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百信集團
PASHUN GROUP

Pa Shun International Holdings Limited
百信國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 574)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024
AND
RESUMPTION OF TRADING**

The board (the “**Board**”) of directors (the “**Directors**”) of Pa Shun International Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) announces that the audited annual consolidated results of the Group for the year ended 31 December 2024 together with the comparative figures for 2023 as follows:

ANNUAL RESULTS HIGHLIGHTS

- Revenue amounted to approximately RMB86,554,000 (2023: approximately RMB129,430,000).
- Loss for the year attributable to equity holders of the Company amounted to approximately RMB15,313,000 (2023: profit of approximately RMB2,350,000).
- The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	86,554	129,430
Cost of goods sold		<u>(69,496)</u>	<u>(100,147)</u>
Gross profit		17,058	29,283
Gain on restructuring of the financial liabilities		17,571	–
Other income, net	4	1,461	2,776
Selling and distribution expenses		(7,988)	(7,246)
Administrative and other operating expenses		(14,451)	(23,597)
Reversal of loss allowance for expected credit losses (“ECL”) on trade receivables, net		3,805	20,235
(Provision for) Reversal of loss allowance for ECL on other receivables		(4,999)	2,660
Impairment loss on property development project		(4,500)	(9,000)
(Impairment loss) Reversal of impairment loss on prepayments and deposits paid, net		(8,163)	1,230
Finance costs	5	<u>(14,800)</u>	<u>(12,933)</u>
(Loss) Profit before tax	6	(15,006)	3,408
Income tax expenses	7	<u>(307)</u>	<u>(1,058)</u>
(Loss) Profit for the year attributable to equity holders of the Company		<u>(15,313)</u>	<u>2,350</u>
(Loss) Earnings per share (expressed in RMB cents)			
Basic	9	<u>(1.04)</u>	<u>0.16</u>
Diluted	9	<u>(1.04)</u>	<u>0.16</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the year ended 31 December 2024*

	2024 RMB'000	2023 RMB'000
(Loss) Profit for the year	<u>(15,313)</u>	<u>2,350</u>
Other comprehensive (loss) income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange differences on translation of the Company's financial statements to presentation currency	(2,779)	10,027
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of functional currency to presentation currency	<u>(1,845)</u>	<u>(12,956)</u>
Other comprehensive loss for the year	<u>(4,624)</u>	<u>(2,929)</u>
Total comprehensive loss for the year attributable to equity holders of the Company	<u><u>(19,937)</u></u>	<u><u>(579)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		29,460	32,397
Right-of-use assets		1,821	1,872
Interests in associates		–	–
Intangible assets		6	26
Property development project		43,500	48,000
		<u>74,787</u>	<u>82,295</u>
Current assets			
Inventories		37,834	5,378
Trade and other receivables	10	29,629	37,017
Prepayments and deposits paid		21,388	65,329
Amounts due from a related party		36	36
Cash and cash equivalents		15,972	16,511
		<u>104,859</u>	<u>124,271</u>
Current liabilities			
Trade and other payables	11	79,744	130,169
Bank borrowings		11,380	7,160
Amount due to a shareholder		804	804
Amounts due to related parties		396	1,132
Corporate bonds payable		–	83,473
Deferred income – government grant		512	512
Other borrowings		3,700	24,418
Repayment obligations under the Scheme of Arrangement	12	6,894	–
Income tax payable		98	588
		<u>103,528</u>	<u>248,256</u>
Net current assets (liabilities)		<u>1,331</u>	<u>(123,985)</u>
Total assets less current liabilities		76,118	(41,690)
Non-current liabilities			
Deferred income – government grant		20,981	21,493
Deferred tax liabilities		2,125	1,997
Other payables	11	3,296	–
Other borrowings		28,947	50,919
Repayment obligations under the Scheme of Arrangement	12	156,805	–
		<u>212,154</u>	<u>74,409</u>
NET LIABILITIES		<u>(136,036)</u>	<u>(116,099)</u>

	2024 RMB'000	2023 RMB'000
Capital and reserves		
Share capital	1,216	1,216
Reserves	<u>(137,252)</u>	<u>(117,315)</u>
NET DEFICIT	<u>(136,036)</u>	<u>(116,099)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Pa Shun International Holdings Limited (the “**Company**”, together with its subsidiaries referred to as the “**Group**”) was incorporated in the Cayman Islands on 3 May 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 June 2015. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is Suites 2601-2603, 26/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. While its subsidiaries are principally engaged in pharmaceutical distribution and manufacturing of pharmaceutical products in the People’s Republic of China (the “**PRC**”).

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, 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 (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The functional currency of the Company is Hong Kong Dollars (“**HK\$**”). The consolidated financial statements of the Company are presented in Renminbi (“**RMB**”) as the functional currency of the Group’s major operating subsidiaries is RMB. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year as set out below.

Adoption of new/revised HKFRS Accounting Standards

The Group has applied, for the first time, the following new/revised HKFRS Accounting Standards that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments on this interpretation does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Future changes in HKFRS Accounting Standards

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability ^[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ^[2]
Annual Improvements to HKFRS Accounting Standards	Volume 11 ^[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ^[2]
HKFRS 18	Presentation and Disclosure in Financial Statements ^[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ^[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[4]

^[1] Effective for annual periods beginning on or after 1 January 2025

^[2] Effective for annual periods beginning on or after 1 January 2026

^[3] Effective for annual periods beginning on or after 1 January 2027

^[4] The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the Group's consolidated financial statements.

Going concern

In preparing the consolidated financial statements, the management of the Group have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of approximately RMB15,313,000 and had net cash used in operating activities of approximately RMB1,676,000 for the year ended 31 December 2024 and the Group had net liabilities of approximately RMB136,036,000 at 31 December 2024 which included the repayment obligations under the Scheme of Arrangement of approximately RMB163,699,000 as disclosed in Note 12 to the consolidated financial statements in this announcement. At 31 December 2024, the Group had cash and cash equivalents of approximately RMB15,972,000. The above events and conditions indicate that the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the above circumstances, the management of the Group has given careful consideration to the future liquidity and performance of the Group, the available sources of financing and has considered the Group's cash flow projection that covered a period of not less than twelve months from 31 December 2024 and to assess whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to the followings:

1. The Group have been carrying out the scheme of arrangement ("**Scheme of Arrangement**") for the restructuring of its overall indebtedness position that is aimed at alleviating the liquidity pressure and improving financial position of the Group. All necessary statutory, regulatory, and creditors' approvals in respect of the Scheme of Arrangement had been obtained and the Scheme of Arrangement became effective on 12 March 2024.

Under the repayment obligations under the Scheme of Arrangement of approximately RMB163,699,000 that are due to the scheme creditors, the Group has to make annual cash payments from years 2024 to 2028 which comprise a cash amount which shall be the higher of (i) HK\$10 million annually for the years 2025 to 2028; and (ii) a cash amount representing the HK\$5 million of the year 2024 and relevant proportion of the Company's audited consolidated net profits for the relevant financial year. If the aggregate of the repayments is insufficient to settle all the repayment obligation under Scheme of Arrangement, the Company shall allot and issue new shares to the scheme creditors, subject to the approval of the shareholders of the Company (if applicable) and the Stock Exchange and the requirements of the Listing Rules. The exact number of scheme shares to be issued and the issue price per share are to be determined after all the repayment have been settled in 2028;

2. The management of the Group will closely monitor the financial position of the Group and the directors of the Company will make every effort to (a) generate adequate cash flows from its operations; and (b) secure funds as may be necessary by pledge of the Group's assets including but not limited to the property, plant and equipment, right-of-use assets and the property development project and issue of new shares as may be necessary to finance the business operations of the Group and repayment of existing debts when they fall due in the foreseeable future;
3. the Group is implementing measures to tighten cost controls over various operating expenses and to identify and secure new business opportunity in order to enhance its profitability and to improve the cash flow from its operation in future;
4. the Group continues to negotiate/seek opportunities with the financial institutions and/or individuals for the renewal of existing/inception of the new financing arrangement to meet the Group's working capital and financial requirements in the future; and
5. the Group is continuously expanding its product portfolio to meet new customer demands and enhance the Group's market competitiveness.

Based on the latest information available, the directors of the Company are of the opinion that it is appropriate to prepare the consolidation financial statements on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether the management of the Group will be able to implement the abovementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to obtain adequate extra financing and/or generate sufficient cash flows from operation.

Should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case, adjustments might have to be made to the carrying values of the Company's assets to their recoverable amounts, to reclassify the non-current assets as current assets, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. REVENUE

The principal activities of the Group are pharmaceutical distribution and manufacture of pharmaceutical products in the PRC.

Revenue represents the sales value of goods supplied to customers (which is recognised on the basis of "at point in time"). The revenue of each significant segment is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within HKFRS 15		
Pharmaceutical distribution	60,885	107,036
Pharmaceutical manufacturing	25,669	22,394
	<u>86,554</u>	<u>129,430</u>

4. OTHER INCOME, NET

	2024 RMB'000	2023 RMB'000
Bank interest income	11	3
Corporate bonds payable waived	–	905
Deferred income – government grant	512	512
Short-term lease rental income	897	1,370
Write-off of property, plant and equipment	(9)	(335)
Others	50	321
	<u>1,461</u>	<u>2,776</u>

5. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	377	499
Interest on corporate bonds payable	1,128	6,602
Interest on other borrowings	4,430	5,829
Interest on lease liabilities	–	3
Imputed interest arising from repayment obligations under the Scheme of Arrangement	8,865	–
	<u>14,800</u>	<u>12,933</u>

6. (LOSS) PROFIT BEFORE TAX

(Loss) Profit before tax is arrived at after charging (crediting):

	2024 RMB'000	2023 RMB'000
Staff costs, including directors' emoluments		
Salaries, allowances, discretionary bonus and other benefits in kinds	6,981	7,562
Retirement benefits scheme contributions	1,617	664
Total staff costs (included in "cost of goods sold", "selling and distribution expenses", "administrative and other operating expenses") (Note (i))	8,598	8,226
Other items:		
Auditors' remuneration		
- Audit services	1,300	1,493
- Non-audit services	–	226
Cost of inventories	69,496	100,147
(Reversal of write-down) Write-down of inventories (included in "cost of goods sold")	(1,891)	2,039
Amortisation of intangible assets (included in "administrative and other operating expenses")	20	30
Depreciation of property, plant and equipment (included in "cost of goods sold" and "administrative and other operating expenses")	3,027	2,872
Depreciation of right-of-use assets (included in "cost of goods sold" and "administrative and other operating expenses")	51	405
Consultation fee	877	6,167
Professional fee	68	3,047
Advertising expenses	2,607	2,496
Short-term lease rental expenses (included in "administrative and other operating expenses") (Note (ii))	417	–

Notes:

- (i) For the years ended 31 December 2024 and 2023, there were no forfeited contributions in respect of contribution previously made which were available to reduce the Group's existing level of contributions to the relevant defined contribution retirement plans.
- (ii) At 31 December 2024, the Group was committed to pay approximately RMB355,000 (2023: Nil) for short-term lease.

7. TAXATION

	2024 RMB'000	2023 RMB'000
Current tax		
PRC Enterprise Income Tax	67	930
Under-provision in prior year	112	–
	<u>179</u>	<u>930</u>
Deferred tax		
Origination of temporary differences	128	128
	<u>307</u>	<u>1,058</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the group entities incorporated in the Cayman Islands and the BVI are not subject to any income tax.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for years ended 31 December 2024 and 2023.

In March 2018, the two-tiered profits tax rates regime was signed into law of Hong Kong, under which the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5% for the years ended 31 December 2024 and 2023. The profits of corporations in the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% of the estimated assessable profits for the years ended 31 December 2024 and 2023.

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the years ended 31 December 2024 and 2023.

8. DIVIDENDS

No dividend was paid, declared or proposed during the year ended 31 December 2024 (2023: Nil) nor had any dividend been proposed since the end of the reporting period (2023: Nil).

9. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

The calculation of basic (loss) earnings per share attributable to the owners of the Company for the years ended 31 December 2024 and 2023 is based on the following data:

	2024 RMB'000	2023 RMB'000
(Loss) Profit for the year attributable to owners of the Company for the purpose of calculating basic (loss) earnings per share	<u>(15,313)</u>	<u>2,350</u>
	2024	2023
Number of ordinary shares:		
Weighted average number of ordinary shares for the purposes of calculating basic (loss) earnings per share	<u>1,474,993,000</u>	<u>1,474,993,000</u>

(b) Diluted (loss) earnings per share

Weighted average number of ordinary shares

The calculation of diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares during the year ended 31 December 2024.

Diluted earnings per share is the same as the basic earnings per share as the Company's share option has no dilutive effect for the year ended 31 December 2023 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for the year ended 31 December 2023.

10. TRADE AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables		284,313	288,988
Less: Loss allowance for ECL		(258,177)	(261,982)
	(a)	26,136	27,006
Bank bills receivables	(b)	1,633	1,369
Trade and bill receivables, net		27,769	28,375
Other receivables		1,860	8,642
		<u>29,629</u>	<u>37,017</u>

Notes:

(a) Trade receivables

The Group normally grants credit terms of 30 to 180 days (2023: 30 to 180 days) to its customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management of the Group. The Group does not hold any collateral or other credit enhancements over its trade receivables balances.

At the end of the reporting period, the ageing analysis of the trade receivables presented based on dates of goods delivery and net of loss allowance for ECL is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	9,460	14,079
1 to 3 months	9,222	9,276
4 to 6 months	7,454	3,651
	<u>26,136</u>	<u>27,006</u>

(b) Bank bills receivables

The bank bills receivables are due within 180 days (2023: 180 days) from the date of billing.

11. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade and bills payables (Note (i))	31,633	32,631
Contract liabilities (Note (ii))	14,522	12,842
Accrued corporate bond interest	–	29,510
Accrued interest for other borrowings	3,455	7,537
Accrued professional fees	3,414	8,774
Payables for staff related costs	9,827	8,900
Other payables	20,189	29,975
	83,040	130,169
Analysed as:		
Non-current liabilities	3,296	–
Current liabilities	79,744	130,169
	83,040	130,169

Notes:

- (i) At the end of the reporting period, the ageing analysis of trade and bills payables, based on dates of goods delivery / bills issue date is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	3,373	3,769
1 to 3 months	1,853	3,766
Over 3 months	26,407	25,096
	31,633	32,631

An average credit period of 30 to 180 days (2023: 30 to 180 days) is granted by the suppliers to the Group. The bank bills payables are due within 180 days (2023: Nil) from the date of billing.

- (ii) The Group received deposits from customers for the sales of pharmaceutical products as provided in contracts which are regarded as contract liabilities.

12. REPAYMENT OBLIGATIONS UNDER THE SCHEME OF ARRANGEMENT

	2024 RMB'000	2023 RMB'000
Non-current liabilities	156,805	—
Current liabilities	6,894	—
	163,699	—
Within one year	6,894	—
After one year but within two years	8,790	—
After two years but within five years	148,015	—
	163,699	—

The Group initiated a restructuring of its overall indebtedness position in order to address the liquidity issue faced by the Company during the year ended 31 December 2023. All necessary statutory, regulatory, and creditors' approvals of the Scheme of Arrangement have been obtained during the year ended 31 December 2023. All admitted claims owed by the Company to those creditors would be discharged and released in full as against the Company on the effective date of the Scheme of Arrangement.

The details of the Scheme of Arrangement as set out below:

On 12 March 2024, the Scheme of Arrangement became effective for the restructuring of its overall indebtedness position, under which

- (i) All unsecured and non-preferential claims (the **"Scheme Claims"**) shall be discharged and released in full as against the Company on the date on which the Scheme of Arrangement becomes unconditional and comes into effect;
- (ii) The creditors with the Scheme Claims (the **"Scheme Creditors"**), which have been admitted by the administrators of the Scheme of Arrangement or the adjudicator, will be entitled to the following in proportion to their admitted claims (the **"Admitted Claims"**) on a pari passu basis:
 - an initial cash payment representing 1% of the Admitted Claims (the **"Initial Cash Payment"**); and
 - annual cash payments from years 2024 to 2028 (the **"Yearly Payments"**).
- (iii) The Scheme Claims carries zero-coupon interest rate.

The Yearly Payments comprise a cash amount which shall be the higher of (i) HK\$5 million for the year 2024 and HK\$10 million annually for the years 2025 to 2028; and (ii) a cash amount representing the relevant proportion of the audited consolidated net profits of the Company for the relevant financial year.

If the aggregate of the Initial Cash Payment and all the Yearly Payments are insufficient to settle all the Admitted Claims, the Company shall allot and issue new shares (the **"Scheme Shares"**) to the Scheme Creditors through the special purpose company controlled by the administrators of the Scheme of Arrangement (the **"Scheme Administrators"**), subject to the approval of the shareholders of the Company (if applicable), the Stock Exchange, the requirements of the Listing Rules and the determination of the Scheme Administrators. The exact number of the Scheme Shares to be issued and the issue price per share are to be determined following of the settlement of the Initial Cash Payment and the Yearly Payments.

The Initial Cash Payment and related scheme cost to be financed by a deposit of HK\$8,000,000 (equivalent to approximately RMB7,547,000) seized by the administrators of the Scheme of Arrangement at 31 December 2023 and 2024, which are included in "Prepayments and deposits paid" in the consolidated financial statements.

13. CONTINGENT LIABILITIES

At 31 December 2024 and 2023, there were the following legal claims against the Group:

- (a) A petition (the “**Petition 2023**”) was filed on 6 March 2023 by Mr. Zhang Min (“**Mr. Zhang**”) against the Company in the Court of First Instance (the “**First Instance Court**”) of Hong Kong for an order that the Company be wound up by the First Instance Court. The Petition 2023 was filed against the Company for the Company’s failure to settle the principal sum and interest payment in the total amount of approximately HK\$4,730,000 in respect of the bond issued to Mr. Zhang by the Company. The Petition 2023 was dismissed by the First Instance Court on 28 June 2023, details of which are set out in the announcement of the Company dated 9 March 2023, 10 May 2023 and 28 June 2023.
- (b) A petition (the “**Petition 2022**”) was filed on 30 May 2022 by Mr. Wu Yuehua (“**Mr. Wu**”) against the Company in the High Court of Hong Kong (the “**High Court**”) for an order that the Company be wound up by the High Court. The Petition 2022 was filed against the Company for the Company’s failure to settle the principal sum and interest payment with total amount of HK\$2,390,000 in respect of the bond issued to Mr. Wu by the Company.

On 6 March 2023, the Petition 2022 was heard at the High Court before a judge, the Petition 2022 filed by Mr. Wu was struck out and the supporting creditor, Opera Enterprise Limited (“**Opera Enterprise**”), was granted to substitute Mr. Wu. An amended petition (the “**Amended Petition**”) was filed by Opera Enterprise against the Company for the Company’s failure to settle the principal sum and interest payment with total amount of approximately HK\$842,000 in respect of the bond issued to Opera Enterprise by the Company.

On 24 July 2023, the Amended Petition was heard at the High Court before a judge, the Amended Petition filed by Mr. Wu was struck out and the supporting creditor, Mr. Zhu Shunyun (“**Mr. Zhu**”) was granted to substitute the petition (the “**Re-Re-Amended Petition**”) remains subsisting. The Re-Re-Amended Petition was filed by Mr. Zhu against the Company for the Company’s failure to settle the principal sum and interest payment with total amount of approximately HK\$2,573,000 in respect of the bond issued to Mr. Zhu by the Company. Mr. Zhu of the Re-Re-Amended Petition has signed a consent summons on 9 November 2023, pursuant to which the petitioner has agreed the Re-Re-Amended Petition be dismissed. Order has been pronounced by the High Court on 20 November 2023 that the Re-Re-Amended Petition be dismissed.

Details regarding the aforementioned legal case are set out in the announcements of the Company dated 31 May 2022, 10 August 2022, 28 September 2022, 16 January 2023, 6 March 2023, 24 April 2023, 15 May 2023, 28 June 2023, 25 July 2023 and 22 November 2023.

- (c) In February 2025, the Group received a notice from the PRC district court stating that a third party (the “**Plaintiff**”) in the PRC has initiated legal action against a subsidiary of the Group in the PRC, Chengdu Yiming and its controlling shareholder by claiming the allegedly due and unpaid balance of construction design contract which signed by the service provider (who transferred its claims under the construction design contract to the Plaintiff) and Chengdu Yiming. In respect of the aforesaid due and unpaid balance of service fee, approximately RMB4,656,000. After considering the independent legal opinion, the management of the Group is of the view that the aforesaid due and unpaid balance against a subsidiary of the Group is remote.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to focus on the pharmaceutical distribution and pharmaceutical manufacturing businesses in the PRC during the year ended 31 December 2024 (“FY2024”).

Revenue

For the FY2024, the Group recorded a total revenue of approximately RMB86.6 million, representing a decrease of approximately 33.1% from approximately RMB129.4 million for the year ended 31 December 2023 (“FY2023”). Such decrease was primarily due to competitive wholesale and consumer market of pharmaceutical products during the FY2024 under slowdown economy in the PRC.

Cost of Goods Sold, Gross Profit and Gross Profit Margin

The Group’s cost of goods sold decreased by approximately 30.6% from approximately RMB100.1 million for the FY2023 to approximately RMB69.5 million for the FY2024. Such decrease of cost of goods sold was generally in line with the decrease in revenue during the FY2024.

The Group’s gross profit decreased by approximately 41.6% from approximately RMB29.3 million for the FY2023 to approximately RMB17.1 million for the FY2024. The Group’s gross profit margin decreased from approximately 22.6% for the FY2023 to approximately 19.7% for the FY2024. Such slight decrease in profit margin is primarily attributable to lower margin under more competition.

Gain on Restructuring of the Financial Liabilities

A gain of restructuring of the financial liabilities was recognised during the FY2024 arising from the event in which the unsecured and non-referential claims payable to creditors were discharged and released in full in exchange for repayment obligations under the Scheme of Arrangement, which carry zero-coupon interest rate, effective on 12 March 2024.

Selling and Distribution Expenses

The Group’s selling and distribution expenses increased by approximately 11.1% from approximately RMB7.2 million for the FY2023 to approximately RMB8.0 million for the FY2024. The increase was attributable to the more selling activities and promotions could be done during the FY2024 after the epidemic was under control in early 2023.

Administrative and Other Operating Expenses

The Group’s administrative and other operating expenses decreased by approximately 38.6% from approximately RMB23.6 million for the FY2023 to approximately RMB14.5 million for the FY2024. The significant decrease was due to that significant legal and professional fees were incurred for handling debt restructuring and trading resumption of the Company during the FY2023.

Other Income, Net

Other income, net decreased to approximately RMB1.5 million for the FY2024 (FY2023: approximately RMB2.8 million) mainly due to waiver of corporate bond payables of approximately RMB0.9 million upon settlement of certain corporate bonds with discounted principal amount during the FY2023, while no such waiver were recorded in 2024.

Loss allowance for expected credit loss (“ECL”) and impairment loss

- (i) The management of the Group conducted impairment assessment of the property development project (the “**Project**”) using the residual method by reference to its estimated market value at 31 December 2024 and 2023 as valued by an independent professional valuer. With reference to the results of valuation, an impairment loss on the Project amounted to approximately RMB4.5 million (FY2023: approximately RMB9.0 million) was recognised for the FY2024.

- (ii) The management of the Group conducted impairment assessment on the recoverability of prepayment and deposit paid by considering historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information. In the view of the management of the Group, the recoverability of the advance payments made to certain suppliers cannot be assured beyond reasonable doubt, accordingly impairment loss amounted to approximately RMB8.1 million (FY2023: reversal of impairment loss amounted to approximately RMB1.2 million) was recognised for the FY2024.
- (iii) The management of the Group conducted assessment on the loss allowance for ECL on trade and other receivables by taking into consideration the current and forward-looking information, to adjust the expected loss rates at 31 December 2024 and 2023. Reversal of loss allowance for ECL on trade receivables amounted to approximately RMB3.8 million (2023: approximately RMB20.2 million) and provision for loss allowance for ECL on other receivables amounted to approximately RMB5.0 million (2023: reversal of loss allowance for ECL amounted to RMB2.7 million) were recognised for the FY2024.

Finance Costs

Finance costs increased to approximately RMB14.8 million for the FY2024 (FY2023: approximately RMB12.9 million). Finance costs of the Group mainly comprises interests accrued on the corporate bonds payables and bank and other borrowings of the Group. The increase in finance cost was due to the imputed interests arising from the repayment obligations under the Scheme of Arrangement during the FY2024.

(Loss) Profit for the Year

As a result of the foregoing, the Group's loss for the FY2024 was approximately RMB15.3 million as compared to a profit of approximately RMB2.4 million for the FY2023.

OUTLOOK

With the epidemic becoming under control and relaxation of restriction measures in 2023, business and economic activities in the PRC have gradually returned to normal. During the FY2024, the economy of the PRC entered into new phase with slowdown and steady development. Accordingly, the Company expects that the wholesale and consumer market of pharmaceutical products would become more competitive and challenging. The management of the Group will focus its efforts on improving the production and distribution capabilities to seize the business opportunities arising from the market recovery.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group had total cash and cash equivalents of approximately RMB16.0 million at 31 December 2024 as compared to approximately RMB16.5 million at 31 December 2023.

The Group recorded net current assets of approximately RMB1.3 million at 31 December 2024 and net current liabilities of approximately RMB124.0 million at 31 December 2023. The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was 1.01 at 31 December 2024, as compared with 0.50 at 31 December 2023.

At 31 December 2024, the total amount of bank borrowing was approximately RMB11.4 million, as compared to approximately RMB7.2 million as at 31 December 2023. At 31 December 2024, the total amount of other borrowings was approximately RMB32.6 million as compared to approximately RMB75.3 million at 31 December 2023.

At 31 December 2024, the total number of issued ordinary shares of the Company ("**Shares**") was 1,474,992,908 Shares (2023: 1,474,992,908 Shares). In 2018, the Company has granted to certain eligible persons share options ("**Options**") to subscribe for an aggregate of 100,000,000 Shares under the share option scheme adopted by the Company by ordinary resolution of all shareholders of the Company passed on 26 May 2015. At 31 December 2024, 100,000,000 Options remained outstanding. Please refer to the announcement of the Company dated 7 September 2018 for details of the grant of the Options. No Options were granted during the FY2024 and FY2023.

The Group actively and regularly reviews and manages its capital structure to enhance its financial strength for the Group's long-term development. There were no changes in the Group's approach to capital management during the FY2024.

CONTINGENT LIABILITIES

At 31 December 2024, except for disclosed in note 13(c) to the consolidated financial statements in this announcement, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE RISKS

Most of the assets and transactions of the Group are denominated in Renminbi, and the Group mainly settles its operating expenses in the PRC with income generated from operations in Renminbi. Therefore, the Group is not exposed to any significant foreign exchange risks.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the FY2024, the Group did not make any significant investments, acquisitions or disposals that was required to be disclosed under the Listing Rules.

PLEDGED ASSETS

At 31 December 2024, the Group's leasehold land and buildings with aggregate net carrying amount of approximately RMB26.5 million (2023: approximately RMB28.9 million) were pledged to secure bank borrowings.

HUMAN RESOURCES

At 31 December 2024, the Group had a total of 97 (31 December 2023: 90) staff, primarily in the PRC. The total staff cost was approximately RMB8.6 million (2023: approximately RMB8.2 million) for the FY2024.

The Group believes its human resources are its valuable assets and maintains its firm commitment to attracting, developing and retaining talented employees, in addition to providing dynamic career opportunities and cultivating a favorable working environment. The Group constantly invests in training across diverse operational functions and offers competitive remuneration packages and incentives to all employees. The Group regularly reviews its human resources policies for addressing its corporate development needs.

DIVIDEND

The Board does not recommend the payment of any final dividend for the FY2024 (FY2023: Nil).

CORPORATE GOVERNANCE

The Group has committed to achieving high corporate governance standards in order to safeguard the interests of shareholders and enhance corporate value and accountability of the Company. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules which was effective during the year as its own code of corporate governance. Save as disclosed below, during the year ended 31 December 2024, the Company has complied with the code provisions set out in the CG Code.

Under the code provision C.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. Upon the expiry of previous directors and officers liability insurance on 6 December 2024, the Company did not arrange any new insurance cover in respect of potential legal actions against its Directors until date of this announcement. The management of the Group believe that all potential claims and legal actions against the Directors can be handled effectively, and the possibility of actual lawsuits against the Directors is remote.

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors.

Pursuant to Rule 3.21 of the Listing Rules, the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

Pursuant to Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors. Pursuant to the terms of reference of the Remuneration Committee, the Remuneration Committee shall consist of not less than three members.

Pursuant to Rule 3.27A of the Listing Rules, an issuer must establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors. Pursuant to the terms of reference of the Nomination Committee, the Nomination Committee shall consist of not less than three members.

During the annual general meeting of the Company held on 22 February 2024, (i) Professor Xiao Kai retired as an executive Director and also ceased to be the chairman of the Board; (ii) Mr. Feng Junzheng retired as an executive Director; (iii) Mr. Zhang Tong retired as a non-executive Director; (iv) Mr. Chen Yunwei retired as a non-executive Director and also ceased to be a member of the Nomination Committee; and (v) Mr. Cao Lei retired as an independent non-executive Director and also ceased to be the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Corporate Governance Committee. Ms. Li Yan was appointed as the chairman of the Remuneration Committee with effect from 22 February 2024.

Following the retirement of the aforesaid Directors, the Company had only two independent non-executive Directors, only two members in each of the Audit Committee, the Nomination Committee and the Remuneration Committee. This falls below the minimum number of independent non-executive directors under Rule 3.10(1) of the Listing Rules, the minimum number of members of audit committee requirement under Rule 3.21 of the Listing Rules and the minimum number of members of the Remuneration Committee and the Nomination Committee under the respective terms of reference.

On 20 May 2024, Dr. Lowe Chun Yip (**“Dr. Lowe”**) was appointed as an independent non-executive Director and a member of each of the Audit Committee and the Remuneration Committee and Mr. Wong Tung Yuen (**“Mr. Wong”**) was appointed as an independent non-executive Director and a member of each of the Nomination Committee and the CG Committee.

Upon the appointments of Dr. Lowe and Mr. Wong on 20 May 2024, the Company has fulfilled the requirements under the Listing Rules regarding the composition of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee and the independent non-executive Directors.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the Company’s code of conduct regarding Directors’ securities transactions (**“Model Code”**). Upon specific enquiries, all Directors confirmed that they have complied with the relevant provisions of the Model Code for the FY2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the FY2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

EVENTS AFTER THE REPORTING PERIOD

Except for disclosed in Note 13(c) to the consolidated financial statements in this announcement, there was no significant events subsequent to the end of reporting period.

REVIEW OF RESULTS

The primary responsibilities of the Audit Committee include (but not limited to) assisting the Board to provide an independent review and supervision of the Group's financial and accounting policies, to oversee the financial control, internal control and risk management systems of the Group, to oversee the audit process, and to perform other duties and responsibilities as delegated by the Board.

The Audit Committee comprises three independent non-executive Directors as at the date of this announcement, namely, Ms. Li Yan, Mr. Khor Khie Liem Alex and Dr. Lowe Chun Yip. The chairman of the Audit Committee is Ms. Li Yan. The Audit Committee has reviewed with the management and auditor of the Company the accounting principles and practices adopted by the Group, and discussed the internal controls and financial reporting matters, including a review of the annual financial results for the FY2024.

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the FY2024 as set out in this announcement have been agreed by the Company's auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**"), to the amounts set out in the Group's consolidated financial statements for the FY2024. The work performed by Forvis Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Forvis Mazars on this announcement.

EXTRACT OF DRAFT INDEPENDENT AUDITOR'S REPORT ON THE DRAFT CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The following is the extract of the draft independent auditor's report on the Company's draft consolidated financial statements for the year ended 31 December 2024.

Opinion

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention in the "Going concern" section in Note 2 to the consolidated financial statements, the Group incurred a loss of approximately RMB15,313,000 and had net cash used in operating activities of approximately RMB1,676,000 for the year ended 31 December 2024 and the Group had net liabilities of approximately RMB136,036,000 at 31 December 2024 which included the repayment obligations under the Scheme of Arrangement of approximately RMB163,699,000 as disclosed in Note 26 to the consolidated financial statements. At 31 December 2024, the Group had cash and cash equivalents of approximately RMB15,972,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in Note 2 to the consolidated financial statements, the directors of the Company are of the opinion that the Group will be able to finance its future working capital and financial requirements. Our opinion is not modified in respect of this matter.

In view of above, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The plans and measures undertaken to mitigate the liquidity measure and to improve the financial position of the Group are summarised in Note 2 to the consolidated financial statements in this announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 9:00 a.m. on 1 April 2025. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 2 May 2025.

On behalf of the Board
Pa Shun International Holdings Limited
Yuan Hongbing
Chairman and Executive Director

Hong Kong, 30 April 2025

As at the date of this announcement, the executive Directors are Mr. Ma Qinghai and Mr. Yuan Hongbing; the non-executive Directors are Mr. Chen Zhongzheng and Mr. Zhou Jinkai and the independent non-executive Directors are Ms. Li Yan, Mr. Khor Khie Liem Alex, Dr. Lowe Chun Yip and Mr. Wong Tung Yuen.

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.pashun.cn under the section of “Investor Relations/HKEx Filings” respectively. The annual report of the Company for the year ended 31 December 2024 will be dispatched to the shareholders of the Company and will be available on the same websites in due course.