康臣藥業集團有限公司
CONSUN PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1681)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2024 amounted to RMB2,967,235,000, representing an increase of approximately 14.6% as compared with the year ended 31 December 2023.
- Profit attributable to equity shareholders of the Company for the year ended 31 December 2024 amounted to RMB910,458,000, representing an increase of approximately 16.1% as compared with the year ended 31 December 2023.
- Basic and diluted earnings per share for the year ended 31 December 2024 amounted to approximately RMB1.11 and RMB1.09 respectively, representing increases of approximately 12.1% and 11.2% respectively as compared with the year ended 31 December 2023.
- The Board proposed to declare a final dividend of HKD0.3 per share for the year ended 31 December 2024.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Consun Pharmaceutical Group Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively the "**Group**", "**Consun**", "**Consun Pharmaceutical**" or "**Consun Pharmaceutical Group**") for the year ended 31 December 2024, together with the comparative figures of 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024
(Expressed in Renminbi)

	Note	**2024** ***RMB'000***	2023 *RMB'000*
Revenue	*2*	**2,967,235**	2,590,115
Cost of sales		**(725,133)**	(668,437)
Gross profit		**2,242,102**	1,921,678
Other income	*3*	**87,629**	118,498
Distribution costs		**(981,576)**	(852,206)
Administrative expenses		**(311,873)**	(315,599)
Reversals of impairment loss on trade and other receivables		**8,778**	12,596
Profit from operations		**1,045,060**	884,967
Finance costs	*4(a)*	**(24,888)**	(21,264)
Share of loss of an associate		**(66)**	–
Profit before taxation	*4*	**1,020,106**	863,703
Income tax	*5(a)*	**(102,732)**	(77,149)
Profit for the year		**917,374**	786,554
Attributable to:			
– Equity shareholders of the Company		**910,458**	784,534
– Non-controlling interests		**6,916**	2,020
Profit for the year		**917,374**	786,554
Earnings per share (RMB yuan)	*6*		
– Basic		**1.11**	0.99
– Diluted		**1.09**	0.98

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in Renminbi)

	2024	2023
	RMB'000	*RMB'000*
Profit for the year	**917,374**	786,554
Other comprehensive income for the year that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside the Chinese Mainland	**177**	(239)
Total comprehensive income for the year	**917,551**	786,315
Attributable to:		
– Equity shareholders of the Company	**910,635**	784,295
– Non-controlling interests	**6,916**	2,020
Total comprehensive income for the year	**917,551**	786,315

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment property	8	**14,141**	14,634
Property, plant and equipment	9	**797,581**	739,056
Right-of-use assets	10	**127,959**	124,652
Intangible assets	11	**268,960**	283,140
Interest in an associate		**9,934**	–
Financial assets measured at fair value through profit or loss ("**FVPL**")	12	**19,141**	9,230
Other prepayments	13	**51,533**	41,358
Deferred tax assets		**12,520**	17,844
		1,301,769	1,229,914
Current assets			
Inventories	14	**289,677**	367,087
Trade and other receivables	15(a)	**370,121**	309,966
Prepayments	15(b)	**25,833**	17,823
Deposits with banks with original maturity date over three months		**958,000**	834,942
Cash and cash equivalents	16	**2,907,682**	2,748,262
		4,551,313	4,278,080
Current liabilities			
Trade and other payables	17	**1,061,862**	942,429
Bank loans	18	**253,340**	503,418
Lease liabilities	19	**6,423**	4,218
Deferred income	20	**1,546**	1,551
Current taxation		**47,629**	43,380
		1,370,800	1,494,996
Net current assets		**3,180,513**	2,783,084
Total assets less current liabilities		**4,482,282**	4,012,998

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024 (continued)

(Expressed in Renminbi)

	Note	**2024** **RMB'000**	2023 RMB'000
Non-current liabilities			
Lease liabilities	*19*	**7,406**	3,898
Deferred income	*20*	**14,636**	19,179
Deferred tax liabilities		**67,188**	71,209
		89,230	94,286
Net assets		**4,393,052**	3,918,712
Capital and reserves			
Share capital		**67,308**	63,812
Reserves		**4,030,295**	3,562,691
Total equity attributable to equity shareholders of the Company		**4,097,603**	3,626,503
Non-controlling interests		**295,449**	292,209
Total equity		**4,393,052**	3,918,712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2024 but are extracted from those consolidated financial statements which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in an associate.

The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand, which is the functional currency of the subsidiaries carrying out the principal activities of the Group.

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the manufacturing and sales of pharmaceutical products. Further details regarding the Group's principal activities are disclosed in note 2(b).

Disaggregation of revenue from contracts with customers by major products is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Kidney medicines	**1,996,274**	1,741,298
Gynaecology and paediatrics medicines	**361,411**	293,706
Contrast medium	**169,883**	155,894
Orthopedics medicines	**252,594**	153,186
Dermatologic medicines	**116,070**	128,211
Hepatobiliary medicines	**47,562**	79,254
Others	**23,441**	38,566
	2,967,235	2,590,115

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 2(b)(i) and 2(b)(iii) respectively.

The Group's customer base is diversified and includes two customers (2023: two) with whom transactions have exceeded 10% of the Group's revenues. In 2024 revenues to each of these two customers, including sales to entities which are known to the Group to be under common control with these customers are as follows.

	2024	2023
	RMB'000	*RMB'000*
Customer A	**817,775**	714,038
Customer B	**373,734**	296,666

As at 31 December 2024, the transaction price under the Group's existing contracts was fully recognised as revenue.

The Group has applied practical expedient in paragraph 121(a) of HKFRS 15, Revenue from Contracts with Customers, to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with the customers in existence at the end of reporting period as the performance obligation is part of a contract that has an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by product lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Consun Pharmaceutical Segment: this segment manufactures and sells modern Chinese medicines and medical contrast medium.

- Yulin Pharmaceutical Segment: this segment manufactures and sells traditional Chinese medicines.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in an associate, financial asset measured at FVPL and deferred tax assets. Segment liabilities include trade and other payables, deferred income and lease liabilities attributable to the manufacturing and sales activities of the individual segments and bank loans managed directly by the segments with the exception of current taxation and deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is gross profit. The Group's senior executive management is provided with segment information concerning segment revenue and gross profit.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

For the year ended 31 December	**Consun Pharmaceutical Segment**		**Yulin Pharmaceutical Segment**		**Total**	
	2024	2023	**2024**	2023	**2024**	*2023*
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of revenue recognition						
Point in time	**2,531,522**	2,195,051	**435,713**	395,064	**2,967,235**	2,590,115
Revenue from external customers	**2,531,522**	2,195,051	**435,713**	395,064	**2,967,235**	2,590,115
Inter-segment revenue	**–**	–	**7,123**	–	**7,123**	–
Reportable segment revenue	**2,531,522**	2,195,051	**442,836**	395,064	**2,974,358**	2,590,115
Reportable segment profit						
Gross profit	**1,949,914**	1,721,408	**293,008**	200,270	**2,242,922**	1,921,678
Interest income from bank deposits	**83,385**	64,918	**4,916**	3,999	**88,301**	68,917
Interest expense	**19,741**	20,291	**5,147**	973	**24,888**	21,264
Depreciation and amortisation for the year	**32,153**	30,173	**31,840**	47,916	**63,993**	78,089
Reversals of impairment loss – trade and other receivables	**(1,595)**	(4,502)	**(7,183)**	(8,094)	**(8,778)**	(12,596)
Reportable segment assets	**4,133,335**	3,935,496	**1,718,293**	1,553,241	**5,851,628**	5,488,737
Reportable segment liabilities	**826,976**	1,050,452	**558,378**	432,058	**1,385,354**	1,482,510

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2024	2023
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**2,974,358**	2,590,115
Elimination of inter-segment revenue	**(7,123)**	–
Consolidated revenue (note 2(a))	**2,967,235**	2,590,115

	2024 *RMB'000*	2023 *RMB'000*
Profit		
Reportable segment gross profit	**2,242,922**	1,921,678
Elimination of inter-segment profits	**(820)**	–
Reportable segment gross profit derived from the Group's external customers	**2,242,102**	1,921,678
Other income *(note 3)*	**87,629**	118,498
Distribution costs	**(981,576)**	(852,206)
Administrative expenses	**(311,873)**	(315,599)
Reversals of impairment loss on trade and other receivables	**8,778**	12,596
Finance costs *(note 4(a))*	**(24,888)**	(21,264)
Share of loss of an associate	**(66)**	–
Consolidated profit before taxation	**1,020,106**	863,703

	2024 *RMB'000*	2023 *RMB'000*
Assets		
Reportable segment assets	**5,851,628**	5,488,737
Elimination of inter-segment receivables	**(40,141)**	(7,817)
	5,811,487	5,480,920
Interest in an associate	**9,934**	–
Financial assets measured at FVPL *(note 12)*	**19,141**	9,230
Deferred tax assets	**12,520**	17,844
Consolidated total assets	**5,853,082**	5,507,994

	2024 *RMB'000*	2023 *RMB'000*
Liabilities		
Reportable segment liabilities	**1,385,354**	1,482,510
Elimination of inter-segment payables	**(40,141)**	(7,817)
	1,345,213	1,474,693
Current taxation	**47,629**	43,380
Deferred tax liabilities	**67,188**	71,209
Consolidated total liabilities	**1,460,030**	1,589,282

(iii) Geographic information

Analysis of the Group's revenue and results as well as analysis of the Group's carrying amount of segment assets and additions to property, plant and equipment by geographical market has not been presented as 99% of the Group's operating profit is derived from activities of manufacturing and sales of pharmaceutical products in Chinese Mainland.

3 OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Government grants (i)		
– Unconditional subsidies	**9,568**	53,901
– Conditional subsidies	**4,548**	2,260
Rental income from investment property	**904**	727
Interest income	**88,301**	68,917
Loss on disposal of property, plant and equipment	**(348)**	(846)
Net exchange losses	**(17,878)**	(9,026)
Others	**2,534**	2,565
	87,629	118,498

(i) Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in Chinese Mainland.

– Unconditional subsidies

The entitlements to certain government grants amounting to RMB9,568,000 (2023: RMB53,901,000) were unconditional, which mainly consisted of the operating expenses subsidies and tax refund of the Chinese Mainland subsidiaries of the Group during the current or prior years.

– Conditional subsidies

The remaining government grants were conditional government grants and initially recorded as deferred income. The amount of conditional government grants charged to the consolidated statement of profit or loss for the year ended 31 December 2024 was RMB4,548,000 (2023: RMB2,260,000).

4 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans	**24,475**	20,565
Interest expenses on discounted bills	**–**	1
Interest on lease liabilities	**413**	698
	24,888	21,264

(b) Staff costs

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages, bonuses and benefits	**574,742**	463,536
Contributions to defined contribution retirement schemes	**18,430**	19,972
	593,172	483,508

Pursuant to the relevant labour rules and regulations in Chinese Mainland, the Chinese Mainland subsidiaries participate in defined contribution retirement schemes organised by the local government authorities, to which the Chinese Mainland subsidiaries are required to make contributions based on certain percentages of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group also operates a Mandatory Provident Fund Scheme ("**the MPF scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong Dollars ("**HKD**") 30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group has no other material obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

(c) Other items

	Note	2024 RMB'000	2023 RMB'000
Depreciation and amortisation charge			
– investment property	*8*	**493**	493
– property, plant and equipment	*9*	**41,414**	41,327
– right-of-use assets	*10*	**7,264**	6,505
– intangible assets	*11*	**14,822**	29,764
		63,993	78,089
Auditor's remuneration			
– audit services		**2,500**	2,500
– non-audit services		**500**	500
		3,000	3,000
Reversals of impairment loss on trade and other receivables		**(8,778)**	(12,596)
Leases charges	*10*	**7,256**	4,657
Research and development costs (i)		**97,541**	108,535
Cost of inventories (ii)	*14*	**733,040**	668,437

(i) During the year ended 31 December 2024, research and development costs included RMB32,042,000 (2023: RMB23,268,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in the note 4(b) for each of these types of expenses.

(ii) During the year ended 31 December 2024, cost of inventories included RMB112,140,000 (2023: RMB119,169,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in the note 4(b) for each of these types of expenses.

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2024	2023
	RMB'000	*RMB'000*
Current tax		
Provision for Chinese Mainland income tax for the year	**44,219**	21,347
Chinese Mainland dividend withholding tax (iv)	**60,000**	34,839
(Over)/under-provision for Chinese Mainland income tax in respect of prior years	**(2,790)**	9,177
	101,429	65,363
Deferred tax		
Effect on distribution of dividends (iv)	**(60,000)**	(34,839)
Origination and reversal of other temporary differences	**61,303**	46,625
	1,303	11,786
	102,732	77,149

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No provision was made for Hong Kong Profits Tax as the Group did not earn income subject to Hong Kong Profits Tax for the year ended 31 December 2024 (2023: Nil).

(iii) Taxable income for the subsidiaries of the Company in Chinese Mainland is subject to Chinese Mainland income tax rate of 25%, unless otherwise specified below.

Guangzhou Consun Pharmaceutical Company Limited ("**Guangzhou Consun**") was qualified as an "High and New Technology Enterprises", and was entitled to the preferential income tax rate of 15% in 2024 (2023: 15%).

Consun Pharmaceutical (Inner Mongolia) Co., Ltd. ("**Inner Mongolia Consun**"), Guangxi Yulin Pharmaceutical Group Co., Ltd. ("**Yulin Pharmaceutical**") and Guangxi Yulin Pharmaceutical Capsule Co., Limited ("**Yulin Capsule**") were qualified as encouraged industry that operates in western China, and were entitled to the preferential income tax rate of 15% in 2024 (2023: 15%).

Guangxi Yulin Pharmaceutical Group Yuming Chinese Traditional Medicine Co., Limited ("**Yuming Chinese Traditional Medicine**") and Guangxi Yulin Pharmaceutical Group Hongsheng Trading Co., Limited ("**Hongsheng Trading**") met the criteria for preferential income tax rate granted to small and low profit-making enterprises in Chinese Mainland, and were entitled to the preferential income tax rate of 20% in 2024 (2023: 20%).

Guangxi Yulin Pharmaceutical Group Yonglv Chinese Traditional Medicine Industry Co., Limited ("**Yonglv Chinese Traditional Medicine**") met the exemption criteria on income generated through planting of agricultural products and was exempted from Chinese Mainland income tax in 2023 and 2024.

Consun Pharmaceutical (Horgos) Co., Ltd. ("**Horgos Consun**") enjoyed the benefit of income tax exemption for five years from the financial year starting to generate operating revenue in 2021 under the Notice of the Ministry of Finance and the State Administration of Taxation on Income Tax Incentives for Newly-established Enterprises in Poverty Areas of Xinjiang.

(iv) According to the relevant tax law and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. The Group's Hong Kong subsidiaries have obtained the Certificate of Resident Status of the Hong Kong Special Administrative Region (the "**Certificate**") and have satisfied the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on income" and therefore have adopted the withholding tax rate at 5% for Chinese Mainland withholding tax.

(v) According to relevant tax law in Chinese Mainland, Chinese Mainland subsidiaries of the Group engaging in research and development activities are entitled to claim additional 100% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for each year ("**Super Deduction**"). The Group has made its best estimate for Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

	2024	2023
	RMB'000	*RMB'000*
Profit before taxation for the year	**1,020,106**	863,703
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	**271,497**	233,220
Effect of non-deductible expenses	**25,533**	24,353
Effect of tax concessions	**(243,818)**	(226,201)
Effect of Super Deduction of research and development expenses *(note 5(a)(v))*	**(6,240)**	(2,881)
Reversal of tax losses previously recognised	**–**	6,512
Provision of withholding tax on undistributed profits retained by Chinese Mainland subsidiaries	**58,550**	32,969
(Over)/under-provision in respect of prior years	**(2,790)**	9,177
Actual tax expenses	**102,732**	77,149

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB910,458,000 (2023: RMB784,534,000) and the weighted average number of ordinary shares of 821,098,000 shares (2023: 790,908,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2024	2023
	'000 shares	*'000 shares*
Issued ordinary shares at 1 January	**811,017**	806,973
Effect of share options exercised	**22,433**	2,418
Effect of treasury shares held under the Share Award Scheme	**(12,352)**	(18,483)
Weighted average number of ordinary shares at 31 December	**821,098**	790,908

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2024 is based on the profit attributable to equity shareholders of the Company of RMB910,458,000 (2023: RMB784,534,000) and the weighted average number of ordinary shares of 832,109,000 shares (2023: 799,168,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2024	2023
	'000 shares	*'000 shares*
Weighted average number of ordinary shares at 31 December	**821,098**	790,908
Dilutive effect of deemed issue of shares under the Share Option Scheme	**11,011**	8,260
Weighted average number of ordinary shares (diluted) at 31 December	**832,109**	799,168

7 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2024	2023
	RMB'000	*RMB'000*
Interim dividend of HKD0.3 per ordinary share declared and paid after the interim period (2023: HKD0.15)	**229,827**	109,068
Final dividend proposed after the end of the year of HKD0.3 per ordinary share (2023: HKD0.3)	**235,302**	221,122
	465,129	330,190

The final dividend proposed after the end of the year have not been recognised as liabilities as at the end of the year.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024	2023
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HKD0.3 per ordinary share (2023: HKD0.3)	**221,122**	208,065
Special dividend in respect of the previous financial year, approved and paid during the year of HKD0.3 per ordinary share (2023: Nil)	**229,082**	–
	450,204	208,065

8 INVESTMENT PROPERTY

	Land use rights *RMB'000*	Buildings *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	5,004	13,886	18,890
Accumulated depreciation:			
At 1 January 2023	(878)	(2,885)	(3,763)
Charge for the year	(135)	(358)	(493)
At 31 December 2023	(1,013)	(3,243)	(4,256)
Charge for the year	(135)	(358)	(493)
At 31 December 2024	(1,148)	(3,601)	(4,749)
Net book value:			
At 31 December 2024	3,856	10,285	14,141
At 31 December 2023	3,991	10,643	14,634

The Group leases out investment property under operating leases. The leases typically run for an initial period ranging from 1 to 10 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments usually reflect market rentals. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Within 1 year	**228**	222
After 1 year but within 2 years	**235**	228
After 2 years but within 3 years	**242**	235
After 3 years but within 4 years	**250**	242
After 4 years but within 5 years	**42**	250
After 5 years	**–**	42
	997	1,219

Investment properties of the Group were stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses. The carrying amounts of the investment properties were not materially different from their fair value as at 31 December 2023 and 2024.

9 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2023	334,818	252,775	21,877	27,507	416,013	1,052,990
Transfer from construction in progress	–	12,274	243	243	(12,760)	–
Other additions	3,465	14,300	4,124	96	13,176	35,161
Disposals	–	(5,894)	(1,855)	(829)	–	(8,578)
At 31 December 2023 and 1 January 2024	338,283	273,455	24,389	27,017	416,429	1,079,573
Transfer from construction in progress	55,320	29,050	137	371	(84,878)	–
Other additions	5,598	10,850	737	2,741	80,689	100,615
Disposals	–	(3,135)	(1,329)	(765)	–	(5,229)
At 31 December 2024	399,201	310,220	23,934	29,364	412,240	1,174,959
Accumulated depreciation:						
At 1 January 2023	(141,969)	(131,827)	(12,516)	(20,465)	–	(306,777)
Charge for the year	(12,740)	(22,822)	(4,440)	(1,325)	–	(41,327)
Written back on disposal	–	5,277	1,542	768	–	7,587
At 31 December 2023 and 1 January 2024	(154,709)	(149,372)	(15,414)	(21,022)	–	(340,517)
Charge for the year	(13,618)	(23,451)	(707)	(3,638)	–	(41,414)
Written back on disposal	–	2,679	1,174	700	–	4,553
At 31 December 2024	(168,327)	(170,144)	(14,947)	(23,960)	–	(377,378)
Net book value:						
At 31 December 2024	230,874	140,076	8,987	5,404	412,240	797,581
At 31 December 2023	183,574	124,083	8,975	5,995	416,429	739,056

10 RIGHT-OF-USE ASSETS

	Land use rights *RMB'000* *Note (i)*	Buildings *RMB'000* *Note (ii)*	Total *RMB'000*
Cost:			
At 1 January 2023	143,799	15,447	159,246
Additions	–	2,371	2,371
At 31 December 2023	143,799	17,818	161,617
Additions	–	10,571	10,571
At 31 December 2024	143,799	28,389	172,188
Accumulated depreciation:			
At 1 January 2023	(26,390)	(4,070)	(30,460)
Charge for the year	(3,134)	(3,371)	(6,505)
At 31 December 2023	(29,524)	(7,441)	(36,965)
Charge for the year	(3,133)	(4,131)	(7,264)
At 31 December 2024	(32,657)	(11,572)	(44,229)
Net book value:			
At 31 December 2024	111,142	16,817	127,959
At 31 December 2023	114,275	10,377	124,652

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

	2024 *RMB'000*	2023 *RMB'000*
Depreciation charge of right-of-use assets of underlying asset	**7,264**	6,505
Interest on lease liabilities *(note 4(a))*	**413**	698
Expense relating to short-term leases	**7,211**	4,624
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**45**	33

During the year, additions to right-of-use assets were RMB10,571,000 (2023: RMB2,371,000). This amount was related to the capitalised lease payments payable under new tenancy agreements.

(i) Land use rights

It represents prepayments for the land use rights which was identified as right-of-use assets under HKFRS 16 in Chinese Mainland paid to the Chinese Mainland authorities, on which the Group's manufacturing plants were built. The Group was granted land use rights for a period of 50 years initially and the remaining periods range from 25 to 43 years.

On 31 May 2019, the Group entered into a series of cooperative development agreements with Guangxi Huafa Real Estate Development Co., Ltd. ("**Guangxi Huafa**") and Yulin City Shunlang Real Estate Investment Co., Ltd. ("**Yulin Shunlang**") in relation to a development project of a plant site of Yulin Pharmaceutical. Pursuant to the cooperative development agreements, a parcel of land wholly owned by Yulin Pharmaceutical with the total site area of approximately 83,670 sq.m. ("**Parcel-1**"), shall be developed integrally together with other parcels of land planned to be acquired after Yulin Pharmaceutical has removed all plant and machinery located on the site. Parcel-1 is located at No.3, Jiangnan Road, Yulin City, Guangxi Province, the PRC.

As at 31 December 2024, the development project was still in the initial planning stage and Parcel-1 was still being occupied and wholly owned by Yulin Pharmaceutical for its own use for production, office and storage purposes.

(ii) Buildings

The Group has obtained the right to use certain buildings through tenancy agreements. The leases typically run for an initial period of 5 years. Lease payments are usually increased to reflect market rentals.

11 INTANGIBLE ASSETS

	Patents *RMB'000*	Trademark *RMB'000*	Total *RMB'000*
Cost:			
At 31 December 2023	254,283	256,233	510,516
Addition	642	–	642
At 31 December 2024	254,925	256,233	511,158
Accumulated amortisation:			
At 1 January 2023	(192,123)	–	(192,123)
Charge for the year	(29,764)	–	(29,764)
At 31 December 2023	(221,887)	–	(221,887)
Charge for the year	(14,822)	–	(14,822)
At 31 December 2024	(236,709)	–	(236,709)
Accumulated impairment losses:			
At 1 January 2023, 31 December 2023 and 31 December 2024	–	(5,489)	(5,489)
Net book value:			
At 31 December 2024	18,216	250,744	268,960
At 31 December 2023	32,396	250,744	283,140

The amortisation charge for the year is included in "cost of sales" in the consolidated statement of profit or loss.

Trademark acquired through business combination is assessed to have indefinite useful lives when, based on an analysis of all of the relevant factors including beneficial pattern, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The recoverable amount of the trademark that has indefinite useful life is estimated annually whether or not there is any indication of impairment. The amount is allocated to the Yulin CGU.

The recoverable amount of Yulin CGU was determined based on value-in-use calculations by the directors of the Company, with the reference to professional valuation reports issued by Jones Lang LaSalle Incorporated, independent firm of professionally qualified valuers. These calculations apply the cash flow projections based on financial budgets approved by management covering a five-year period. The average budgeted sales growth rate of the five-year period is 8.3% (2023: 11.2%). Cash flows beyond the aforementioned financial forecasts period are extrapolated using estimated sales growth rate of 2% (2023: 2.5%), which was estimated on the basis of the long-term inflation rate in Chinese Mainland. It is a commonly used valuation assumption that the long-term growth rate of a company will converge with the long-term growth rate of Chinese Mainland. The cash flows are discounted using a discount rate of 16.19% (2023: 16.87%). The discount rates used are pre-tax and reflect specific risks relating to the Yulin CGU.

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

No impairment loss was recognised during the year ended 31 December 2024 (2023: Nil).

Had the estimated key assumptions during the forecast period been changed as below, all changes taken in isolation, the recoverable amount of Yulin CGU would be approximately equal to its carrying amount:

Pre-tax discount rate increase to	18.95%
Average revenue growth rate decrease to	4.32%

12 FINANCIAL ASSETS MEASURED AT FVPL

	2024 ***RMB'000***	2023 *RMB'000*
Investments not held for trading		
– Unlisted equity investment	**19,141**	9,230

13 OTHER PREPAYMENTS

	2024 ***RMB'000***	2023 *RMB'000*
Prepayments for purchase of property, plant and equipment	**51,533**	41,358

14 INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**151,354**	214,126
Work in progress	**36,231**	54,104
Finished goods	**102,092**	98,857
	289,677	367,087

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold *(note 4(c))*	**733,040**	668,437
Write down of inventories	**–**	12,329
Reversal of write-down of inventories	**(3,185)**	–
	729,855	680,766

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain pharmaceutical products a result of a change in consumer preferences.

All of the inventories are expected to be recovered within one year.

15 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	2024	2023
	RMB'000	*RMB'000*
Trade receivables net of loss allowance (i)	**234,186**	195,068
Bills receivable (ii)	**63,387**	60,770
Interest receivables	**50,112**	26,633
Other debtors, net of loss allowance (iii)	**22,436**	27,495
	370,121	309,966

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

The Group accepts bank acceptance bills from major banks in Chinese Mainland for settlement of trade debts. The management considered that the risk of these bills relates substantially to credit risk. Accordingly, when these bills were transferred by endorsement, they were derecognised as a financial asset.

Ageing analysis

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

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**275,916**	187,970
3 to 12 months	**10,936**	25,796
Over 12 months	**10,721**	42,072
	297,573	255,838

(i) Trade debtors are generally due within 30 to 90 days from the date of billing.

(ii) Bills receivable are generally due within 90 to 180 days from the date of bills acceptance.

(iii) As at 31 December 2024, the Group's other receivables of RMB1,754,000 (31 December 2023: RMB3,253,000) were determined to be impaired in full.

(b) Prepayments

	2024	2023
	RMB'000	*RMB'000*
Prepayments for raw materials and others	**25,833**	17,823

16 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024	2023
	RMB'000	*RMB'000*
Cash at bank and on hand	**2,907,682**	2,748,262

As at 31 December 2024, cash and cash equivalents situated in Chinese Mainland amounted to RMB1,756,419,000 (31 December 2023: RMB1,953,944,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

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

	2024	2023
	RMB'000	*RMB'000*
Profit before taxation	**1,020,106**	863,703
Adjustments for:		
Depreciation and amortisation	**63,993**	78,089
Reversals of impairment loss on trade and other receivables	**(8,778)**	(12,596)
Interest income	**(88,301)**	(68,917)
Share of loss of an associate	**66**	–
Finance costs	**24,888**	21,264
Loss on disposal of property, plant and equipment	**348**	846
Foreign exchange losses	**17,878**	9,026
Fair value change of financial assets measured at FVPL	**89**	(230)
Changes in working capital:		
Decrease/(increase) in inventories	**77,410**	(89,691)
Increase in trade and other receivables	**(27,898)**	(1,707)
Increase in prepayments	**(8,010)**	(6,240)
Increase in trade and other payables	**116,924**	80,758
Decrease in deferred income	**(4,548)**	(460)
Cash generated from operations	**1,184,167**	873,845

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

	Bank loans *RMB'000* *(note 18)*	Lease liabilities *RMB'000* *(note 19)*	Total *RMB'000*
At 1 January 2023	450,521	9,655	460,176
Changes from financing cash flows:			
Proceeds from new bank loans	442,389	–	442,389
Repayments of bank loans	(379,420)	–	(379,420)
Capital element of lease rentals paid	–	(3,514)	(3,514)
Interest element of lease rentals paid	–	(1,094)	(1,094)
Other borrowing costs paid	(22,737)	–	(22,737)
Total changes from financing cash flows	40,232	(4,608)	35,624
Exchange adjustments	(7,901)	–	(7,901)
Other changes:			
Increase in lease liabilities from entering into new leases during the period *(note 10)*	–	2,371	2,371
Interest on bank loans *(note 4(a))*	20,565	–	20,565
Interest expenses on discounted bills *(note 4(a))*	1	–	1
Interest on lease liabilities *(note 4(a))*	–	698	698
Total other changes	20,566	3,069	23,635
At 31 December 2023	503,418	8,116	511,534
Changes from financing cash flows:			
Proceeds from new bank loans	497,552	–	497,552
Repayments of bank loans	(753,339)	–	(753,339)
Capital element of lease rentals paid	–	(4,858)	(4,858)
Interest element of lease rentals paid	–	(413)	(413)
Other borrowing costs paid	(24,475)	–	(24,475)
Total changes from financing cash flows	(280,262)	(5,271)	285,533
Exchange adjustments	5,709	–	5,709
Other changes:			
Increase in lease liabilities from entering into new leases during the period *(note 10)*	–	10,571	10,571
Interest on bank loans *(note 4(a))*	24,475	–	24,475
Interest on lease liabilities *(note 4(a))*	–	413	413
Total other changes	24,475	10,984	35,459
At 31 December 2024	253,340	13,829	267,169

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

	2024	2023
	RMB'000	*RMB'000*
Within operating cash flows	**7,256**	4,657
Within financing cash flows	**5,272**	4,608
	12,528	9,265

These amounts relate to the following:

	2024	2023
	RMB'000	*RMB'000*
Lease rentals paid	**12,528**	9,265

17 TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables (i)	**75,643**	83,098
Contract liabilities (ii)	**59,272**	16,008
Accrued expenses	**505,918**	438,558
Employee benefits payable	**230,198**	200,199
Payable for purchase of property, plant and equipment	**20,286**	17,856
Other payables	**46,019**	70,377
Project development deposits (iii)	**31,674**	31,674
Financial liabilities measured at amortised cost	**969,010**	857,770
Refund liabilities:		
– arising from sales rebates	**92,852**	84,659
Total	**1,061,862**	942,429

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(i) As of the end of the reporting period, the ageing analysis of trade payables (which are included in the trade and other payables), based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**6,762**	73,376
1 to 12 months	**68,562**	9,055
Over 12 months	**319**	667
	75,643	83,098

(ii) As of the end of the reporting period, the contract liabilities are as follows:

	2024	2023
	RMB'000	*RMB'000*
Sales contracts		
– Billings in advance of performance	**59,272**	16,008

Movements in contract liabilities:

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**16,008**	37,714
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(16,008)**	(37,714)
Increase in contract liabilities as a result of receiving advances from customers during the year	**59,272**	16,008
Balance at 31 December	**59,272**	16,008

All of the contract liabilities are expected to be recognised as income within one year.

(iii) As of 31 December 2024, project development deposits represented deposits received by the Group from Guangxi Huafa and Yulin Shunlang pursuant to a series of cooperative development agreements (see note 10(i)).

18 BANK LOANS

(a) The analysis of the repayment schedule of bank loans is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year or on demand	**253,340**	503,418

(b) Assets pledged as security and covenants for bank loans

At 31 December 2024, the bank loans were secured as follows:

	2024	2023
	RMB'000	*RMB'000*
Bank loans		
– secured	**–**	30,000
– unsecured	**253,340**	473,418
	253,340	503,418

At 31 December 2024, the Group's banking facilities amounted to RMB1,420,420,000 (2023: RMB1,378,030,000) were utilised to the extent of RMB253,340,000 (2023: RMB503,418,000).

As at 31 December 2024, banking facilities of the Group amounted to RMB631,520,000 (31 December 2023: RMB674,596,000) are subject to the fulfilment of covenants relating to certain of the Group's or the subsidiaries' financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down loans would become payable on demand. The Group did not identify any difficulties complying with the covenants. As at 31 December 2024, none of the covenants relating to drawn down facilities with outstanding bank loans had been breached (31 December 2023: Nil).

19 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were repayable as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year or on demand	**6,423**	4,218
After 1 year but within 2 years	**4,195**	3,680
After 2 years but within 5 years	**3,211**	218
	7,406	3,898
	13,829	8,116

20 DEFERRED INCOME

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**20,730**	21,190
Additions	**–**	1,800
Credited to profit or loss *(note 3)*	**(4,548)**	(2,260)
At 31 December	**16,182**	20,730
Representing:		
Current portion	**1,546**	1,551
Non-current portion	**14,636**	19,179
	16,182	20,730

Deferred income of the Group mainly includes various conditional government grants for research and development projects of new or existing pharmaceutical products and subsidies relating to purchase of land use rights, which would be recognised as income on a systematic basis in the same periods in which the related costs of relevant activities are incurred or on straight-line basis over the expected useful life of the relevant assets.

21 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 7.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Consun Pharmaceutical Group Limited, I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2024.

I. Industrial and Business Review

In 2024, amidst a complex internal and external environment, the pharmaceutical industry demonstrated resilience by achieving a steady growth overall. Feeble global economic recovery, escalated geopolitical risks and persistent inflationary pressures posed challenges to the international footprint and supply chain management of pharmaceutical enterprises. At the same time, the accelerated aging of the domestic population, the rising incidence of chronic diseases and the upgrade of health consumption provided long-term growth momentum for the pharmaceutical industry. At the policy level, the State continued to put stepped-up efforts in pharmaceutical innovation and industrial upgrade, and introduced a series of policies to support the research and development ("R&D") of new drugs and optimize the review and approval process, which promoted the development of the industry in the direction of high quality. The medical insurance cost control policy was further deepened, and the scope of quantity procurement was expanded, forcing enterprises to accelerate innovation and transformation and improve their core competitiveness.

Nonetheless, competition in the industry was also increasingly intense. On the one hand, traditional pharmaceutical enterprises have accelerated the transition into the segments of innovative drugs and biopharmaceuticals. On the other hand, emerging biotechnology companies have risen rapidly by virtue of their technological advantages, and the competitive landscape of the market has become more diversified, which has further intensified the competition in the industry. Under the dual drive of policy and market, pharmaceutical enterprises have increased investments in R&D one after another, focusing on cutting-edge areas and promoting the accelerated application of the results of innovation.

Overall, the pharmaceutical industry maintained a steady growth trend in 2024, driven by policy support, market demand and technological innovation. In the future, the pharmaceutical industry will usher in a more high-quality development phase as industry concentration increases and innovation capacity is enhanced.

In 2024, led by its definite strategy, the Group focused on key areas such as nephropathy, imaging and gynaecology and paediatrics to further consolidate its leading market position and steadily increase the market share of its core products. Meanwhile, through optimizing supply chain management and refining its operations, the Company was able to respond effectively to the challenges of the externality, and created certainties for Consun Pharmaceutical by focusing on the three major operation policies of "Stabilizing Growth, Strengthening Compliance and Training Internally", and sustained the ongoing steady development trend. In 2024, the Group recorded sales revenue of approximately RMB2.97 billion, representing an increase of approximately 14.6% over last year, and its profit attributable to equity shareholders of the Company was approximately RMB0.91 billion, representing an increase of approximately 16.1% over last year.

1. In terms of business segments, sales revenue of Consun Pharmaceutical Segment amounted to approximately RMB2.53 billion in 2024, representing a year-on-year increase of approximately 15.3%, among which:

   1) The Nephrology Department has been deeply engaged in academic promotion, with the Uremic Clearance Granules (尿毒清顆粒) and the Kidney Repair and Edema Alleviation Granules (益腎化濕顆粒) being recommended by several guidelines under their consensus. The sales revenue of kidney medicines amounted to approximately RMB1.99 billion in 2024, representing a year-on-year increase of approximately 14.5%. The Uremic Clearance Granules (尿毒清顆粒), the flagship product of the Group, continued to maintain a steady growth and achieved sales revenue of approximately RMB1.88 billion, representing a year-on-year increase of approximately 13.9%, securing the leading position in the category of modern Chinese medicines for nephropathy. The Nephrology Department summed up the actual experience of centralized procurement gathered during 2023, and responded calmly to the general trend in 2024 of enhancing the quality and expanding the coverage of centralized procurement of medicines, implemented the "price for quantity" approach following the prevailing trend, thus achieving a double breakthrough of consolidating the inventory while enhancing the incremental volume. In response to the national requirement of "promoting the development of close-knit medical-associations engagement", it integrated the organizational structure, strengthened the synergy effect to foster the joint efforts in academic promotion. The Uremic Clearance Granules and the Kidney Repair and Edema Alleviation Granules have been presented on international academic conferences for many occasions, and recommended by the "Guidelines for Integrating Traditional Chinese and Western Medicine in the Diagnosis and Treatment of Diabetic Kidney Diseases (2024)", the "Guidelines for Integrating Traditional Chinese and Western Medicine in the Diagnosis and Treatment of Chronic Renal Failure", and the "Guidelines for Integrating Traditional Chinese and Western Medicine in the Diagnosis and Treatment of IgA Kidney Disease".

   2) The Imaging Department innovated its marketing initiatives to continuously build the influence of the imaging brand of Consun. Sales revenue of medical contrast medium was approximately RMB0.17 billion in 2024, representing a year-on-year increase of approximately 9.0%. Oriented with the "one gadolinium, three iodine" product layout of the imaging product pipeline, the Imaging Department focused on the core academic demands of customers, and continued to enhance the overall professional capacity of the Department by cooperating with a number of industry media such as Diagnostic Imaging and Interventional Radiology (《影像診斷與介入放射學》) and Magnetic Resonance Magazine (《磁共振雜誌》). In addition, it actively organized thematic marketing events such as the "Consun Caring Contrast" and "Consun Imaging" to strengthen the Group's academic brand influence of imaging products in multi-dimensions. In 2024, the launch of two new CT contrast agents, namely Kangbixian® Iodixanol Injection (康必顯®碘克沙醇注射液) and Kangyuxian® Iopromide Injection (康優顯®碘普羅胺注射液), better improved the product layout of the Group's medical contrast medium category and added strong momentum for the next stage of development of the Imaging Department.

3) The Gynaecology and Paediatrics Department seized the opportunities arising from the government policies and continued to achieve rapid growth. The sales revenue of gynaecology and paediatrics medicines reached RMB0.36 billion in 2024, representing a record high growth of approximately 23.3% year-on-year. During 2024, with the lifting of the reimbursement restrictions on the indications relating to Iron-dextrin Oral Solution by the National Healthcare Security Administration (the "NHSA"), the product coverage was expanded to a wider group of iron deficiency anemia patients, particularly among the adult patients, where its clinical accessibility was significantly enhanced. In response to the timely policy dividend, the Group established an independent Department of Gynaecology and Paediatrics to optimize its organizational efficiency and strengthen academic cooperation with classified hospitals, thereby effectively triggering end-users' demand. For the year under review, the sales of Yuanlikang® Iron-dextrin Oral Solution exceeded RMB300 million for the first time, ranking the top second product in terms of the sales revenue of the Group.

2. The Yulin Pharmaceutical Segment recorded sales revenue of approximately RMB0.44 billion for the year 2024, representing a year-on-year increase of approximately 12.1% as compared with last year. It has achieved a profit for four consecutive years. In order to further realize the sound development of the Group's retail business and to upgrade Yulin Pharmaceutical's "China's Time-honored brand", the Group introduced leading talents in the OTC industry and carried out a comprehensive optimization and upgrade of the Group's retail business by means of measures such as adjusting the business structure, integrating pipeline layout, optimizing sales policies, innovating marketing strategies and improving the organizational structure. Commencing from November 2024, Yulin Pharmaceutical once again advertised on mainstream channels such as CCTV1 and CCTV4 after some years, and promoted its brand on new media such as TikTok, Kuaishou and Xiaohongshu, as well as placing outdoor advertisements in some regions and sponsoring national marathon games and others, thus comprehensively paving the way of rebuilding the brand of Yulin Pharmaceutical. During 2024, its Zheng Gu Shui (正骨水) and Shiduqing Capsule (濕毒清膠囊) continued to be selected as the "2023-2024 China's Listed Brands of Household Generic Drugs". Currently, the business of Yulin Pharmaceutical is generally improving, with stable and growing performance. Yulin Pharmaceutical will set off its further benign and sound journey of sustainable development.

II. Results of R&D and Innovation and Progress of Post-launch Medical Research

The Group's R&D work adheres to the policy of equal importance on independent R&D and external cooperative R&D. It accelerated the progress of R&D of drugs under development. In 2024, the Group achieved significant results in a number of R&D and cooperation projects, and made progress in various post-launch medical research projects in 2024:

1. Significant progress in independent R&D

During 2024, the Group completed the following projects: 1) the consistency evaluation of the four specifications of Gadopentetate Glucosamine injection was approved; 2) Iodixanol injection was approved for marketing; 3) the application for the market launch of Octafluoropropane lipid microsphere has been submitted; 4) the production verification of Gadoteric Acid Glucosamine injection was completed and ready to be declared for market launch; 5) the filing procedure of Lanthanum Carbonate as raw material drugs was completed; and 6) Based on the scientific research of scientific and technological projects and independent projects, the Group published 4 SCI papers with Consun as the first subject, among which the published SCI papers related to Uremic Clearance Granules and Kidney Repair and Edema Alleviation Granules have added high-level academic evidence for the safety of clinical application of kidney-related products.

2. Deepening integration of production and research

1) SK-08 tablets, a class I innovative drug in nephrology jointly developed with WuXi AppTec, obtained the notification of approval for drug clinical trial, and entered the phase I clinical stage several months ahead of the common cases; in terms of another class I innovative drug in nephrology, SK-09 tablets, the application for clinical research of new drugs has been submitted; 2) Roxadustat capsule (20mg, 50mg) and iopromide injection have been approved for marketing; 3) the applications for the market launch of empagliflozin tablets and Lanthanum Carbonate chewable tablets have been submitted; 4) the production verification of Gd-EOB-DTPA (釓塞酸二鈉) injection was completed and ready to be declared for market launch; 5) the Group entered into a patent and technology transfer agreement with China-Japan Friendship Hospital on "Astragalus Spike Granules 芪箭顆粒 (formula for diabetic kidney disease)", and successfully set up a project to carry out new-drug research; 6) the group entered into a cooperation agreement with Zhongda Hospital of Southeast University to jointly set up the "Conson – Dongda Innovation Research Center of Nephrology" to strengthen the scientific research, new drug R&D, and commercialization of R&D results in the field of kidney diseases.

3. Post-launch Medical Research Achievements

1) In March, the Group entered into a strategic cooperation framework agreement with the World Federation of Chinese Medicine Societies (WFCMS) for win-win development; 2) In October, the medical team of Consun Pharmaceutical was invited to attend the 21st World Congress of Chinese Medicine in France to present an academic report. During the conference, a signing and project announcement ceremony was held with WFCMS for the Special Project on Global Chinese Medicine Science and Technology; 3) The research results of Canton Love-pes Vine Herb Capsules (雞骨草膠囊), which were developed in cooperation with Beijing Dongzhimen Hospital (Institute of Liver Diseases, Beijing University of Chinese Medicine), were presented at the 92nd European Atherosclerosis Society, the 59th Annual Meeting of the European Association for the Study of the Liver, and the 75th Annual Meeting of the American Association for the Study of Liver Diseases, showcasing the unique charms of Chinese medicines to the world.

III. Enhancing the Development of Production and Quality System, and Steadily Promoting Technological Reform and Innovation and Production and Supply Capacity

The Group continued to improve and deepen the development of a full life-cycle quality control system, and launched quality control measures such as audit and evaluation, risk control and quality improvement to ensure the efficient operation of the quality control system. During 2024, the Group's various production bases underwent a cumulative total of 18 external monitoring and inspections and internal audit and inspections, all of which were successfully passed, and the sampling evaluations of 79 batches of national pharmaceutical products were in compliance with the regulations.

In terms of the development of quality culture: each production base launched the "Competition of Knowledge on Quality Month Regulations", "Quality Story Video Competition", "Blind Sample Inspection, Pharmaceutical Authentication Activity", a series of activities such as quality-themed essays. Besides, we organized training on the interpretation of law and regulations on pharmaceutical administration and professional knowledge learning. Through the series of events, we improved the quality awareness and quality skills of our employees, thereby creating a good atmosphere of quality culture.

In terms of technological reform and innovation: During 2024, the Company continued to increase investment in technological reform based on the strategic direction to further promote the level of automation and intelligence of the production system. All bases will gradually enhance the innovative capability of production and quality control through measures including the introduction of new equipment and new technologies, improvement of production process and refinement of control.

The construction of phase II of the production base in Xinjiang is progressing in an orderly manner and is expected to commence production in the second quarter of 2025, which will provide a strong support for enhancing the production capacity of the Group's main products.

IV. Continuous Enhancement of Brand Influence with Accolades-filled Development of Consun Pharmaceutical

The Group was ranked 22nd in the "List of the Top 100 Chinese Medicine Enterprises in China" for the second consecutive year, and included in the "Top 50 Overall Competitive Enterprises in the Chinese Medicine Industry". It was honored with the "2024 CSR Modelling Award" and the "ESG Modelling Enterprise Award". Consun Pharmaceutical and Yulin Pharmaceutical were rated as the "Excellent Brand Enterprise of Chinese National Medicine". Yulin Pharmaceutical was honored as the "Specialized, Meticulous, Special, New Small and Medium-sized Enterprise of Guangxi Zhuang Autonomous Region" and "Champion of Single-item in the Manufacturing Industry of Guangxi Zhuang Autonomous Region", and included in the list of "Top 40 China's Time-honored Brands in Chinese Medicine Industry". Wang Yanhong, the director of Renhou Extraction Workshop in Yulin Pharmaceutical, was honored as the "Model Worker of Guangxi Zhuang Autonomous Region". The Inner Mongolia base was honored with the "9 consecutive A's" in terms of the creditability in annual taxation by the Tax Bureau of Inner Mongolia Autonomous Region, and the title of "Star of Glory" Advanced Group of Tongliao City; Li Baolin, Assistant to the Head of the Engineering Department of the Inner Mongolia base, was awarded the "May 1st Labor Medal of Tongliao City" in 2024. The brand influence of Consun and Yulin continued to expand accordingly.

V. Return to Shareholders

The Company has always maintained robust business operations, and its return on net assets ranked among the top in the pharmaceutical industry. Based on the Company's long-standing high dividend payout policy, particularly driven by the special dividend of HKD0.3 per share paid in March 2024, the Company has continued to receive high attention from capital market investors. A number of brokerage firms recommended the Company on their issued research reports, attracting many domestic and overseas investors to undertake research on the Company on-site or inviting the Company to run special roadshows. As such, a net inflow of capital was resulted from the market. In addition, the proportion of the Company's shares was increased in the holdings of the funds tracking the MSCI index. The Company's share price climbed favorably.

In order to recognize the full support of all shareholders, the Board of the Company proposed to pay a final dividend of HKD0.3 per share for the year ended 31 December 2024, which together with the interim dividend of HKD0.3 per share already paid, will result in a total dividend (excluding special dividend) of HKD0.6, representing approximately 51.1% of profit for the year attributable to equity shareholders of the Company.

VI. Outlook

Looking ahead, in the face of a complex and volatile market conditions and increasingly fierce competition, the Group will respond to the challenges and seize the opportunities by making strategic plans for the future with a forward-looking perspective and at a steadfast pace. The future planning of Consun will be oriented with the goal of building a "Valued Consun, Innovated Consun, Digital Consun, Humanist Consun, and Shared Consun" in five dimensions. The Group will develop its core competitiveness through the three pillars of "Product First, Scientific Marketing, and Organizational Reform", so as to achieve the Group's high-quality development in a way "from distinction to excellence". In 2025, to ensure the implementation of various strategic initiatives, the Group has designated the annual operating policy of "Winning tough battles, deepening compliance and enhancing services".

Winning the "tough and yet must-win battles" is an important key to strategy execution. In 2025, the Group will continue to focus on its core businesses, optimize resource allocation and enhance operational efficiency to ensure breakthroughs in key areas and segments. The Group will strive to secure a favorable position in the fiercely competitive market by way of precise market analysis and flexible strategic adjustments. Meanwhile, the Group will further increase its investment in R&D and promote technological innovation to ensure the market leadership of its products and services and provide solid technological support for winning tough battles.

Deepening compliance is the cornerstone of the robust development of the Group. In 2025, the Group will further improve its compliance management system to ensure compliance with laws, regulations and industry standards by every business activity. Through regular compliance training and stringent internal audit, we will enhance the compliance awareness of all employees to ensure the transparency and standardization of our operations. We believe that only in a compliant environment can an enterprise fulfill the genuinely sustainable development.

Enhancing services is the key to winning the trust of our customers. In 2025, we will further enhance the quality of services and optimize the customer experience. We will enhance the efficiency of our services through digital means to ensure that customer needs can be timely responded to. At the same time, we will strengthen communication and interaction with customers, gain an in-depth understanding of their needs, and provide personalised solutions to win their long-term trust and support, so as to remain invincible in the fierce market competition.

Looking into 2025, in this highly involutional era, we are enlightened by the old proverbs: among a hundred boats competing for the favouring tidal flows, only the most dedicated paddler works best. Despite the concerns of only to retreat if not forging ahead, sustaining self-confidence of braving the waves is the essence. Crisis is an opportunity for reform, and challenge the cornerstone of success. The strategic blueprint is already in place. The only way to have dreams come true is nothing but steadfast action. According to Stephen Kotler, the renowned scientist, we need to insist on doing what is difficult and right, not what should be; perhaps the beginning would be difficult and the process would be even harder, however, time itself will give us the answer if only we persist. As all the peers of Consun fully aware, the way ahead is full of challenges. Nonetheless, we strongly believe that as long as our knowledge is followed with actions, and by staying committed in the execution with long-term pragmaticism and single-minded focus, we will be able to unfold Consun's strategic blueprint to be fulfilled. We will accordingly realize a sustainable, healthy and high-quality development of the Company so as to foster the glory and create dreams for Consun Pharmaceutical!

An Meng
Chairman

Hong Kong, 26 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year of 2024, the Group's revenue was RMB2,967,235,000, representing an increase of approximately 14.6% as compared with RMB2,590,115,000 for 2023.

Categorized by product lines, sales of kidney medicines recorded an increase of approximately 14.6% as compared with the same period last year, among which, Uremic Clearance Granules ("**UCG**") remained the Group's key product and maintained its leading position in the market; the gynaecology and paediatrics medicines delivered solid sales performance with a growth of approximately 23.1% as compared with the same period last year and has become the second largest segment of the Group in terms of revenue contribution; sales of medical contrast medium recorded an increase of approximately 9.0% as compared with the same period last year; sales of orthopedics medicines recorded an increase of approximately 64.9% as compared with the same period last year; sales of dermatologic medicines recorded a decrease of approximately 9.5% as compared with the same period last year; sales of hepatobiliary medicines recorded a decrease of approximately 40.0% as compared with the same period last year; and sales of others recorded a decrease of approximately 39.2% as compared with the same period last year. The increase in overall sales revenue was mainly due to the Group's constant commitment to expanding product markets and developing sales network across China.

Gross Profit and Gross Profit Margin

For the year of 2024, the Group's gross profit was RMB2,242,102,000, representing an increase of approximately 16.7% as compared with RMB1,921,678,000 for 2023. The increase in gross profit was mainly attributable to the increase in sales. For the year of 2024, the Group's average gross profit margin was approximately 75.6%, representing an increase of 1.4 percentage points as compared with 74.2% for last year, which was mainly attributable to the higher selling prices of certain products and the change of product sales structure.

Other Income

For the year of 2024, the Group's other income was RMB87,629,000 which mainly included government grants, interest income and exchange loss. Compared with RMB118,498,000 for 2023, other income decreased by approximately 26.1%, which was mainly due to the decline in government support fund.

Distribution Costs

For the year of 2024, the Group's distribution costs were RMB981,576,000, representing an increase of approximately 15.2% as compared with RMB852,206,000 for 2023, which was mainly due to the expansion of OTC brand building and the growth in marketing expenses in line with the increase in sales.

Administrative Expenses

For the year of 2024, the Group's administrative expenses remained relatively stable at RMB311,873,000 as compared with RMB315,599,000 for 2023.

Reversals of Impairment Loss on Trade and Other Receivables

For the year of 2024, the Group's reversals of impairment loss on trade and other receivables were RMB8,778,000 as compared to RMB12,596,000 for 2023. Such change was mainly due to enhanced management on trade debtors and the decrease in the gross carrying amount of trade receivables past due.

Finance Costs

For the year of 2024, finance costs were RMB24,888,000, representing an increase of approximately 17.0% as compared with RMB21,264,000 for 2023, which was mainly due to the increase in interest rate of bank loans.

Income Tax

For the year of 2024, the Group's income tax expenses were RMB102,732,000, representing an increase of approximately 33.2% as compared with RMB77,149,000 for 2023. The effective tax rate (income tax expenses divided by profit before taxation) increased by approximately 1.1 percentage point from 8.9% for 2023 to 10.1% for 2024.

Annual Profit Attributable to Equity Shareholders of the Company and Earnings Per Share

For the year of 2024, the Group's annual profit attributable to equity shareholders of the Company was RMB910,458,000, representing an increase of approximately 16.1% as compared with RMB784,534,000 for 2023. The basic earnings per share increased by approximately 12.1% from RMB0.99 for 2023 to RMB1.11 for 2024. The diluted earnings per share increased by approximately 11.2% from RMB0.98 for 2023 to RMB1.09 for 2024.

LIQUIDITY AND FINANCIAL RESOURCES

Inventories

As at 31 December 2024, the balance of inventories was RMB289,677,000, representing a decrease of approximately 21.1% as compared with the balance of RMB367,087,000 as at 31 December 2023. Inventory turnover days for 2024 were 165.3 days, decreased by 10.3 days from 175.6 days for 2023, which was mainly due to enhanced management on inventory.

Trade Debtors and Bills Receivable

As at 31 December 2024, the balance of trade debtors and bills receivable was RMB297,573,000, representing an increase of approximately 16.3% as compared with the balance of RMB255,838,000 as at 31 December 2023. Trade receivables turnover days for 2024 were 34.0 days, decreased by 2.3 days from 36.3 days for 2023, which was mainly due to enhanced management on trade debtors.

Trade Payables

As at 31 December 2024, the balance of trade payables was RMB75,643,000, representing a decrease of approximately 9.0% as compared with the balance of RMB83,098,000 as at 31 December 2023. Trade payables turnover days for 2024 were 40.0 days, which remained relatively stable as compared with 39.0 days for 2023.

Cash Flows

For the year of 2024, the Group's net cash generated from operating activities was RMB1,086,987,000, representing an increase of approximately 32.7% as compared with RMB818,973,000 for 2023. For the year of 2024, the Group's net cash used in investing activities was RMB186,910,000, representing a decrease of approximately 19.4% as compared with the net cash used in investing activities of RMB231,772,000 for 2023. For the year of 2024, the Group's net cash used in financing activities was RMB729,258,000, representing an increase of approximately 160.4% as compared with the net cash used in financing activities of RMB280,100,000 for 2023. The change was mainly due to the decrease in net bank loans during the year.

Cash and Bank Balances and Borrowings

As at 31 December 2024, the Group's cash and bank balances (including bank time deposits of over 3 months) were RMB3,865,682,000, representing an increase of approximately 7.9% as compared with RMB3,583,204,000 as at 31 December 2023. As at 31 December 2024, the Group's banking facilities amounted to RMB1,420,420,000 (31 December 2023: RMB1,378,030,000), which were utilised to the extent of RMB253,340,000 (31 December 2023: RMB503,418,000).

As at 31 December 2024, the Group's loans and borrowings were RMB253,340,000 (mainly denominated in RMB and HKD, repayable within 1 year or on demand, of which RMB170,000,000 were domestic discounted borrowings with interest rate ranging from 0.02% to 0.17%, and HKD90,000,000 were overseas variable-rate borrowings in HKD), representing a decrease of approximately 49.7% as compared with RMB503,418,000 as at 31 December 2023 (mainly denominated in RMB and HKD, repayable within 1 year or on demand, of which RMB150,000,000 were domestic discounted borrowings with interest rate ranging from 0.27% to 1.90%. Such borrowings bear interests at the rate ranging from 3.15% to 3.40% before discount, and HKD390,000,000 were overseas variable-rate borrowings in HKD).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year of 2024. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Cash and cash equivalents of the Group are mainly denominated in RMB and HKD.

GEARING RATIO

The gearing ratio of the Group, representing the total interest bearing borrowings divided by total equity attributable to equity shareholders of the Company as at 31 December 2024 was 6.2% (31 December 2023: 13.9%). The gearing ratio decreased by 7.7 percentage points, which was mainly due to the decrease in net bank loans during the year and the increase in total equity attributable to equity shareholders as a result of the increase in operating profit during the year of 2024.

EXCHANGE RATE RISKS

The Group's transactions are mainly denominated in RMB and HKD. The majority of assets and liabilities are also denominated in RMB and HKD, and there are no significant assets and liabilities denominated in other currencies. The Group faces exchange rate risk due to fluctuation of exchange rates. During the year of 2024, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CAPITAL STRUCTURE

During the year ended 31 December 2024, the Company issued a total of 38,391,273 ordinary shares pursuant to employees' exercise of share options granted under the share option scheme adopted by the Company on 2 December 2013 and expired on 1 December 2023 (the "**2013 Share Option Scheme**") (2023: 4,044,154 ordinary shares).

Save as disclosed above, there was no change in the capital structure of the Company during the year ended 31 December 2024. As at 31 December 2024, the Company's issued share capital comprised 849,408,133 ordinary shares of HKD0.1 each and amounted to HKD84,940,813.3.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had capital commitments of approximately RMB493,985,000 (31 December 2023: RMB532,903,000).

INFORMATION ON EMPLOYEES

As at 31 December 2024, the Group hired a total of 3,164 employees (31 December 2023: 3,127 employees). The total staff costs (including the directors' remuneration) for the year ended 31 December 2024 was RMB593,172,000 (2023: RMB483,508,000). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices.

On top of basic salaries, bonus is payable by reference to the Group's performance as well as individual's performance. Other staff benefits include contributions to Mandatory Provident Fund in Hong Kong and various retirement benefits schemes and other relevant insurance, including pension funds, medical insurance and unemployment insurance for employees who are employed by our Group pursuant to the PRC rules and regulations and the prevailing regulatory requirements of the PRC. Save as disclosed above, the Group has not set up or participated in any other pension scheme(s). The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The share award scheme adopted by the Group on 21 July 2014 had expired on 20 July 2024. The Group operates a share option scheme adopted by the Company on 31 May 2024, whereby awards of share option may be granted to the Directors and employees of the Group.

The Group made considerable efforts in continuing education and training programs for its staff, to continuously enhance their knowledge, skills and team spirit. The Group regularly provided internal and external training courses for relevant staff according to their needs.

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, during the year ended 31 December 2024, the Group did not hold any significant investment in equity interest in any other company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed above and elsewhere in this announcement, as at the date of this announcement, the Group did not have other future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any pledge of assets (31 December 2023: RMB1,897,000).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

CONNECTED TRANSACTION

During the year ended 31 December 2024, the Group did not enter into any transactions which constitute non-exempt connected transactions within the meaning of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

PRINCIPAL RISKS AND UNCERTAINTIES

Management continues to manage the Group's key risk exposures, including operational risks (e.g. ensuring high quality of medicine products, safety in the production process and efficiency in the distribution processes), financial risks (e.g. through budget control and cash flow management) and compliance risks (ensuring the relevant rules and regulations are complied with) on a daily basis. Management also pays close attention to the recent developments of national policies in respect of the pharmaceutical industry, which is a key uncertainty facing the Group, and formulates and adjusts the relevant policies of the Group accordingly on a timely basis.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to achieving environmental sustainability and incorporating it in the Group's daily operations. Other than complying with all relevant environmental rules and regulations, management always encourage water, energy and materials saving and recycling practice which are considered in the performance appraisal process.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2024, there was no incidence of significant non-compliance of laws and regulations that is relevant to the Group's operations.

OTHER INFORMATION

Corporate Governance

The Group's business philosophy is "Based on principal, founded on morality, achieving benefits while prioritizing righteousness", among which, the value of "achieving benefits while prioritizing rightness" is a very important component. We insist and emphasize on the priority of righteousness in our operations, and gain benefits from our righteous and ethical actions, while never take any benefits from unrighteous actions. Righteousness and benefits are inseparable. Neither can organizations nor individuals would survive and develop without economic benefits, but when conflicts happen between righteousness and benefits, we always prioritize righteousness and achieve a win-win situation that we can pursue righteousness and economic benefits at the same time.

Adapting and adhering to recognised standards of corporate governance principles and practices is also the top priorities of the Company. The Board believes that good corporate governance could lead the Company to success and balance the interests of shareholders, customers and employees, and the Board is therefore devoted to ongoing reviews and enhancements of the efficiency and effectiveness of compliance with such principles and practices.

Save as disclosed below, the Company has adopted and complied with the code provisions (the "**Code Provision(s)**") as set out in part 2 of Appendix C1, Corporate Governance Code, to the Listing Rules on the Stock Exchange during the year ended 31 December 2024:

(i) Mr. Su Yuanfu has resigned from the position of an independent non-executive Director and ceased to be the chairman of the nomination committee of the Company, a member of each of the audit committee and the remuneration committee of the Company with effect from 25 March 2024 and the number of independent non-executive Directors has fallen below the minimum requirement of three under Rule 3.10(1) of the Listing Rules since then. Following the appointment of Professor Li Yikai as an independent non-executive Director with effect from 21 June 2024, the Board comprises at least three independent non-executive Directors and the requirement under Rule 3.10(1) of the Listing Rules was met; and

(ii) under the Code Provision C.2.1, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. Mr. An Meng concurrently serve as the chairman and the chief executive officer since the resignation of Ms. Li Qian on 17 January 2024. The Board believes that Mr. An Meng, being the chairman of the Board, is familiar with the Company's business operation and has excellent knowledge and experience of the Company's business which will be conducive to improving the efficiency of the Company's overall strategic planning. The Board also believes that such management structure layout will be more beneficial to the future development of the Company and will improve the Company's operating conditions. Under the supervision of the Board (comprising two executive Directors, one non-executive Director and three independent non-executive Directors), the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Model Code for Securities Transactions by the Directors

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. The Company confirms that, having made specific enquiry of all Directors, all the Directors have complied with the required standards of dealing as set out in the Model Code during the year ended 31 December 2024.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with paragraphs D.3.3 and D.3.7 of the Code Provisions. Its terms of reference are available on the websites of the Company and the Stock Exchange.

The responsibilities of the Audit Committee include but not limited to: (1) making recommendations to the Board on the appointment, re-appointment and removal of external auditor; (2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (3) to monitor integrity of the Company's financial statements and interim and annual reports, and to review significant financial reporting judgements contained in them; and (4) to monitor the Company's financial reporting system, risk management and internal control systems.

As at the date of this announcement, the Audit Committee consists of three members and all of them are independent non-executive Directors, namely Mr. Li Zhuoguang, Mr. Feng Zhongshi and Professor Li Yikai. Mr. Li Zhuoguang is the chairman of the Audit Committee with appropriate professional qualifications, accounting and related financial management expertise as required by Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's current external auditor.

The Audit Committee has reviewed the Group's financial controls, risk management and internal control systems and discussed with management to ensure that management has performed its duty to have effective systems and has provided sufficient resources to financial reporting function and internal audit function. The Audit Committee has met with the Company's external auditor to ensure the effectiveness of the audit process, and has reviewed this annual results announcement, including the Company's financial information contained therein.

Scope of work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as disclosed in this announcement have been compared by the Company's external auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

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

During the year ended 31 December 2024, the Company issued a total of 38,391,273 ordinary shares pursuant to employees' exercise of share options granted under the 2013 Share Option Scheme at consideration ranging from HKD3.28 to HKD4.476 per share (aggregate consideration approximately: HKD157,091,673). The weighted average closing price of the Company's shares immediately before the dates on which such share options were exercised is approximately HKD6.66.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeem any of the Company's listed securities during the year ended 31 December 2024.

Non-adjusting Events After the Reporting Period

After the end of the reporting period, the Directors proposed to declare a final dividend of HKD0.3 per share for the year ended 31 December 2024. Further details are disclosed in note 7 of this announcement.

After the end of the reporting period and up to the date of this announcement, the Company issued a total of 105,000 ordinary shares pursuant to employees' exercise of share options at consideration of HKD3.28 to HKD4.476 per share (aggregate consideration approximately: HKD350,380). The weighted average closing price of the Company's shares immediately before the dates on which such share options were exercised is approximately HKD7.45.

Save as disclosed above and in other parts of this announcement, as at the date of this announcement, the Group has no significant events after the reporting period required to be disclosed.

Annual General Meeting

The annual general meeting will be held on Thursday, 22 May 2025. Shareholders should refer to details regarding the annual general meeting in the circular of the Company to be issued in due course and the notice of the annual general meeting and form of proxy accompanying thereto.

Dividends

The Board proposed to declare a final dividend of HKD0.3 per share for the year ended 31 December 2024. The proposed final dividend is subject to approval by the shareholders of the Company at the annual general meeting to be held on Thursday, 22 May 2025 and, if approved, is expected to be paid on or about Friday, 20 June 2025 to shareholders whose names appear on the register of members of the Company on Wednesday, 11 June 2025. The final dividend is declared and will be paid in HKD.

Closure of the Register of Members

To determine the eligibility of the shareholders of the Company to attend the annual general meeting to be held on Thursday, 22 May 2025, the Company's register of members will be closed from Monday, 19 May 2025 to Thursday, 22 May 2025 (both days inclusive), during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 May 2025.

In addition, in order to qualify for the entitlements to the final dividend, all completed transfers documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 pm on Wednesday, 11 June 2025.

Publication of information on the Stock Exchange's website

This announcement is published on the websites of the Company (www.chinaconsun.com) and the Stock Exchange (www.hkexnews.hk), and the annual report of the Company for the year ended 31 December 2024 will be despatched to shareholders of the Company and published on the above websites in due course.

By order of the Board
Consun Pharmaceutical Group Limited
AN Meng
Chairman

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises Mr. An Meng and Professor Zhu Quan as executive Directors; Dr. Zhang Lihua as non-executive Director; Mr. Feng Zhongshi, Professor Li Yikai and Mr. Li Zhuoguang as independent non-executive Directors.