2024.

A resolution to amend the articles of association was considered and approved by the first extraordinary general meeting of 2024 held on 25 October 2024. For details, please refer to the circular dated 3 October 2024.

The amendments to the articles of association of the Company conform to the articles of association of the Company, relevant provisions of related PRC laws, administrative regulations and regulatory documents and requirements of the Listing Rules.

Audit Committee

Pursuant to Rule 3.21 of the Listing Rules, the Company has set up an audit committee (the “**Audit Committee**”).

The Audit Committee has, in tandem with the management of the Company, reviewed the accounting principles, accounting standards and methods adopted by the Group and the auditing, internal control and financial reporting matters of the Group. The Audit Committee has convened four meetings to review the audited financial statements for 2023, the unaudited first quarter financial statements for 2024, the unaudited interim statements for 2024 and the unaudited third quarter financial statements for 2024 respectively.

The Audit Committee convened a meeting on 28 March 2025 to review the audited accounts for the financial year 2024 and this announcement.

Changes in Accounting Policies

Content and reason of accounting policy changes	Approval procedures	Remarks
<p>The Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 17 (hereinafter referred to as "Interpretation No. 17") on 25 October 2023.</p> <p>Interpretation No. 17 provides for "Separation of current and non-current liabilities," "Disclosure of supplier financing arrangements," and "Accounting treatment of sale and leaseback transactions," with effect from 1 January 2024. In accordance with the requirements of Interpretation No. 17, the Company changes its current accounting policies accordingly.</p>	<p>Relevant accounting policy changes were approved at the third meeting of the 11th Board of the Company on 25 April 2024.</p>	<p>Changes in relevant accounting policies have no significant impact on the Group's financial statements.</p>

Events after the Reporting Period

1.From the end of the Reporting Period to the date of this announcement, a total of 7,368,900 new A-shares were issued due to the exercise of share options that were exercisable under the second exercise period of the initial grant of the 2021 Share Option Scheme. The 7,368,900 new A-shares were registered and listed for circulation on 14 January 2025.

2.Changes in Accounting Policies

Content and reason of accounting policy changes	Approval procedures	Remarks
<p>The Ministry of Finance issued the interpretation of accounting standards for Business Enterprises No. 18 (hereinafter referred to as "Interpretation No. 18") on 31 December 2024.</p> <p>Interpretation No. 18 provides for "Accounting Treatment for Warranty-Type Quality Guarantees Not Constituting a Separate Performance Obligation" and "Subsequent measurement of investment properties held as underlying projects under the floating fee method" with effect from the date of issuance. In accordance with the requirements of Interpretation No. 18, the Company changes its current accounting policies accordingly.</p>	<p>Relevant accounting policy changes were approved at the sixth meeting of the 11th Board of the Company on 28 March 2025.</p>	<p>Changes in relevant accounting policies have no significant impact on the Group's financial statements.</p>

Save as disclosed in this announcement, there were no significant events affecting the Group that have occurred from the end of the Reporting Period to the date of this announcement.

X. FINANCIAL REPORTS PREPARED IN ACCORDANCE WITH CASBE

Consolidated Balance Sheet (audited)

Unit: RMB Yuan

Assets	Notes	31 December 2024 (audited)	31 December 2023 (audited)
Current assets:			
Monetary funds		1,245,022,873.47	918,334,462.29
Notes receivable		40,915,665.41	8,191,109.23
Accounts receivable	3	868,204,001.79	699,877,948.91
Receivables financing		210,085,781.65	240,274,709.86
Prepayments		33,378,429.50	35,369,251.02
Other accounts receivable	4	9,501,094.17	9,336,085.40
Including: Dividend receivable		1,495,894.40	-
Inventories		1,272,856,947.10	1,312,983,676.75
Contract assets		439,963.12	819,429.40
Other current assets		46,435,406.70	89,146,943.15
Total current assets		3,726,840,162.91	3,314,333,616.01
Non-current assets:			
Long-term equity investment		58,730,419.65	58,572,098.00
Other equity instrument investment		247,694,480.94	182,797,067.30
Investment real estate		31,797,104.69	33,908,633.73
Fixed assets		3,511,461,272.20	3,325,944,627.93
Projects under construction		781,095,104.92	730,545,057.96
Right-of-use assets		3,086,649.43	4,324,321.34
Intangible assets		565,037,971.63	494,937,199.11
Long-term deferred expenses		9,985,697.02	14,462,413.51
Deferred income tax assets		24,920,511.29	23,478,171.11
Other non-current assets		58,952,192.85	102,863,124.90
Total non-current assets		5,292,761,404.62	4,971,832,714.89
Total assets		9,019,601,567.53	8,286,166,330.90

Consolidated Balance Sheet (audited) (continued)

Unit: RMB Yuan

Liabilities and Shareholders' Equity	Notes	31 December 2024 (audited)	31 December 2023 (audited)
Current liabilities:			
Short-term borrowing		580,155,616.42	283,958,677.68
Notes payable		444,139,945.47	511,430,531.37
Accounts payable	5	714,539,658.65	666,412,933.67
Contract liability		96,837,598.29	149,135,948.62
Payroll payable	6	73,108,770.91	123,985,296.73
Taxes and dues payable		23,704,353.06	18,865,677.96
Other payables		507,637,306.85	435,525,634.82
Including: Interest payable		-	-
Dividends payable		14,292,599.53	15,290,599.53
Non-current liabilities due within one year		313,667,062.97	273,755,184.03
Other current liabilities		41,823,799.77	22,930,593.51
Total current liabilities		2,795,614,112.39	2,486,000,478.39
Non-current liabilities:			
Long-term borrowings		771,540,739.20	799,400,000.00
Lease liabilities		1,105,117.40	1,578,792.87
Long-term payables		21,500,000.00	20,000,000.00
Deferred income		83,245,913.19	100,666,757.92
Deferred income tax liabilities		122,533,768.01	99,205,514.96
Other non-current liabilities		6,561,500.00	3,561,500.00
Total non-current liabilities		1,006,487,037.80	1,024,412,565.75
Total liabilities		3,802,101,150.19	3,510,413,044.14
Owners' equity (or Shareholders' equity):			
Capital Stock		682,407,635.00	674,682,835.00
Capital reserve	7	1,144,555,095.24	1,055,010,870.76
Other comprehensive income	8	169,597,400.06	113,618,002.82
Reasonable reserve		6,267,199.72	3,392,612.67
Surplus reserve		438,326,844.39	400,960,654.39
Undistributed profits	9	2,550,434,350.37	2,305,438,893.92
Total of equity assigned to the shareholders of parent company		4,991,588,524.78	4,553,103,869.56
Minority shareholders' equity		225,911,892.56	222,649,417.20
Total owners' equity		5,217,500,417.34	4,775,753,286.76
Total of liabilities and owners' equity		9,019,601,567.53	8,286,166,330.90

Consolidated Income Statement (audited)

Unit: RMB Yuan

Item	Notes	For the 12 months ended 31 December 2024 (audited)	For the 12 months ended 31 December 2023 (audited)
I. Gross revenue	10	8,466,309,803.08	8,100,844,707.33
Including: Operating revenue		8,466,309,803.08	8,100,844,707.33
II. Total operating costs		7,940,307,572.72	7,530,904,783.94
Including: Operating costs	10	6,424,760,721.71	5,709,142,351.00
Taxes and surcharges	11	68,412,881.15	92,175,276.66
Selling expenses		584,739,997.94	780,171,394.31
Administration expenses		437,070,533.59	513,824,781.93
R&D cost		413,182,811.71	419,239,700.90
Financial expenses		12,140,626.62	16,351,279.14
Including: Interest expense		39,739,279.77	41,148,585.76
Interest income		11,125,515.61	12,300,491.07
Add: Other income		58,188,339.60	25,902,239.33
Investment income (losses to be listed with brackets)		9,836,416.05	9,583,372.02
Including: Return on investment on joint ventures and joint ventures (losses to be listed with brackets)		158,321.65	1,417,610.42
Credit impairment loss(losses to be listed with brackets)		(9,462,280.63)	(10,294,468.42)
Assets impairment loss (losses to be listed with brackets)	12	(51,613,568.72)	(69,282,694.12)
Gains from asset disposal (losses to be listed with brackets)		1,419,533.61	8,733,639.41
III. Operating profits (losses to be listed with brackets)		534,370,670.27	534,582,011.61
Add: non-operating income		8,481,488.89	5,537,126.16
Less: non-operating expenditure		9,198,735.84	7,433,412.75
IV. Total profits (total loss to be listed with brackets)		533,653,423.32	532,685,725.02
Less: income tax expense	13	46,938,849.44	26,578,700.01
V. Net profits (net loss to be listed with brackets)		486,714,573.88	506,107,025.01
I. According to operation continuity			

1. Net profit from continued operations (net losses to be listed in brackets)	486,714,573.88	506,107,025.01
2. Net profit from discontinued operations (net losses to be listed in brackets)	-	-
II. According to ownership		
1. Net profit attributable to shareholders of parent company	470,023,746.08	496,512,201.25
2. Minority interest income or loss	16,690,827.80	9,594,823.76
VI. Net amount of other comprehensive income after tax	56,232,510.23	1,736,014.71
Net amount of other comprehensive income after tax attributable to the shareholders of parent company	55,979,397.24	1,491,268.41
I. Other comprehensive income not subject to reclassification to profit or loss	55,162,801.59	652,724.59
Changes in fair value of other equity instruments investment	55,162,801.59	652,724.59
II. Other comprehensive income to be reclassified to profit or loss	816,595.65	838,543.82
Conversion difference of foreign currency statement	816,595.65	838,543.82
Net amount of other consolidated income after tax attributable to the minority shareholders	253,112.99	244,746.30
VII. Total comprehensive income	542,947,084.11	507,843,039.72
Total comprehensive income attributable to the shareholders of parent company	526,003,143.32	498,003,469.66
Total comprehensive income attributable to the minority shareholders	16,943,940.79	9,839,570.06
VIII. Earnings per share:		
	<i>14</i>	
(I) Basic earnings per share(yuan/share)	0.69	0.74
(II) Diluted earnings per share(yuan/share)	0.68	0.72

SUMMARY NOTES TO THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH CASBE

NOTES:

1. Preparation basis of the financial statements

Preparation basis

On a going-concern basis, the financial statements of the Company have been prepared based on transactions and items that have actually occurred and in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (hereinafter referred to as “ASBE”), and other relevant regulations, and the disclosure requirements stipulated under the *Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 — General Rules on Financial Reporting* (revised in 2023) issued by the China Securities Regulatory Commission and related provisions, relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules and the Company’s accounting policies and accounting estimates.

Going concern

The Group has evaluated the continuation of operation for 12 months from the end of the Reporting Period and has not found any matter or situation raising significant doubts of its ability to operate as a going concern. Accordingly, the financial statements are prepared on a going concern basis.

2. Segment information

(a) Description of segments

The Group determines the business segments on the basis of internal organisation structure, management requirements and internal reporting system and adopts different business units as business segments for disclosure purposes. The operating segment refers to each different business unit within the Group which satisfies the following conditions: (1) the business segment is able to generate income and incur expenses in its daily operation; (2) the management of the Group is able to evaluate the operating results of such business segments at regular intervals so as to decide resources allocation and conduct performance evaluation; and (3) the Company is able to obtain the relevant accounting information of such business segment, such as financial position, operating results and cash flow, etc. If two or more business segments share similar economic characteristics and meet certain conditions, those business segments would be merged into one business segment.

The Group’s business segments are as follows:

Chemical bulk drugs :	Development, production and sales of chemical bulk drugs
Preparations:	Development, production and sales of preparations (e.g. tablets and injections)
Medical intermediate and other products:	Production and sales of medical intermediate and other products

Information regarding the above segments is as follows:

(b) Segment information for the year ended 31 December 2024 and the year ended 31 December 2023 is presented below(audited):

Year ended 31 December 2024 (audited)

Unit: RMB Yuan

Item	Chemical bulk drugs	Preparations	Medical intermediate and other products	Unallocated	Offset	Total
Operating revenue	2,750,678,662.90	5,214,830,869.78	2,550,160,581.14	-	(2,049,360,310.74)	8,466,309,803.08
Comprising: revenue from external customers	2,735,954,202.75	4,072,208,527.22	1,658,147,073.11	-	-	8,466,309,803.08
Inter-segment transaction income	14,724,460.15	1,142,622,342.56	892,013,508.03	-	(2,049,360,310.74)	-
Operating cost	1,958,934,644.38	4,142,106,344.33	2,359,610,320.48	-	(2,035,890,587.48)	6,424,760,721.71
Comprising: cost from external customers	1,788,950,185.65	3,002,579,189.52	1,633,231,346.54	-	-	6,424,760,721.71
Inter-segment transaction cost	169,984,458.73	1,139,527,154.81	726,378,973.94	-	(2,035,890,587.48)	-
Expenses for the period	370,846,378.12	742,528,328.91	97,061,844.85	237,698,409.79	(1,000,991.81)	1,447,133,969.86
Total profit(loss)	514,920,041.48	285,329,573.68	(98,034,655.30)	(152,300,893.56)	(15,543,396.03)	534,370,670.27
Total assets	3,516,564,593.73	3,917,873,307.10	1,621,764,972.17	2,031,517,956.88	(2,068,119,262.35)	9,019,601,567.53
Total liability	1,076,939,638.32	1,794,436,353.60	550,825,250.15	1,671,794,970.63	(1,291,895,062.51)	3,802,101,150.19

Year ended 31 December 2023(audited)

Unit: RMB Yuan

Item	Chemical bulk drugs	Preparations	Medical intermediate and other products	Unallocated	Offset	Total
Operating revenue	3,147,254,048.66	4,555,021,863.73	2,261,550,116.00	-	(1,862,981,321.06)	8,100,844,707.33
Comprising: revenue from external customers	3,120,198,136.24	3,638,706,546.67	1,341,940,024.42	-	-	8,100,844,707.33
Inter-segment transaction income	27,055,912.42	916,315,317.06	919,610,091.58	-	(1,862,981,321.06)	-
Operating cost	2,055,825,276.36	3,459,357,003.20	2,036,150,924.43	-	(1,842,190,852.99)	5,709,142,351.00
Comprising: cost from external customers	1,884,282,425.38	2,559,564,351.40	1,265,295,574.22	-	-	5,709,142,351.00
Inter-segment transaction cost	171,542,850.98	899,792,651.80	770,855,350.21	-	(1,842,190,852.99)	-
Expenses for the period	466,903,850.76	945,801,452.84	89,683,962.94	231,881,577.57	(4,683,687.83)	1,729,587,156.28
Total profit (loss)	684,646,062.54	78,202,321.10	(47,611,429.09)	(181,905,541.23)	1,250,598.29	534,582,011.61
Total assets	3,484,765,515.61	3,336,987,383.20	1,583,039,228.18	1,723,703,425.95	(1,842,329,222.04)	8,286,166,330.90
Total liability	1,208,657,267.65	1,418,676,176.95	456,517,555.79	1,479,609,887.61	(1,053,047,843.86)	3,510,413,044.14

3. Accounts receivable

Item	<u>31 December 2024</u>	<u>1 January 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
Accounts receivable	908,057,487.07	731,221,860.99
Less: Provision for bad debts of accounts receivable	<u>39,853,485.28</u>	<u>31,343,912.08</u>
	<u>868,204,001.79</u>	<u>699,877,948.91</u>

Ageing analysis of accounts receivable based on transaction date is as follows:

Item	<u>31 December 2024</u>	<u>1 January 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
0-1 year (including 1 year)	862,843,801.59	692,974,529.25
1 to 2 years (including 2 years)	5,359,642.16	6,903,419.66
2 to 3 years (including 3 years)	<u>558.04</u>	<u>-</u>
Total	<u>868,204,001.79</u>	<u>699,877,948.91</u>

4. Other accounts receivable

Item	<u>31 December 2024</u>	<u>1 January 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
Other accounts receivable	19,457,143.41	18,505,213.19
Less: Provision for bad debts of other accounts receivable	<u>9,956,049.24</u>	<u>9,169,127.79</u>
	<u>9,501,094.17</u>	<u>9,336,085.40</u>

Ageing analysis of other receivable based on transaction date is as follows:

Item	<u>31 December 2024</u>	<u>1 January 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
0-1 year (including 1 year)	7,987,658.81	8,101,054.40
1 to 2 years (including 2 years)	1,101,319.73	1,107,906.39
2 to 3 years (including 3 years)	<u>412,115.63</u>	<u>127,124.61</u>
Total	<u>9,501,094.17</u>	<u>9,336,085.40</u>

5. Accounts payable

Item	<u>31 December 2024</u>	<u>1 January 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
Payable for goods	<u>714,539,658.65</u>	<u>666,412,933.67</u>
Total	<u>714,539,658.65</u>	<u>666,412,933.67</u>

Ageing analysis of accounts payable based on transaction date is as follows:

Item	<u>31 December 2024</u>	<u>1 January 2024</u>
	RMB Yuan (audited)	RMB Yuan (audited)
0-1 year (including 1 year)	691,498,845.36	641,287,656.05
1-2 years (including 2 years)	11,086,959.72	12,438,049.71
2-3 years (including 3 years)	4,229,049.44	3,000,798.37
Over 3 years	<u>7,724,804.13</u>	<u>9,686,429.54</u>
Total	<u>714,539,658.65</u>	<u>666,412,933.67</u>

6. Payroll payable

(1) Classification of payroll payable

Item	<u>1 January 2024</u>	<u>Increase during the year</u>	<u>Decrease during the year</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan	RMB Yuan	RMB Yuan (audited)
Short-term wages	123,985,296.73	890,713,659.94	941,590,185.76	73,108,770.91
Post-employment welfare - defined contribution plan	-	116,829,224.89	116,829,224.89	-
Dismissal welfare	<u>-</u>	<u>156,326.40</u>	<u>156,326.40</u>	<u>-</u>
Total	<u>123,985,296.73</u>	<u>1,007,699,211.23</u>	<u>1,058,575,737.05</u>	<u>73,108,770.91</u>

(2) Short-term wages

Item	<u>1 January 2024</u>	<u>Increase during the year</u>	<u>Decrease during the year</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan	RMB Yuan	RMB Yuan (audited)
Salary, bonus, allowance and subsidy	119,937,930.26	692,554,253.88	743,486,783.31	69,005,400.83
Employee welfare expenses	-	33,594,940.07	33,594,940.07	
Social insurance charges	-	61,962,091.32	61,962,091.32	
Comprising: Medical insurance premiums	-	55,686,712.45	55,686,712.45	
Work injury insurance premiums	-	6,275,378.87	6,275,378.87	
Housing provident fund	-	61,142,026.90	61,142,026.90	
Labour union expenditure & personnel education fund	4,037,866.47	14,933,629.71	14,876,126.10	4,095,370.08
Other Short-term wages	<u>9,500.00</u>	<u>26,526,718.06</u>	<u>26,528,218.06</u>	<u>8,000.00</u>
Total	<u>123,985,296.73</u>	<u>890,713,659.94</u>	<u>941,590,185.76</u>	<u>73,108,770.91</u>

(3) Defined contribution plan

Item	<u>1 January 2024</u>	<u>Increase during the year</u>	<u>Decrease during the year</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan	RMB Yuan	RMB Yuan (audited)
Basic retirement insurance	-	111,960,326.03	111,960,326.03	-
Unemployment insurance premium	-	<u>4,868,898.86</u>	<u>4,868,898.86</u>	-
Total	-	<u>116,829,224.89</u>	<u>116,829,224.89</u>	-

7. Capital surplus

Item	<u>1 January 2024</u>	<u>Increase during the year</u>	<u>Decrease during the year</u>	<u>31 December 2024</u>
	RMB Yuan (audited)	RMB Yuan	RMB Yuan	RMB Yuan (audited)
Capital stock premium*	753,829,272.64	92,079,628.00	-	845,908,900.64
Other capital reserves**	<u>301,181,598.12</u>	<u>39,728,920.48</u>	<u>42,264,324.00</u>	<u>298,646,194.60</u>
Total	<u>1,055,010,870.76</u>	<u>131,808,548.48</u>	<u>42,264,324.00</u>	<u>1,144,555,095.24</u>

* The capital stock premium increased by RMB 92,079,628.00 in total this year, of which RMB 51,060,928.00 was due to the exercise of 7,724,800 stock options; The increase of RMB 41,018,700.00 was due to the carryover of other capital reserves after the exercise of stock options.

**Other capital reserves increased by RMB 39,728,920.48 in total this year, of which RMB 35,882,504.00 was increased due to the expense of waiting period equity instruments according to the company's 2021 equity incentive plan; RMB 3,846,416.48 is the amount of the 2021 stock option grant incentive plan that is estimated to be deductible before tax in the future based on the stock price at the end of the period, and is limited to the taxable income that is likely to be obtained in the future period; Other capital reserves decreased by RMB 42,264,324.00 in total during the year, of which RMB 1,245,624.00 was due to the capital reserves corresponding to the write-down of the remaining deferred tax assets after the full exercise of the equity incentive plan granted in 2021; RMB 41,018,700.00 was due to the carryover of other capital reserves after the exercise of stock options.

8. Other comprehensive income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	Amount incurred this year			31 December 2024 RMB Yuan(audited) (4) = (1) + (2) - (3)
	<u>1 January 2024RMB Yuan(audited) (1)</u>	<u>Attributable to the parent company after tax(RMB Yuan) (2)</u>	<u>Less: Amount recorded into other comprehensive income in previous year transferred to retained earnings(RMB Yuan) (3)</u>	
I. Other comprehensive income unable to be reclassified into profit or loss in future				
Fair value variation of other equity instrument investments	111,835,986.91	55,162,801.59	-	166,998,788.50
II. Other comprehensive income to be reclassified into profit or loss in future				
Conversion difference of financial statement in foreign currency	1,782,015.91	816,595.65	-	2,598,611.56
Total Other comprehensive income	<u>113,618,002.82</u>	<u>55,979,397.24</u>	<u>-</u>	<u>169,597,400.06</u>

Other comprehensive income attributable to the parent company in the income statement:

Item	Amount incurred this year				Attributable to the parent company after tax (RMB Yuan) (5) = (1) - (2) - (3) - (4)
	<u>Income tax incurred this year(RMB Yuan) (1)</u>	<u>Less: Amount recorded into other comprehensive income in previous year transferred to profit or loss this year(RMB Yuan) (2)</u>	<u>Less: income tax expense(RMB Yuan) (3)</u>	<u>Less: Attributable to minority shareholders after tax (RMB Yuan) (4)</u>	
I. Other comprehensive income unable to be reclassified into profit or loss in future					
Fair value variation of other equity instrument investments	55,162,801.59	-	-	-	55,162,801.59
II. Other comprehensive income to be reclassified into profit or loss in future					
Conversion difference of financial statement in foreign currency	1,069,708.64	-	-	253,112.99	816,595.65
Total Other comprehensive income	<u>56,232,510.23</u>	<u>-</u>	<u>-</u>	<u>253,112.99</u>	<u>55,979,397.24</u>

9. Undistributed profits

Item	<u>Year 2024</u>	<u>Year 2023</u>
	RMB Yuan (audited)	RMB Yuan (audited)
Ending balance of previous year	2,305,438,893.92	1,987,867,458.52
Add: Beginning adjustment for undistributed profit	-	-
Including: Change of accounting policies	-	-
Beginning balance of the current period	2,305,438,893.92	1,987,867,458.52
Add: Net profits attributable to the parent company's shareholders in the current period	470,023,746.08	496,512,201.25
Less: appropriation of statutory surplus reserve	37,366,190.00	44,004,198.85
Common stock dividends payable	187,662,099.63	134,936,567.00
Total	<u>2,550,434,350.37</u>	<u>2,305,438,893.92</u>

10. Operating revenues and cost

(1) Operating revenue and costs

Item	<u>12 months as of 31 December 2024</u> (audited)		<u>12 months as of 31 December 2023</u> (audited)	
	Revenue	Cost	Revenue	Cost
Main operation	8,323,869,470.49	6,256,915,119.15	7,956,060,682.51	5,553,117,506.84
Other operation	<u>142,440,332.59</u>	<u>167,845,602.56</u>	<u>144,784,024.82</u>	<u>156,024,844.16</u>
Total	<u>8,466,309,803.08</u>	<u>6,424,760,721.71</u>	<u>8,100,844,707.33</u>	<u>5,709,142,351.00</u>

(2) Revenues from contracts

Classification of contract	Operating revenue	Operating costs
Commodity type		
Among : Chemical bulk drugs	2,735,954,202.75	1,788,950,185.65
Preparations	4,072,208,527.22	3,002,579,189.52
Medical intermediate and other products	<u>1,658,147,073.11</u>	<u>1,633,231,346.54</u>
Classification by operating regions		
Among : China (including Hong Kong)	6,332,209,258.42	4,741,684,522.52
Americas	921,435,363.90	705,815,315.78
Europe	798,415,909.41	610,377,016.29
Others	<u>414,249,271.35</u>	<u>366,883,867.12</u>
Classification by contract performance obligation		

Classification of contract	Operating revenue	Operating costs
Among : Recognition of revenue at a certain point in time	8,395,435,526.34	6,372,764,777.37
Recognition of revenue within a certain period	63,534,395.97	45,586,367.97
Rental income	<u>7,339,880.77</u>	<u>6,409,576.37</u>
Classification by sales model		
Among : Direct selling model	3,046,152,971.94	2,293,840,362.93
Distribution model	<u>5,420,156,831.14</u>	<u>4,130,920,358.78</u>
Total	<u>8,466,309,803.08</u>	<u>6,424,760,721.71</u>

(3) Information related to compliance obligations

According to the contract, the Group, being the main responsible person, fulfills its supply obligations in accordance with the categories and standards required by the customers. For sales contracts in China, control of the goods has been transferred to the customer after the Group has delivered the goods to the agreed place and the customer has confirmed receipt of the goods; for overseas sales contracts in China, the product is declared for export, the customs declaration and bill of lading (waybill) are obtained, and the customer obtains the control of the relevant goods.

The payment terms of different customers and products are different. Some sales of the Group are carried out in the form of advance receipts, while the rest of the sales are granted a credit period of a certain duration.

(4) Information related to the transaction price allocated to residual performance obligations

At the end of the current year, the amount of revenue with signed contracts but unfulfilled or uncompleted performance obligation is RMB 96,837,598.29, and of this amount RMB 82,301,498.53 is expected to be recognized in 2025.

(5) The recognized income of this year includes the amount of RMB 130,749,174.92 that has been included into the contract liabilities at the end of the previous year.

(6) There were no significant contract changes or significant transaction price adjustments in the group in 2024.

11. Taxes and surcharges

Item	<u>12 months as of 31 December 2024(audited)</u>	<u>12 months as of 31 December 2023(audited)</u>
Property tax	20,257,609.56	18,979,563.40
City maintenance and construction tax	18,614,798.54	25,011,578.75
Educational surcharges	13,296,122.83	17,865,413.35
Land use tax	9,422,416.12	7,931,555.87
Stamp duty	6,764,311.89	5,537,216.94
Vehicle usage tax	57,622.21	56,167.35
Land value increment tax	<u>-</u>	<u>16,793,781.00</u>
Total	<u>68,412,881.15</u>	<u>92,175,276.66</u>

12. Assets impairment loss

Item	<u>12 months as of 31 December 2024(audited)</u>	<u>12 months as of 31 December 2023(audited)</u>
Loss from contract assets impairment	21,383.72	(171,728.77)
Inventory impairment loss	(51,558,077.33)	(63,412,913.11)
Loss from fixed assets impairment	<u>(76,875.11)</u>	<u>(5,698,052.24)</u>
Total	<u>(51,613,568.72)</u>	<u>(69,282,694.12)</u>

13. Income tax expenses**(1) Income tax expenses**

Item	<u>12 months as of 31 December 2024 (audited)</u>	<u>12 months as of 31 December 2023 (audited)</u>
The current income tax calculated in accordance with the tax law and related regulations	26,003,992.50	19,889,380.77
-PRC Mainland enterprise income tax	24,191,027.82	17,210,755.59
-PRC Hong Kong profits tax	103,076.83	120,122.00
-USA federal and state tax	6,521.65	-
-Dutch corporation tax	1,703,366.20	2,558,503.18
-Deferred income tax expense	14,752,093.29	6,048,298.36
Income tax adjustment in previous years	<u>6,182,763.65</u>	<u>641,020.88</u>
Total	<u>46,938,849.44</u>	<u>26,578,700.01</u>

(2) Adjustment process between accounting profit and income tax expense

Item	<u>12 months as of 31 December 2024 (audited)</u>
Annual total profit from amalgamation	533,653,423.32
Income tax expense calculated in accordance with statutory/applicable tax rate	80,048,013.50
Effect of different tax rate applicable to subsidiaries	7,152,005.49
Effect of adjustments to previous years' income tax	6,182,763.65
Effect of non-assessable income	(1,475,462.40)
Effect of nondeductible cost, expense and loss	5,481,150.27
Effect of using deductible loss of unrecognized deferred income tax assets in previous period	(304,196.24)

Item	<u>12 months as of 31</u> <u>December 2024</u> <u>(audited)</u>
Deductible temporary difference or effect of deductible loss of unrecognized deferred income tax assets in the current year	2,142,001.98
Tax impact of additional deduction for research and development expenses	(44,781,362.17)
Share payment pre-tax deduction	<u>(7,506,064.64)</u>
Income tax expenses	<u>46,938,849.44</u>

14. Earnings per share

(1)The basic earnings per share

The calculation of the basic earnings per share is based on the net profit of RMB 470,023,746.08 (2023: RMB 496,512,201.25) for the current period attributable to shareholders of the parent company and based on the weighted average of 682,112,151.00 outstanding ordinary shares in issue (2023: 674,287,215.00 shares) during the period.

Item	<u>Year 2024</u>	<u>Year 2023</u>
	RMB Yuan	RMB Yuan
Net profit attributable to shareholders of the parent company	470,023,746.08	496,512,201.25
Weighted average number of the Company's issued outstanding ordinary shares	682,112,151.00	674,287,215.00
Basic earnings per share (yuan/share)	<u>0.69</u>	<u>0.74</u>

(2)The diluted earnings per share

The calculation of the diluted earnings per share is based on the net profit of RMB 470,023,746.08 (2023: RMB 496,512,201.25) for the current period attributable to shareholders of the parent company and based on the adjusted weighted average of 688,196,743.00 outstanding ordinary shares in issue (2023: 691,947,079.00 shares) during the period.

Item	<u>Year 2024</u>	<u>Year 2023</u>
	RMB Yuan	RMB Yuan
Net profit attributable to shareholders of the parent company	470,023,746.08	496,512,201.25
Weighted average number of the Company's issued outstanding ordinary shares	682,112,151.00	674,287,215.00
Dilution of potential common shares	6,084,592.00	17,659,864.00
Adjusted weighted average number of the Company's issued outstanding ordinary shares	688,196,743.00	691,947,079.00
Diluted earnings per share (yuan/share)	<u>0.68</u>	<u>0.72</u>

15. Dividends

Item	<u>Year 2024</u>	<u>Year 2023</u>
	RMB Yuan	RMB Yuan
Dividends recognised as distribution in the financial statements of the relevant the year:		
2022 final dividend: RMB 0.20 per share	-	134,936,567.00
2023 final dividend: RMB 0.25 per share	170,601,908.75	-
2024 interim dividend: RMB 0.25 per share	<u>17,060,190.88</u>	<u>-</u>
	<u>187,662,099.63</u>	<u>134,936,567.00</u>

The following is the profit distribution plan proposed by the Board for the year 2024: The total number of shares of the Company at the date of the announcement was 689,776,535 (of which 487,407,635 shares were A shares and 195,000,000 shares were H shares). Based on such total issued shares of the Company, it is proposed that a dividend of RMB 0.25 (tax inclusive) per share shall be paid to shareholders of the Company. In the event that the total share capital of the Company changes due to exercise of share options or the listing of new shares for refinancing before the implementation of the Company's 2024 profit distribution plan, the distribution plan will be adjusted accordingly on the principle that the distribution proportion per share shall remain unchanged. The aforementioned amounts are not included in the 2024 annual financial statements. Please refer to the section headed "IV. DIVIDENDS" of this announcement.

XI. DOCUMENTS FOR INSPECTION AND PLACE OF INSPECTION

(1) Documents for inspection

1. The original copy of the Company's 2024 annual results announcement signed by the chairman of the Board.
2. Financial statements signed and stamped by the legal representative, the financial controller and the manager of the accounting department of the Company.

(2) Place of inspection

Office of the Secretary to the Board of the Company, No. 1 Lutai Ave., Hi-tech Industry Development Zone, Zibo City, Shandong Province, the PRC

By Order of the Board
Shandong Xinhua Pharmaceutical Company Limited
He Tongqing
Chairman

28 March 2025, Zibo, PRC

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. He Tongqing (Chairman)
Mr. Xu Wenhui
Mr. Hou Ning

Independent Non-executive Directors:

Mr. Pan Guangcheng
Mr. Zhu Jianwei
Mr. Ling Peixue
Ms. Cheung Ching Ching, Daisy

Non-executive Directors:

Mr. Xu Lie
Mr. Zhang Chengyong