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)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

## FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2025 amounted to RMB1,568,588,000, representing an increase of approximately 23.7% as compared with the six months ended 30 June 2024.
- Profit attributable to equity shareholders of the Company for the six months ended 30 June 2025 amounted to RMB498,299,000, representing an increase of approximately 24.6% as compared with the six months ended 30 June 2024.
- Basic and diluted earnings per share for the six months ended 30 June 2025 amounted to approximately RMB0.59 and RMB0.58 respectively, representing an increase of approximately 18.0% and 18.4% respectively as compared with the six months ended 30 June 2024.
- The Board has declared an interim dividend of HKD0.33 per share for the six months ended 30 June 2025.

## INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Consun Pharmaceutical Group Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2025 (the "**Interim Results**"), together with the comparative figures of the six months ended 30 June 2024 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**For the six months ended 30 June 2025 – unaudited**
*(Expressed in Renminbi)*

| | Note | For the six months ended 30 June 2025 RMB'000 | 2024 RMB'000 |
|---|---|---|---|
| **Revenue** | *3* | **1,568,588** | 1,268,549 |
| Cost of sales | | **(359,907)** | (321,026) |
| **Gross profit** | | **1,208,681** | 947,523 |
| Other income | *4* | **23,618** | 37,263 |
| Distribution costs | | **(515,650)** | (411,912) |
| Administrative expenses | | **(177,573)** | (134,712) |
| (Recognition)/reversals of impairment loss on trade and other receivables | | **(607)** | 9,171 |
| **Profit from operations** | | **538,469** | 447,333 |
| Finance costs | *5(a)* | **(2,468)** | (13,375) |
| Share of losses of associates | | **(763)** | – |
| **Profit before taxation** | *5* | **535,238** | 433,958 |
| Income tax | *6* | **(32,389)** | (32,998) |
| **Profit for the period** | | **502,849** | 400,960 |
| **Attributable to:** | | | |
| – Equity shareholders of the Company | | **498,299** | 399,765 |
| – Non-controlling interests | | **4,550** | 1,195 |
| **Profit for the period** | | **502,849** | 400,960 |
| **Earnings per share (RMB yuan)** | *7* | | |
| – Basic | | **0.59** | 0.50 |
| – Diluted | | **0.58** | 0.49 |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**For the six months ended 30 June 2025 – unaudited (continued)**
*(Expressed in Renminbi)*

| | *Note* | **For the six months ended 30 June 2025** *RMB'000* | 2024 *RMB'000* |
|---|---|---|---|
| **Profit for the period** | | **502,849** | 400,960 |
| **Other comprehensive income for the period that may be reclassified subsequently to profit or loss:** | | | |
| Exchange differences on translation of financial statements of operations outside the Chinese Mainland | | **4** | 615 |
| **Total comprehensive income for the period** | | **502,853** | 401,575 |
| **Attributable to:** | | | |
| – Equity shareholders of the Company | | **498,303** | 400,380 |
| – Non-controlling interests | | **4,550** | 1,195 |
| **Total comprehensive income for the period** | | **502,853** | 401,575 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**At 30 June 2025 – unaudited**
*(Expressed in Renminbi)*

| | Note | At 30 June 2025 RMB'000 | At 31 December 2024 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | **793,777** | 797,581 |
| Investment property | 8 | **13,895** | 14,141 |
| Right-of-use assets | 8 | **121,420** | 127,959 |
| Intangible assets | 8 | **267,284** | 268,960 |
| Interest in associates | | **34,172** | 9,934 |
| Financial asset measured at fair value through profit or loss ("**FVPL**") | | **29,141** | 19,141 |
| Other prepayments | | **52,219** | 51,533 |
| Deferred tax assets | | **14,697** | 12,520 |
| | | **1,326,605** | 1,301,769 |
| **Current assets** | | | |
| Inventories | 9 | **286,698** | 289,677 |
| Trade and other receivables | 10 | **394,547** | 370,121 |
| Prepayments | | **43,469** | 25,833 |
| Deposits with banks with original maturity date over three months | | **1,794,000** | 958,000 |
| Restricted cash | 11 | **4,365** | – |
| Cash and cash equivalents | 11 | **2,243,318** | 2,907,682 |
| | | **4,766,397** | 4,551,313 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **1,052,181** | 1,061,862 |
| Bank loans | 13 | **239,277** | 253,340 |
| Lease liabilities | | **9,492** | 6,423 |
| Deferred income | | **1,457** | 1,546 |
| Current taxation | | **45,731** | 47,629 |
| | | **1,348,138** | 1,370,800 |
| **Net current assets** | | **3,418,259** | 3,180,513 |
| **Total assets less current liabilities** | | **4,744,864** | 4,482,282 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**At 30 June 2025 – unaudited (continued)**
*(Expressed in Renminbi)*

| | *Note* | **At 30 June 2025** **RMB'000** | At 31 December 2024 *RMB'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | | **4,577** | 7,406 |
| Deferred income | | **13,787** | 14,636 |
| Deferred tax liabilities | | **80,027** | 67,188 |
| | | **98,391** | 89,230 |
| **Net assets** | | **4,646,473** | 4,393,052 |
| **Capital and reserves** | | | |
| Share capital | *15(c)* | **67,581** | 67,308 |
| Reserves | | **4,282,570** | 4,030,295 |
| **Total equity attributable to equity shareholders of the Company** | | **4,350,151** | 4,097,603 |
| **Non-controlling interests** | | **296,322** | 295,449 |
| **Total equity** | | **4,646,473** | 4,393,052 |

## NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

*(Expressed in Renminbi unless otherwise indicated)*

### 1 BASIS OF PREPARATION

The unaudited interim financial information was extracted from the interim financial report of the Group for the six months ended 30 June 2025.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It was authorised for issue on 19 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

### 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 REVENUE AND 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 identified the following two reportable segments. No operating segments have been aggregated to form the following 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.

## (a) Disaggregation of revenue

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

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| **Revenue from contracts with customers within the scope of HKFRS 15** | | |
| Kidney medicines | **1,130,615** | 883,313 |
| Gynaecology and paediatric medicines | **171,526** | 145,929 |
| Orthopedics medicines | **101,376** | 99,282 |
| Medical contrast medium | **94,773** | 77,713 |
| Dermatologic medicines | **39,796** | 33,236 |
| Hepatobiliary medicines | **18,489** | 17,676 |
| Others | **12,013** | 11,400 |
| | **1,568,588** | 1,268,549 |

Analysis of the Group's revenue and results by geographical market has not been presented as over 99% (six months ended 30 June 2024: 99%) of the revenue are generated from Chinese Mainland market.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

**(b) Information about profit or loss, assets and liabilities**

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 period is set out below:

| For the six months ended 30 June | Consun Pharmaceutical Segment **2025** *RMB'000* | Consun Pharmaceutical Segment 2024 *RMB'000* | Yulin Pharmaceutical Segment **2025** *RMB'000* | Yulin Pharmaceutical Segment 2024 *RMB'000* | Total **2025** *RMB'000* | Total 2024 *RMB'000* |
|---|---|---|---|---|---|---|
| **Disaggregated by timing of revenue recognition** | | | | | | |
| Point in time | **1,396,175** | 1,108,284 | **172,413** | 160,265 | **1,568,588** | 1,268,549 |
| Revenue from external customers | **1,396,175** | 1,108,284 | **172,413** | 160,265 | **1,568,588** | 1,268,549 |
| Inter-segment revenue | **–** | – | **14,232** | – | **14,232** | – |
| **Reportable segment revenue** | **1,396,175** | 1,108,284 | **186,645** | 160,265 | **1,582,820** | 1,268,549 |
| **Reportable segment profit** | | | | | | |
| Gross profit | **1,090,242** | 853,328 | **119,992** | 94,195 | **1,210,234** | 947,523 |
| **As at 30 June/31 December** | | | | | | |
| **Reportable segment assets** | **4,362,665** | 4,133,335 | **1,665,679** | 1,718,293 | **6,028,344** | 5,851,628 |
| **Reportable segment liabilities** | **821,680** | 826,976 | **512,443** | 558,378 | **1,334,123** | 1,385,354 |

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.

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, financial asset measured at FVPL and deferred tax assets. Segment liabilities include trade and other payables, lease liabilities and deferred income 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.

### (c) Reconciliations of reportable segment profit

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Reportable segment gross profit | **1,210,234** | 947,523 |
| Elimination of inter-segment profits | **(1,553)** | – |
| Reportable segment gross profit derived from the Group's external customers | **1,208,681** | 947,523 |
| Other income | **23,618** | 37,263 |
| Distribution costs | **(515,650)** | (411,912) |
| Administrative expenses | **(177,573)** | (134,712) |
| (Recognition)/reversals of impairment loss on trade and other receivables | **(607)** | 9,171 |
| Finance costs | **(2,468)** | (13,375) |
| Share of losses of associates | **(763)** | – |
| Consolidated profit before taxation | **535,238** | 433,958 |

## 4 OTHER INCOME

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Government grants | | |
| – Unconditional subsidies | **2,294** | 5,376 |
| – Conditional subsidies | **1,011** | 720 |
| Rental income from investment property | **354** | 496 |
| Interest income | **43,067** | 43,506 |
| Loss on disposal of property, plant and equipment | **(351)** | (103) |
| Net exchange losses | **(19,033)** | (13,023) |
| Others | **(3,724)** | 291 |
| | **23,618** | 37,263 |

## 5 PROFIT BEFORE TAXATION

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

### (a) Finance costs:

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Interest on bank loans | **2,178** | 13,189 |
| Interest on lease liabilities | **290** | 186 |
| | **2,468** | 13,375 |

### (b) Staff costs:

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Salaries, wages, bonuses and benefits | **270,298** | 243,039 |
| Contributions to defined contribution retirement schemes | **14,100** | 12,285 |
| | **284,398** | 255,324 |

### (c) Other items:

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Depreciation and amortisation charge | | |
| – investment property | **246** | 247 |
| – property, plant and equipment | **26,402** | 21,429 |
| – right-of-use assets | **2,600** | 3,309 |
| – intangible assets | **1,676** | 12,442 |
| Recognition/(reversals) of impairment loss on trade receivables | **607** | (9,171) |
| Leases charges | **3,173** | 2,098 |
| Research and development costs (i) | **45,901** | 40,953 |
| Inventory (reversals)/write-down | **(3,132)** | 3,180 |

(i) During the six months ended 30 June 2025, research and development costs included RMB17,222,000 (six months ended 30 June 2024: RMB12,828,000) relating to staff costs, depreciation and amortisation expenses and lease charges, which amount is also included in the respective total amounts disclosed separately above or in the note 5(b) for each of these types of expenses.

## 6 INCOME TAX

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| **Current tax** | | |
| Provision for Chinese Mainland income tax | **29,848** | 19,640 |
| Over-provision for Chinese Mainland income tax in respect of prior years | **(8,120)** | (2,790) |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **10,661** | 16,148 |
| | **32,389** | 32,998 |

(i) 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% for the the six months ended 30 June 2025 (six months ended 30 June 2024: 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% for the the six months ended 30 June 2025 (six months ended 30 June 2024: 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% for the the six months ended 30 June 2025 (six months ended 30 June 2024: 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 2024 and 2025.

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.

(ii) 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.

The directors of the Group have determined that in determining the amounts of dividends to be distributed from Chinese Mainland subsidiaries to the Hong Kong incorporated subsidiary in future, the amounts of dividends declared or to be declared by the Company, and the repayment schedule of loans and borrowings of the Company would be considered. As at 30 June 2025, deferred tax liabilities of RMB30,820,000 (31 December 2024: RMB16,595,000) have been provided based on the expected dividends to be distributed from Guangzhou Consun to the Company in the foreseeable future.

## 7 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 RMB498,299,000 (six months ended 30 June 2024: RMB399,765,000) and the weighted average number of 850,404,000 ordinary shares (six months ended 30 June 2024: 801,611,000 shares) in issue during the interim period.

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2025** | 2024 |
| | ***'000 shares*** | *'000 shares* |
| Issued ordinary shares at 1 January | **849,408** | 811,017 |
| Effect of share options exercised | **1,105** | 9,076 |
| Effect of shares repurchased | **(109)** | – |
| Effect of treasury shares held under the Share Award Scheme | **–** | (18,482) |
| Weighted average number of ordinary shares at 30 June | **850,404** | 801,611 |

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB498,299,000 (six months ended 30 June 2024: RMB399,765,000) and the weighted average number of ordinary shares of 856,748,000 (six months ended 30 June 2024: 810,909,000 shares).

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2025** | 2024 |
| | ***'000 shares*** | *'000 shares* |
| Weighted average number of ordinary shares at 30 June | **850,404** | 801,611 |
| Diluted effect of deemed issue of shares under the Share Option Scheme | **6,344** | 9,298 |
| Weighted average number of ordinary shares (diluted) at 30 June | **856,748** | 810,909 |

## 8 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

### (a) Right-of-use assets

During the six months ended 30 June 2025, there was no addition to right-of-use assets (six months ended 30 June 2024: additions to right-of-use assets were RMB197,000).

### (b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, the Group acquired items of property, plant and machinery with a cost of RMB23,489,000 (six months ended 30 June 2024: RMB37,234,000). Items of plant and machinery with a net book value of RMB891,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB579,000), resulting in a loss on disposal of RMB351,000 (six months ended 30 June 2024: RMB103,000).

### (c) Intangible assets

Intangible assets represent trademark with a carrying amount of RMB250,744,000 (31 December 2024: RMB250,744,000) and patents with a carrying amount of RMB16,540,000 (31 December 2024: RMB18,216,000).

### (d) Valuation of investment properties

Investment properties of the Group are situated in Chinese Mainland. Part of the land and buildings are leased to a third party for catering operations and the other land and buildings are leased to another third party for storage purposes.

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 30 June 2025 and 31 December 2024.

## 9 INVENTORIES

| | **At 30 June 2025** | At 31 December 2024 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Raw materials | **152,763** | 151,354 |
| Work in progress | **43,863** | 36,231 |
| Finished goods | **90,072** | 102,092 |
| | **286,698** | 289,677 |

## 10 TRADE AND OTHER RECEIVABLES

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

| | **At 30 June 2025** *RMB'000* | At 31 December 2024 *RMB'000* |
|---|---|---|
| Within 3 months | **179,233** | 275,916 |
| 3 to 12 months | **116,040** | 10,936 |
| Over 12 months | **1,064** | 10,721 |
| Trade debtors and bills receivable, net of loss allowance (i) & (ii) | **296,337** | 297,573 |
| Other receivables (iii) | **98,210** | 72,548 |
| | **394,547** | 370,121 |

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

The Group measures loss allowances for trade debtors at an amount equal to lifetime expected credit losses ("**ECL**"s).

ECLs are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions, including but not limited to the economic condition on the domestic real estate industry at the reporting date. As at 30 June 2025, the gross carrying amount of the trade receivables for which the loss allowances was assessed collectively using the provision matrix was RMB259,138,000 (31 December 2024: RMB236,216,000), against which a loss allowance of RMB2,637,000 was recognised (31 December 2024: RMB2,030,000).

(ii) All the bills receivable are due within six months.

(iii) As at 30 June 2025, the Group's other receivables of RMB1,754,000 (31 December 2024: RMB1,754,000) were determined to be impaired.

## 11 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of the end of the reporting period, cash and cash equivalents situated in Chinese Mainland amounted to RMB1,402,307,000 (31 December 2024: RMB1,756,419,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

As at 30 June 2025, restricted cash represented cash in bank pledged as deposits for bills payables (31 December 2024: nil).

## 12 TRADE AND OTHER PAYABLES

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

| | **At 30 June 2025** ***RMB'000*** | At 31 December 2024 *RMB'000* |
|---|---|---|
| Within 1 month | **76,337** | 6,762 |
| 1 to 12 months | **20,470** | 68,562 |
| Over 12 months | **57** | 319 |
| Total trade payable and bills payable | **96,864** | 75,643 |
| Contract liabilities | **51,303** | 59,272 |
| Accrued expenses | **625,041** | 505,918 |
| Employee benefits payables | **152,144** | 230,198 |
| Payable for purchase of property, plant and equipment | **16,682** | 20,286 |
| Other payables | **52,089** | 46,019 |
| Project development deposits | **3,674** | 31,674 |
| Financial liabilities measured at amortised cost | **997,797** | 969,010 |
| Refund liabilities: | | |
| – arising from sales rebates | **54,384** | 92,852 |
| | **1,052,181** | 1,061,862 |

## 13 BANK LOANS

As at 30 June 2025 and 31 December 2024, all bank loans of the Group are repayable within one year or on demand.

As at 30 June 2025 and 31 December 2024, all bank loans of the Group are unsecured and unguaranteed.

At 30 June 2025, the Group's banking facilities amounted to RMB1,447,170,000 (31 December 2024: RMB1,420,420,000), which were utilised to the extent of RMB255,499,000 (31 December 2024: RMB253,340,000).

As at 30 June 2025, bank loans of the Group amounted to RMB209,277,000 (31 December 2024: RMB233,340,000) 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 breached the covenants the drawn down loans would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2025, none of the covenants relating to drawn down loans had been breached (31 December 2024: nil).

## 14 EQUITY SETTLED SHARE-BASED TRANSACTIONS

During the six months ended 30 June 2025, a total of 2,965,000 share options were exercised, with exercise prices ranging from HKD3.28 to HKD4.476 at a total consideration of HKD12,112,000 (equivalent to approximately RMB11,222,000). As at 30 June 2025, the total number of share options outstanding and exercisable was 9,929,000 (31 December 2024: 12,979,000).

During the six months ended 30 June 2024, a total of 33,453,000 share options were exercised, with exercise prices ranging from HKD3.28 to HKD4.476 at a total consideration of HKD136,994,000 (equivalent to approximately RMB124,688,000). As at 30 June 2024, the total number of share options outstanding and exercisable was 17,917,000 (31 December 2023: 69,659,000).

## 15 CAPITAL, RESERVE AND DIVIDENDS

### (a) Dividends

#### *(i) Dividends payable to equity shareholders attributable to the interim period*

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Interim dividend declared and paid after the interim period HKD0.33 per ordinary share (six months ended 30 June 2024: HKD0.30 per ordinary share) | **254,193** | 229,827 |

The interim dividend has not been recognised as a liability at the end of the reporting period.

#### *(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period*

| | For the six months ended 30 June | |
|---|---|---|
| | **2025** | 2024 |
| | ***RMB'000*** | *RMB'000* |
| Final dividends in respect of the previous financial year, approved and paid during the following interim period of HKD0.30 per share (six months ended 30 June 2024: HKD0.30 per share) | **235,954** | 221,122 |
| Special dividend in respect of the previous financial year, approved and paid during the following interim period of HKD0.30 per share (six months ended 30 June 2024: HKD0.30 per share) | **–** | 229,082 |
| | **235,954** | 450,204 |

**(b) Purchase of own shares**

During the six months ended 30 June 2025, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

| Month/year | Number of shares repurchased | Highest price paid per share *HKD* | Lowest price paid per share *HKD* | Aggregate price paid *HKD'000* |
|---|---|---|---|---|
| June 2025 | 2,041,000 | 11.42 | 10.99 | 23,009 |

During the six months ended 30 June 2025, the Company repurchased 2,041,000 shares (six months ended 30 June 2024: nil), on the Stock Exchange of Hong Kong Limited for an aggregate price of HKD23,009,000 (equivalent to approximately RMB21,023,000) (six months ended 30 June 2024: nil). As of 30 June 2025, the repurchased shares have not been cancelled by the Company.

**(c) Share capital**

***(i) Issued share capital***

| | Number of shares *'000* | Nominal value of fully paid shares *HKD'000* | Nominal value of fully paid shares *RMB'000* |
|---|---|---|---|
| As at 1 January 2025 | **849,408** | **84,941** | **67,308** |
| Shares issued under the Share Option Schemes (note 15(c)(ii)) | **2,965** | **297** | **273** |
| As at 30 June 2025 | **852,373** | **85,238** | **67,581** |

The ordinary shares of the Company have a par value of HKD0.10 per share.

***(ii) Shares issued due to exercise of Share Option Scheme***

During the six months period ended 30 June 2025, share options were exercised to subscribe for 2,965,000 (six months ended 30 June 2024: 33,453,000) ordinary shares in the Company at a consideration of HKD12,112,000 (equivalent to approximately RMB11,222,000) (six months ended 30 June 2024: HKD136,994,000 (equivalent to approximately RMB124,688,000)).

## MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the unaudited interim financial report of the Group. The interim financial report of the Group has been prepared in accordance with HKAS 34, Interim Financial Reporting.

## BUSINESS AND FINANCIAL REVIEW

### Financial Review

#### *Revenue*

For the six months ended 30 June 2025, the Group's revenue was RMB1,568,588,000, representing an increase of approximately 23.7% as compared with RMB1,268,549,000 for the same period of 2024.

Categorized by product lines, sales of kidney medicines recorded an increase of approximately 28.0% 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; sales of gynaecology and paediatrics medicines recorded an increase of approximately 17.5% as compared with the same period last year, which have become the second largest product division of the Group in terms of revenue contribution; sales of medical contrast medium recorded an increase of approximately 22.0% as compared with the same period last year; sales of orthopaedics medicines recorded an increase of approximately 2.1% as compared with the same period last year; sales of dermatologic medicines recorded an increase of approximately 19.7% as compared with the same period last year; sales of hepatobiliary medicines recorded an increase of approximately 4.6% as compared with the same period last year; and sales of others recorded an increase of approximately 5.4% 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 first half of 2025, the Group's gross profit was RMB1,208,681,000, representing a growth of approximately 27.6% as compared with RMB947,523,000 for the same period of 2024. The growth in gross profit was mainly attributable to the increase in sales. For the first half of 2025, the Group's average gross profit margin was approximately 77.1%, representing an increase of 2.4 percentage points as compared with 74.7% for the same period of 2024, which was mainly caused by the decrease in procurement prices of raw materials for Chinese Medicine.

#### *Other Income*

For the first half of 2025, the Group's other income was RMB23,618,000 which mainly included government grants, interest income and net exchange losses. Compared with RMB37,263,000 for the same period of 2024, other income decreased by approximately 36.6%, which was mainly due to the decline in government support fund and the increase in net exchange losses.

### *Distribution Costs*

For the first half of 2025, the Group's distribution costs were RMB515,650,000, representing an increase of approximately 25.2% as compared with RMB411,912,000 for the same period of 2024, which was mainly due to the growth in marketing expenses in line with the increase in sales and the expansion of OTC brand building.

### *Administrative Expenses*

For the first half of 2025, the Group's administrative expenses were RMB177,573,000, representing an increase of approximately 31.8% as compared with RMB134,712,000 for the same period of 2024, which was mainly attributable to costs incurred for optimization of organizational structure and recruitment of talents.

### *Impairment Loss on Trade and Other Receivables*

For the first half of 2025, the Group maintained its consistent policies for making provisions in respect of trade and other receivables and strictly enforced its credit risk management policy. Recoverability of trade and other receivables was also tracked and assessed on an ongoing basis. There were no cases of significant and exceptional overdue receivables.

### *Finance Costs*

For the first half of 2025, the Group's finance costs were RMB2,468,000, representing a decrease of approximately 81.5% as compared with RMB13,375,000 for the same period of 2024, which was mainly due to the downsized scale of loans and a decrease in interest rate of bank borrowings.

### *Income Tax*

For the first half of 2025, the Group's income tax expenses were RMB32,389,000, representing a decrease of approximately 1.8% as compared with RMB32,998,000 for the same period of 2024. The effective tax rate (income tax expenses divided by profit before taxation) decreased by approximately 1.5 percentage points from 7.6% for the first half of 2024 to 6.1% for the first half of 2025.

### *Interim profit attributable to equity shareholders of the Company and Earnings Per Share*

For the first half of 2025, the Group's interim profit attributable to equity shareholders of the Company was RMB498,299,000, representing an increase of approximately 24.6% as compared with RMB399,765,000 for the same period of 2024. The basic earnings per share increased by approximately 18.0% from RMB0.50 for first half of 2024 to RMB0.59 for the same period of 2025. The diluted earnings per share increased by approximately 18.4% from RMB0.49 for first half of 2024 to RMB0.58 for the same period of 2025.

## LIQUIDITY AND FINANCIAL RESOURCES

### Inventories

As at 30 June 2025, the balance of inventories was RMB286,698,000, representing a decrease of approximately 1.0% as compared with the balance of RMB289,677,000 as at 31 December 2024. Inventory turnover days for the first half of 2025 were 144.1 days, decreased by 21.2 days from 165.3 days for 2024, which was mainly due to enhanced management on inventories.

### Trade Debtors and Bills Receivable

As at 30 June 2025, the balance of trade debtors and bills receivable, net of loss allowance, was RMB296,337,000 (31 December 2024: RMB297,573,000). Trade debtors and bills receivable turnover days for the first half of 2025 were 34.1 days, which remained stable as compared with 34.0 days for 2024.

### Trade Payable and Bills Payable

As at 30 June 2025, the balance of trade payable and bills payable was RMB96,864,000, representing an increase of approximately 28.1% as compared with the balance of RMB75,643,000 as at 31 December 2024. Trade payables and bills payable turnover days for the first half of 2025 were 43.1 days, representing an increase of 3.1 days from 40.0 days for 2024, which remained relatively stable.

### Cash Flows

For the first half of 2025, the Group's net cash generated from operating activities was RMB492,695,000, representing an increase of approximately 40.6% as compared with RMB350,339,000 for the same period of 2024.

### Cash and Bank Balances and Bank Loans

As at 30 June 2025, the Group's cash and bank balances (including deposits with banks with original maturity date over three months) were RMB4,041,683,000 (including restricted cash of RMB4,365,000), representing an increase of approximately 4.6% as compared with RMB3,865,682,000 as at 31 December 2024. As at 30 June 2025, the Group's banking facilities amounted to RMB1,447,170,000 (31 December 2024: RMB1,420,420,000), which were utilised to the extent of RMB255,499,000 (31 December 2024: RMB253,340,000). The utilised banking facilities included bills payable of RMB16,222,000 (31 December 2024: nil).

As at 30 June 2025, the Group's bank loans were RMB239,277,000 (mainly denominated in RMB and HKD, repayable within 1 year or on demand, of which RMB180,000,000 were domestic discounted borrowings with an interest rate of 0.02%, and HKD65,000,000 were overseas variable-rate borrowings in HKD), representing a decrease of approximately 5.6% as compared with RMB253,340,000 as at 31 December 2024 (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%, which bear interests at the rate ranging from 2.9% to 3.05% before discount, and HKD90,000,000 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 2025. 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 30 June 2025 was 5.5% (31 December 2024: 6.2%). The gearing ratio decreased by 0.7 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 first half of 2025.

## 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 six months ended 30 June 2025, the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when necessary.

## CAPITAL STRUCTURE

During the six months ended 30 June 2025, the Company issued a total of 2,964,612 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**") (2024: 38,391,273 ordinary shares).

During the six months ended 30 June 2025, the Company repurchased 2,041,000 shares (six months ended 30 June 2024: nil) on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate price of HKD23,009,000 (equivalent to approximately RMB21,023,000) (six months ended 30 June 2024: nil). As of 30 June 2025, the repurchased shares have not been cancelled by the Company.

Save as disclosed above, there was no change in the capital structure of the Company during the six months ended 30 June 2025. As at 30 June 2025, the Company's issued share capital comprised 852,372,745 ordinary shares of HKD0.1 each and amounted to HKD85,237,274.5.

## CAPITAL COMMITMENTS

As at 30 June 2025, the Group had capital commitments of approximately RMB507,489,000 (31 December 2024: RMB493,985,000).

## INFORMATION ON EMPLOYEES

As at 30 June 2025, the Group hired a total of 3,073 employees (31 December 2024: 3,164 employees). The total staff costs (including the directors' remuneration) for the six months ended 30 June 2025 was RMB284,398,000 (2024: RMB255,324,000). 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 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, as at 30 June 2025, 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 first half of 2025.

## PLEDGE OF ASSETS

As at 30 June 2025, the Group did not have any pledge of assets (31 December 2024: Nil).

## CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities (31 December 2024: Nil).

## CONNECTED TRANSACTION

During the first half of 2025, 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.

## 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 first half of 2025, there was no incidence of significant non-compliance of laws and regulations that is relevant to the Group's operations.

## KEY INDUSTRY POLICIES AND IMPLICATIONS

The government work report has outlined the plan for the government's tasks in 2025, including optimizing the policies for centralized procurement of medicines and strengthening quality assessment and supervision to boost public confidence in use of medicines; improving the pricing mechanism for medicines and formulating an innovative drug catalogue to bolster the development of innovative drugs and medical devices; refining the mechanism for the heritage and innovative development of traditional Chinese medicine and driving the high-quality development of traditional Chinese medicine businesses and industry; steadily advancing the unified management of basic medical insurance at the provincial level, improving the financing and benefit adjustment mechanisms for basic medical insurance, deepening the reform of medical insurance contribution and promoting hierarchical diagnosis and treatment; and establishing a comprehensive tracing mechanism for medicines and consumables and carrying out strict supervision over medical insurance funds.

### I. Optimizing the Policies for Centralized Procurement of Medicines and Strengthening Quality Assessment and Supervision

The 11th batch of centralized procurement was commenced in July. In accordance with the optimized centralized procurement measures as scrutinized and approved by the Standing Committee Meeting of the State Council, the National Healthcare Security Administration (the "**NHSA**") adhered to the principles of "stabilizing clinical application, ensuring quality, preventing bid rigging and countering internally vicious competition", and studied and perfected specific procurement rules. For example, in terms of quantity reporting, medical institutions may opt to report the procurement quantity of specific brands. As for the selection rules, the "anchor point" for calculating price differences shall be optimized, and the NHSA shall no longer simply use the lowest price as the reference. In respect of quality assurance, it is required that the production lines of the drug being offered for bidding shall not violate the Good Manufacturing Practice for Drugs within two years, and the drug regulatory authorities shall conduct comprehensive inspections on the enterprises selected for centralized procurement with extensive spot checks on the products thereof.

### II. Adjustments to the 2025 Medical Insurance Drug Catalogue and Launch of the "Dual Drug Catalogues" Mechanism

On 11 July, the government officially initiated the adjustments in respect of the National Drug Catalogue for Basic Medical Insurance, Maternity Insurance and Work-related Injury Insurance as well as the Innovative Drug Catalogue for Commercial Health Insurance for 2025. Among these, the "Innovative Drug Catalogue for Commercial Health Insurance" (the "**IDCCHI**") introduced for the first time is undoubtedly the highlight of this adjustment.

The introduction of the IDCCHI has marked a critical breakthrough for the development of China's multi-tiered health security system. It has not only enhanced patients' accessibility to medicines but also is of great significance to restructuring the rationale of payment and innovation ecosystem in the pharmaceutical industry.

## III. Linked Management of Medicines Available for the Grassroots

In November 2024, the six authorities comprising the National Health Commission, the Ministry of Industry and Information Technology, the NHSA, the National Administration of Traditional Chinese Medicine, the National Disease Control and Prevention Administration, and the National Medical Products Administration jointly issued the Opinions on Reforming and Improving the Mechanisms for Linked Management of Medicines and Expanding the Variety of Medicines Available for the Grassroots (《關於改革完善基層藥品聯動管理機制擴大基層藥品種類的意見》) (the "**Opinions**"), under which the principal measures to address the medication issues at the grassroots level are summarized in four key areas, namely "standardizing and optimizing the types of medicines available for the grassroots" and the three mechanisms of "procurement and use under linked operation, centralized supply and distribution, and shortage warning and response".

The Opinions specifies that the close-knit medical-associations engagement shall prioritize the National Essential Drug Catalogue, the National Medical Insurance Drug Catalogue and those medicines selected through national centralized quantity procurement, and they shall establish a unified drug catalogue for close-knit medical-associations engagement, including close-knit county-level medical consortiums and close-knit urban medical groups, and dynamically adjust the unified drug catalogue per annum. By 2027, the linked management system and operational mechanisms for medicines within close-knit medical-associations engagement shall be fully established.

Currently, certain provinces have launched their provincial implementation plans. In July, the Guangdong Provincial Health Commission took the lead in soliciting public comments on the Unified Medication Catalogue Selection and Implementation Guidelines for Close-knit Medical-associations Engagement in Guangdong Province (Draft for Comments) (《廣東省緊密型醫聯體統一用藥目錄遴選實施指引(徵求意見稿)》).

## IV. Consensus on Drug Listing on the Local Network

The Consensus on Drug Listing on the Network of Provincial Pharmaceutical Procurement Platforms (《省級醫藥採購平台藥品掛網共識》) (the "**Consensus**") was initiated by the healthcare security administrations of Hebei, Zhejiang, Guangdong, Guizhou, Xinjiang, and other provinces, with the participation of other provincial healthcare security administrations, and was jointly summarized and formulated based on the practical experiences of various regions. The Consensus provides a systematic explanation on issues relating to consensus such as price differentials or comparisons among routine listing of various drugs, the listing of nationally procured and negotiated drugs on the network, and the management of listed drugs. Additionally, it specifies the requirement for the healthcare security administration of each province (or autonomous region and municipality), and that governing the production and construction entities in Xinjiang to revise and issue their respective local drug listing rules by the end of May 2025. As of 23 July, the Rules of Drug Listing on the Network of Hebei Province have been officially promulgated and implemented, while 29 other provinces are soliciting comments on their respective local drug listing rules.

## OUTLOOK

For the first half of 2025, in the face of multiple challenges including accelerated industry integration, expanded coverage and enhanced quality of centralized procurement and fluctuation in prices of Chinese medicines, the Group adhered to the annual work plan of "Winning tough battles, deepening compliance and enhancing services" and focused on achieving its goals through strong execution. Leveraging collective intelligence to work wisely and pursuing concerted efforts to expand into new areas, the Group carried out numerous effective works and our overall performance continued to improve while maintaining stability.

Looking into the second half of the year, standing at a new starting point and facing the new circumstances, the Company will continue to consolidate its fundamental management, optimize resources allocation, strengthen team execution and enhance operational efficiency by dividing the plans and deployments for works in the second half of the year into their specific targets, putting into actions and delivering the results, hence making sure that the Company will be able to surpass its annual performance targets and advance its high-quality development for long-term stability by overcoming all challenges, and embark on new chapters of success for 2025!

## 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 Provisions**") as set out in Part 2 of Appendix C1, Corporate Governance Code, to the Listing Rules during the six months ended 30 June 2025.

## DEVIATION FROM PARAGRAPH C.2.1 OF THE CODE PROVISIONS

Currently, Mr. An Meng, the Chairman of the Board and an executive Director, concurrently serves as the Chief Executive Officer. Pursuant to paragraph C.2.1 of the Code Provisions, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. Despite the said deviation from paragraph C.2.1 of the Code Provisions for Mr. An Meng to serve as the Chairman of the Board as well as the Chief Executive Officer of the Company, 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 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, it 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 six months ended 30 June 2025.

## 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, all of whom are independent non-executive Directors, namely Mr. Li Zhuoguang, Professor Li Yikai and Mr. Duan Weiwu. 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 Interim Results have been reviewed by the Audit Committee and the Company's external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2025, the Company issued a total of 2,964,612 ordinary shares pursuant to employees' exercise of share options granted under the share option scheme adopted on 2 December 2013 (the "**2013 Share Option Scheme**") at consideration ranging from HKD3.28 to HKD4.476 per share (aggregate consideration approximately: HKD12,111,710 (equivalent to approximately RMB11,222,000)). The weighted average closing price of the Company's shares immediately before the dates on which such share options were exercised is approximately HKD9.59.

The Company commenced purchasing its shares on 16 June 2025. For the six months ended 30 June 2025, the Company repurchased 2,041,000 shares of its own ordinary shares through the Stock Exchange at an aggregate price of approximately HKD23,009,000 (equivalent to approximately RMB21,023,000). As at 30 June 2025, the repurchased shares have not been cancelled by the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries sold or redeem any of the Company's listed securities during the six months ended 30 June 2025.

## NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Board proposed to declare an interim dividend of HKD0.33 per share for the six months ended 30 June 2025. Further details are disclosed in the note headed "Interim Dividend" of this announcement.

After the end of the reporting period and up to the date of this announcement, the Company issued a total of 244,650 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: HKD1,009,785 (equivalent to approximately RMB919,814)).

After the end of the reporting period and up to the date of this announcement, the Company repurchased 3,154,000 shares of its own ordinary shares through the Stock Exchange at an aggregate price of approximately HKD35,656,000 (equivalent to approximately RMB32,489,000).

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.

## INTERIM DIVIDEND

The Board is pleased to announce the distribution of an interim dividend of HKD0.33 per share for the six months ended 30 June 2025 (the "**Interim Dividend**"), which amounted to approximately RMB254,193,000 in total. It is expected that the Interim Dividend will be paid on or around Friday, 19 September 2025 to the shareholders whose name appear on the register of members of the Company on Friday, 5 September 2025.

In order to qualify for the entitlements to the Interim Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's 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, not later than 4:30 p.m. on Friday, 5 September 2025.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.chinaconsun.com) and the Stock Exchange (www.hkexnews.hk), and the interim report of the Group for the six months ended 30 June 2025 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, 19 August 2025

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