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華潤醫藥集團有限公司
**China Resources Pharmaceutical Group Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 3320)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2024*
*(Expressed in Renminbi ("**RMB**"))*

| | *Notes* | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|
| REVENUE | *3* | **257,673,256** | 244,703,884 |
| Cost of sales | | **(216,984,387)** | (206,366,398) |
| GROSS PROFIT | | **40,688,869** | 38,337,486 |
| Other income | *4* | **1,801,527** | 1,771,446 |
| Other gains and losses | *5* | **(1,642,579)** | (1,564,959) |
| Selling and distribution expenses | | **(19,809,905)** | (18,909,898) |
| Administrative expenses | | **(6,727,404)** | (6,328,166) |
| Other expenses, net | | **(2,147,821)** | (2,044,162) |
| Finance income | *6* | **681,103** | 587,686 |
| Finance costs | *6* | **(2,281,882)** | (2,386,312) |

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

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Finance costs, net | | **(1,600,779)** | (1,798,626) |
| Share of profits of associates and joint ventures | | **368,014** | 417,106 |
| PROFIT BEFORE TAXATION | 7 | **10,929,922** | 9,880,227 |
| Income tax expense | 8 | **(2,526,679)** | (2,105,224) |
| PROFIT FOR THE YEAR | | **8,403,243** | 7,775,003 |
| Attributable to: | | | |
| Equity shareholders of the Company | | **3,350,857** | 3,854,247 |
| Non-controlling interests | | **5,052,386** | 3,920,756 |
| | | **8,403,243** | 7,775,003 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY SHAREHOLDERS OF THE COMPANY:** | 10 | | |
| Basic and diluted (RMB) | | **0.53** | 0.61 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2024*
*(Expressed in RMB)*

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| PROFIT FOR THE YEAR | **8,403,243** | 7,775,003 |
| Other comprehensive income for the year | | |
| *Items that may be reclassified subsequently to profit or loss:* | | |
| Exchange differences on translation of operations outside Mainland China | **(40,652)** | (188,376) |
| Other comprehensive income that may be reclassified to profit or loss under equity method | **(1,542)** | – |
| *Item that will not be reclassified to profit or loss:* | | |
| Share of other comprehensive income of associates | **(96)** | (15) |
| Remeasurement of defined benefit plans | **(22,739)** | 11,261 |
| Gain on revaluation of property, plant and equipment upon transfer to investment properties, net of tax | **20,394** | 120,433 |
| Changes in equity instruments, at fair value through other comprehensive income | **(4,036)** | – |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | **(48,671)** | (56,697) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | **8,354,572** | 7,718,306 |
| Attributable to: | | |
| Equity shareholders of the Company | **3,319,132** | 3,795,203 |
| Non-controlling interests | **5,035,440** | 3,923,103 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | **8,354,572** | 7,718,306 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2024*
*(Expressed in RMB)*

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **20,988,872** | 20,117,615 |
| Right-of-use assets | | **4,918,458** | 4,925,159 |
| Investment properties | | **1,673,690** | 1,692,206 |
| Intangible assets | | **8,507,954** | 8,016,756 |
| Goodwill | | **22,368,811** | 21,454,280 |
| Interests in associates | | **5,536,147** | 6,005,836 |
| Interests in joint ventures | | **22,924** | 31,211 |
| Other non-current financial assets | | **584,325** | 841,445 |
| Deferred tax assets | | **1,968,756** | 1,773,365 |
| Other non-current assets | | **5,344,804** | 3,344,593 |
| Total non-current assets | | **71,914,741** | 68,202,466 |
| **CURRENT ASSETS** | | | |
| Inventories | | **37,052,579** | 31,875,487 |
| Trade and other receivables | *11* | **93,929,934** | 79,188,302 |
| Other current financial assets | | **28,211,657** | 34,615,717 |
| Amounts due from related parties | | **1,262,265** | 1,061,519 |
| Tax recoverable | | **222,147** | 118,997 |
| Pledged and term deposits | | **8,703,691** | 7,018,574 |
| Cash and cash equivalents | | **16,424,739** | 24,650,670 |
| | | **185,807,012** | 178,529,266 |
| Assets classified as held for sale | | **38,567** | 38,564 |
| Total current assets | | **185,845,579** | 178,567,830 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *12* | **80,742,110** | 79,075,321 |
| Contract liabilities | | **4,224,594** | 4,022,937 |
| Lease liabilities | | **520,268** | 463,529 |
| Amounts due to related parties | | **875,778** | 4,123,718 |
| Bank borrowings | | **42,702,306** | 43,119,673 |
| Bonds payable | | **2,150,582** | 2,640,387 |
| Tax payable | | **954,898** | 730,031 |
| Defined benefit obligations | | **51,388** | 57,159 |
| Total current liabilities | | **132,221,924** | 134,232,755 |
| **NET CURRENT ASSETS** | | **53,623,655** | 44,335,075 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **125,538,396** | 112,537,541 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**
*As at 31 December 2024*
*(Expressed in RMB)*

| | *Notes* | **2024** *RMB'000* | 2023 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Bank borrowings | | **17,866,213** | 11,093,432 |
| Bonds payable | | **4,997,673** | 3,999,046 |
| Lease liabilities | | **768,138** | 844,894 |
| Deferred tax liabilities | | **1,915,360** | 1,718,120 |
| Defined benefit obligations | | **773,542** | 761,698 |
| Amounts due to related parties | | **–** | 43,500 |
| Other non-current liabilities | | **1,130,192** | 1,102,037 |
| Total non-current liabilities | | **27,451,118** | 19,562,727 |
| **NET ASSETS** | | **98,087,278** | 92,974,814 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **24,630,493** | 24,630,493 |
| Reserves | | **23,613,743** | 21,329,112 |
| Total equity attributable to equity shareholders of the Company | | **48,244,236** | 45,959,605 |
| Non-controlling interests | | **49,843,042** | 47,015,209 |
| **TOTAL EQUITY** | | **98,087,278** | 92,974,814 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 CORPORATE AND GROUP INFORMATION

China Resources Pharmaceutical Group Limited ("**the Company**") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited with effect from 28 October 2016. Its immediate holding company is CRH (Pharmaceutical) Limited ("**CRHP**"), a company incorporated in the British Virgin Islands ("**BVI**") and its ultimate holding company is China Resources Company Limited ("**CRCL**"), a state-owned enterprise established in the People's Republic of China (the "**PRC**").

The address of the registered office and the principal place of business of the Company is Room 4104–05, 41/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries ("**the Group**") is principally engaged in the manufacture, distribution and retail of pharmaceutical and healthcare products.

The financial information relating to the years ended 31 December 2024 and 2023 included in this announcement of 2024 annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to the statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) of the Laws of Hong Kong ("**Companies Ordinance**") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2024 in due course.

## 2 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

**(b) Basis of preparation of the financial statements**

The consolidated financial statements are presented in RMB, rounded to the nearest thousand, while the functional currency of the Company is Hong Kong dollars ("**HK$**").

The majority of the Group's transactions are denominated and settled in RMB, so the directors of the Company consider that it is more appropriate to adopt RMB as the presentation currency for the consolidated financial statements of the Group.

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest;

— investments in debt and equity securities.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**(c) Changes in accounting policies**

*(i) New and amended HKFRSs*

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to HKAS 1, *Presentation of financial statements — Non-current liabilities with covenants* ("**2022 amendments**")

- Amendments to HKFRS 16, *Leases — Lease liability in a sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented. 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

**(a) Revenue**

Disaggregation of revenue is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue from contracts with customers within the scope of HKFRS 15** | | |
| Sale of pharmaceutical products | **257,538,411** | 244,569,688 |
| **Revenue from other sources** | | |
| Gross rental income from investment property under operating leases | **134,845** | 134,196 |
| | **257,673,256** | 244,703,884 |

No revenue amounting to 10% or more of the Group's total revenue was derived from sales to one customer.

**(b) Segment reporting**

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The board of directors of the Company, being the chief operating decision maker ("**CODM**"), considers resource allocation and assesses segment performance from a different business type perspective.

Specifically, the Group has four reportable segments as follows:

(a) Pharmaceutical manufacturing business (Manufacturing segment) — research and development, manufacture and sale of a broad range of pharmaceutical and healthcare products

(b) Pharmaceutical distribution business (Distribution segment) — distribution, warehousing, logistics, and other value-added pharmaceutical supply chain solutions and related services to pharmaceutical/medical device manufacturers and dispensers, such as hospitals, distributors and retail pharmacies

(c) Pharmaceutical retail business (Retail segment) — operation of retailing of pharmacy stores

(d) Other business operations (Others) — property holding and others

No operating segments have been aggregated to derive the reportable segments of the Group.

Inter-segment sales are conducted at prices and terms mutually agreed amongst those operating segments, with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

*(i) Segment results, assets and liabilities*

The board of directors assesses the performance of the operating segments on the following bases:

Segment results represent the profit earned by each segment without allocation of other income, other gains and losses, administrative expenses, other expenses, share of results of associates and joint ventures, finance income and non-leased-related finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets (including investments in subsidiaries and the amounts due from group entities within the Group), other than deferred tax assets and tax recoverable, are allocated to reportable segment assets; and

- all liabilities (including the amounts due to group entities within the Group), other than tax payable, deferred tax liabilities, bank borrowings, bonds payable and other non-current liabilities, are allocated to reportable segment liabilities.

Disaggregation of revenue from contracts with customers by the information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

| **Year ended 31 December 2024** | **Manufacturing segment** *RMB'000* | **Distribution segment** *RMB'000* | **Retail segment** *RMB'000* | **Others** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| External sales | **41,419,953** | **206,075,547** | **10,104,175** | **73,581** | **257,673,256** |
| Inter-segment sales | **4,903,784** | **7,161,724** | **–** | **–** | **12,065,508** |
| | **46,323,737** | **213,237,271** | **10,104,175** | **73,581** | **269,738,764** |
| *Elimination:* | | | | | |
| Elimination of inter-segment sales | | | | | **(12,065,508)** |
| Segment revenue | | | | | **257,673,256** |
| **Segment results** | **13,324,378** | **7,342,758** | **91,149** | **50,702** | **20,808,987** |
| Other income *(Note 4)* | | | | | **1,801,527** |
| Other gains and losses *(Note 5)* | | | | | **(1,642,579)** |
| Administrative expenses | | | | | **(6,727,404)** |
| Other expenses, net | | | | | **(2,147,821)** |
| Finance income *(Note 6)* | | | | | **681,103** |
| Finance costs (other than interest on lease liabilities) | | | | | **(2,211,905)** |
| Share of profits of associates and joint ventures | | | | | **368,014** |
| Profit before taxation | | | | | **10,929,922** |

| Year ended 31 December 2023 | Manufacturing segment *RMB'000* | Distribution segment *RMB'000* | Retail segment *RMB'000* | Others *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **Segment revenue** | | | | | |
| External sales | 39,190,495 | 195,858,229 | 9,578,797 | 76,363 | 244,703,884 |
| Inter-segment sales | 4,274,503 | 6,295,222 | – | – | 10,569,725 |
| | 43,464,998 | 202,153,451 | 9,578,797 | 76,363 | 255,273,609 |
| *Elimination:* | | | | | |
| Elimination of inter-segment sales | | | | | (10,569,725) |
| Segment revenue | | | | | 244,703,884 |
| **Segment results** | 12,082,710 | 7,139,353 | 123,952 | 25,297 | 19,371,312 |
| Other income *(Note 4)* | | | | | 1,771,446 |
| Other gains and losses *(Note 5)* | | | | | (1,564,959) |
| Administrative expenses | | | | | (6,328,166) |
| Other expenses, net | | | | | (2,044,162) |
| Finance income *(Note 6)* | | | | | 587,686 |
| Finance costs (other than interest on lease liabilities) | | | | | (2,330,036) |
| Share of profits of associates and joint ventures | | | | | 417,106 |
| Profit before taxation | | | | | 9,880,227 |

## 4 OTHER INCOME

| | **2024** ***RMB'000*** | 2023 *RMB'000* |
|---|---|---|
| Service fee income | **793,869** | 792,996 |
| Government grants | **491,384** | 509,933 |
| Compensation income | **30,353** | 37,931 |
| Others | **485,921** | 430,586 |
| | **1,801,527** | 1,771,446 |

## 5 OTHER GAINS AND LOSSES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Impairment recognised on property, plant and equipment | **(40,447)** | (122,401) |
| Impairment recognised on right-of-use assets | **(4,387)** | (13,144) |
| Impairment recognised on intangible assets | **(123,079)** | (450,930) |
| Impairment recognised on goodwill | **(92,228)** | (82,814) |
| Impairment recognised on interests in associates | **(800,299)** | (199,349) |
| Impairment recognised on trade receivables, net | **(506,363)** | (243,405) |
| Impairment recognised on other receivables, net | **(29,085)** | (23,885) |
| Gain on disposal of subsidiaries and associates, net | **23,819** | 38,686 |
| Gain/(loss) on disposal of items of property, plant and equipment, net | **51,641** | (12,196) |
| Gain on disposal of right-of-use assets, net | **8,444** | 26,548 |
| (Loss)/gain on disposal of investment properties, net | **(13,783)** | 10,814 |
| Loss on derecognition of trade receivables measured at fair value through other comprehensive income | **(263,797)** | (450,667) |
| Fair value changes of financial assets at fair value through profit or loss | **79,891** | (21,337) |
| Fair value changes of investment properties | **(10,960)** | (24,649) |
| Negative goodwill | **73,273** | – |
| Others | **4,781** | 3,770 |
| | **(1,642,579)** | (1,564,959) |

## 6 FINANCE COSTS, NET

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Finance costs: | | |
| Interest on bank borrowings | **1,971,643** | 2,041,417 |
| Interest on bonds payable | **215,322** | 184,344 |
| Interest on borrowings from an intermediate holding company | **6,972** | 85,565 |
| Interest on lease liabilities | **69,977** | 56,276 |
| Interest on defined benefit obligations | **20,083** | 23,798 |
| Less: Interest capitalised in property, plant and equipment | **(2,115)** | (5,088) |
| Total finance costs | **2,281,882** | 2,386,312 |
| Finance income — Interest income | **(681,103)** | (587,686) |
| Net finance costs | **1,600,779** | 1,798,626 |

*Note:* The capitalisation rate is 3.90% for the year (2023: 3.30%–4.60%).

## 7 PROFIT BEFORE TAXATION

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

### (a) Staff costs

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Directors' remuneration | **8,744** | 8,088 |
| Employee benefit expense (excluding directors' remuneration) | | |
| Salaries and other allowances | **9,628,669** | 9,181,351 |
| Equity-settled restricted stock incentive plan expense | **78,315** | 141,891 |
| Defined benefit scheme expense | **11,013** | (19,662) |
| Retirement benefit scheme contributions* | **1,099,463** | 978,094 |
| Total | **10,826,204** | 10,289,762 |

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

### (b) Other items

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Auditors' remuneration | | |
| — Audit services | **20,610** | 17,600 |
| — Other services | **3,720** | 1,190 |
| | **24,330** | 18,790 |
| Depreciation of property, plant and equipment | **2,024,898** | 1,948,020 |
| Depreciation of right-of-use assets | **704,668** | 625,810 |
| Amortisation of intangible assets | **627,144** | 590,535 |
| Allowance for slow-moving and obsolete inventories | **201,047** | 210,282 |
| Cost of inventories* | **214,767,011** | 204,661,244 |
| Research and development expenditure (included in other expenses) | **2,009,857** | 2,072,354 |
| Lease expenses not included in the measurement of lease liabilities | **160,921** | 138,610 |
| Foreign exchange loss/(gain), net | **33,178** | (206,471) |
| Donations | **32,849** | 61,955 |

* Cost of inventories relating to staff costs and depreciation are also included in the respective total amounts disclosed separately above.

## 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Current-PRC Enterprise Income Tax** ("**PRC EIT**") | | |
| Provision for the year | **2,692,141** | 2,354,759 |
| **Current-Hong Kong Profits Tax** | | |
| Provision for the year | **–** | 12 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **(165,462)** | (249,547) |
| | **2,526,679** | 2,105,224 |

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year.

Under the Law of PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%. In accordance with the relevant tax rules in the PRC, certain subsidiaries of the Group enjoy various income tax reductions.

The Group operates in multiple jurisdictions, which will enact tax laws to implement the Pillar Two model rules published by the OECD in forthcoming years. The Group is in the process of making an assessment of what the impact of Pillar Two model is expected to be on the income taxes. So far it has concluded that the Pillar Two model is unlikely to have a significant impact on the consolidated financial statements.

## 9 DIVIDENDS

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Dividend for ordinary shareholders of the Company recognised as distribution during the year: | | |
| Interim 2024 — RMB0.083 | **521,448** | – |
| Final 2023 — RMB0.154 per ordinary share (2023: Final 2022 — HK$0.16 per ordinary share) | **967,507** | 879,965 |

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB0.052 (2023: RMB0.154) per ordinary share, in an aggregate amount of RMB327 million (2023: RMB968 million), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## 10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB3,331,270,000 (2023: RMB3,854,247,000) and the weighted average of 6,282,510,461 ordinary shares (2023: 6,282,510,461 ordinary shares) in issue during the year, calculated as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Earnings** | | |
| Profit attributable to equity shareholders of the Company | **3,350,857** | 3,854,247 |
| Less: Forfeitable dividends declared to owners of the restricted shares of subsidiaries during the year | **(19,587)** | – |
| Profit attributable to ordinary equity shareholders of the Company used in the basic earnings per share calculation | **3,331,270** | 3,854,247 |
| **Number of shares** | | |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation | **6,282,510,461** | 6,282,510,461 |

The restricted stock incentive plans of Jiangzhong Pharmaceutical Co., Ltd., China Resources Sanjiu Medical & Pharmaceutical Company Limited ("**CR Sanjiu**") and China Resources Double-Crane Pharmaceutical Co., Ltd., are anti-dilutive, the basic and diluted EPS are the same as the restricted shares had an anti-dilutive effect on the basic EPS.

## 11 TRADE AND OTHER RECEIVABLES

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bills receivable | **1,057,307** | 993,646 |
| Contract assets | **64,596** | 2,448 |
| Trade receivables | **83,694,249** | 69,497,239 |
| Impairment allowance | **(2,910,797)** | (2,427,487) |
| | **80,783,452** | 67,069,752 |
| Prepayments | **4,069,522** | 4,764,592 |
| Other receivables | **8,341,151** | 6,725,735 |
| Impairment allowance | **(386,094)** | (367,871) |
| | **7,955,057** | 6,357,864 |
| | **93,929,934** | 79,188,302 |

The Group generally allows credit periods ranging from 30 to 180 days to its trade customers, which may be extended to 365 days for selected customers depending on their trade volume and settlement terms. The bills receivable generally have maturity periods ranging from 30 to 180 days.

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 30 days | **19,403,995** | 16,672,296 |
| 31 to 60 days | **11,950,773** | 10,809,757 |
| 61 to 90 days | **7,656,996** | 5,987,431 |
| 91 to 180 days | **17,219,042** | 13,720,722 |
| 181 to 365 days | **18,158,794** | 14,690,137 |
| Over 1 year | **6,393,852** | 5,189,409 |
| | **80,783,452** | 67,069,752 |

An ageing analysis of the Group's bills receivable as at the end of reporting period, based on the issue dates, is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 30 days | **615,874** | 345,154 |
| 31 to 60 days | **173,400** | 161,282 |
| 61 to 90 days | **66,667** | 177,176 |
| 91 to 180 days | **201,366** | 310,034 |
| | **1,057,307** | 993,646 |

## 12 TRADE AND OTHER PAYABLES

| | | **2024** | 2023 |
|---|---|---|---|
| | *Note* | ***RMB'000*** | *RMB'000* |
| Trade payables | *(a)* | **40,062,416** | 38,640,057 |
| Bills payable | *(a)* | **18,535,915** | 15,810,964 |
| Accrued salaries | | **3,740,147** | 3,398,034 |
| Other tax payables | | **942,129** | 765,317 |
| Other payables | | **15,703,647** | 18,661,016 |
| Refund liabilities | | **1,224,330** | 1,093,443 |
| Payable for acquisitions of subsidiaries | | **533,526** | 706,490 |
| | | **80,742,110** | 79,075,321 |

*Note:*

(a) The credit period for purchases of goods range from 30 to 90 days. The bills payable have maturity period ranging from 30 to 180 days. As at 31 December 2024, the Group's bills payable of RMB17,581,278,000 (31 December 2023: RMB14,161,123,000) were secured by the Group's bills receivable with an aggregate carrying amount of RMB330,791,000 (31 December 2023: RMB407,244,000) and pledged bank deposits of RMB5,254,027,000 (31 December 2023: RMB4,683,298,000).

An ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 30 days | **19,815,023** | 17,875,722 |
| 31 to 60 days | **7,415,293** | 8,530,311 |
| 61 to 90 days | **3,380,817** | 2,993,099 |
| Over 90 days | **9,451,283** | 9,240,925 |
| | **40,062,416** | 38,640,057 |

An ageing analysis of the Group's bills payable, based on the issue date, is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0 to 30 days | **5,652,836** | 4,940,452 |
| 31 to 60 days | **3,473,684** | 2,917,952 |
| 61 to 90 days | **2,918,458** | 2,167,192 |
| Over 90 days | **6,490,937** | 5,785,368 |
| | **18,535,915** | 15,810,964 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. INDUSTRY OVERVIEW

2024 marked a crucial year in implementing the "14th Five-Year Plan", witnessing the rollout of significant reform measures in succession and the sustained release of combined effects from macroeconomic policies. Driven by factors such as the expansion of consumer demand, stable investment growth, an increase in the contribution of net exports, and steady development of new quality productive forces, China's national economy operated generally smoothly amidst stability. According to data from the National Bureau of Statistics, China's GDP reached RMB134.9 trillion in 2024, breaking through RMB130 trillion for the first time, with a year-on-year growth of 5%. The main targets and tasks were achieved as scheduled.

The pharmaceutical industry is a crucial sector related to the national economy and people's livelihood, and it is a key area for cultivating and developing strategic emerging industries, as well as an important part of China's national economy. In 2024, the operating revenue of China's pharmaceutical manufacturing industry was RMB2,529.85 billion, remaining stable as compared to 2023 and demonstrating strong development resilience in the industry. Currently undergoing structural adjustments characterized by optimization of existing stock and expansion of innovative pharmaceuticals and medical devices, China's pharmaceutical industry faces overall pressure with partial differentiation in the short term while maintaining positive growth prospects in the long term. Driven by multiple factors such as the accelerated process of population aging, the increase in the demand from the silver economy, the comprehensive promotion of the "Healthy China" initiative, the industrial transformation driven by technology innovations, and capital enabling industrial development, the industrial pattern is shifting from follow-up innovation to independent innovation. Differentiated and high-quality innovation has become the core competitiveness of enterprises, while accelerated resource consolidation and continuous industry concentration are also observed.

Multiple fields such as innovative drugs, medical devices, and traditional Chinese medicine (TCM) foster incremental growth space for the Chinese pharmaceutical industry. Emerging technologies represented by novel antibodies, gene and cell therapies, and synthetic biology are gradually maturing, creating the vast potential for the pharmaceutical industry to seize the opportunities of the new wave of scientific and technological revolution and industrial transformation. AI technologies are empowering all aspects of the pharmaceutical industry, facilitating efficiency improvement and the evolution of business models. Innovative drugs are greeted with full-chain supportive policies, while China is comprehensively deepening reforms in drug and medical device regulation, with review and approval resources increasingly allocated to innovative products. Sustained support for the inheritance, innovation, and development of TCM continues, with major projects for the revitalization and development of TCM being gradually implemented.

Reforms and regulations in the pharmaceutical industry have driven profound changes across the entire sector, providing strong guarantees for its healthy development. The coordinated development of medical insurance, medical services, and the pharmaceutical industry has led the reform into deeper waters, continuously promoting the high-quality development of the pharmaceutical industry. The reform of medical insurance payment methods has been continuously deepened, and the quality improvement and scope expansion of centralized procurement have been carried out, facilitating the innovative transformation of the pharmaceutical industry. The multi-level medical security system is gradually being improved to promote the coordinated development of basic medical insurance and commercial health insurance. There is an increased focus on equipment renewal in the field of healthcare, which drives the expansion of the pharmaceutical market and the development of medical devices. The anti-corruption campaign in the pharmaceutical and medical fields has been advanced in-depth, laying the foundation for the industry's institutional building and healthy development.

## II. GROUP RESULTS AND HIGHLIGHTS

In 2024, the Group proactively aligned with national strategies, actively fostered new quality productive forces, and focused on planning the layout of strategic emerging industries, optimizing research and development (R&D) innovation strategies, strengthening external development and professional integration, deepening state-owned enterprise reform, and enhancing actions. The Group also actively embraced centralized procurement, continuously improved digitalization and green development. The Group has achieved steady growth in results, continuous improvement in operational resilience, and sustained enhancement of the momentum for high-quality development despite significant pressures in the overall pharmaceutical industry.

The Group is a leading integrated pharmaceutical company with stable and consolidated strength in China's pharmaceutical industry. The Group ranks third in the industry in terms of overall scale, second in the top 100 pharmaceutical industry for its pharmaceutical manufacturing business, and third in the industry scale for its pharmaceutical distribution business. During the Reporting Period, the Group achieved outstanding performance in brand building. Its subsidiary, China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. (華潤三九醫藥股份有限公司) ("**CR Sanjiu**") was selected as one of the "Top 100 Most Valuable Chinese Brands of 2024" by Kantar, being one of the only three pharmaceutical brands on the list. China Resources Jiangzhong Pharmaceutical Group Co., Ltd. (華潤江中製藥集團有限責任公司) ("**CR Jiangzhong**") ranked 6th in the pharmaceutical industry of the 2024 China's 500 Most Valuable Brands list. Dong-E-E-Jiao Co., Ltd. (東阿阿膠股份有限公司) ("**Dong-E-E-Jiao**") successfully had its brand marketing and product innovation case selected for the "2024 World Brand Yearbook", ranking first in the Health Industry Brand Value List for 10 consecutive years; and China Resources Zizhu Pharmaceutical Co., Ltd. (華潤紫竹藥業有限公司) ("**CR Zizhu**") was approved as a "Specialized, Refined, and Innovative 'Little Giant' Enterprise" by the Ministry of Industry and Information Technology.

## 1. Financial Performance

During the Reporting Period, the Group recorded total revenue of RMB257,673.3 million, representing an increase of 5.3% compared to RMB244,703.9 million in the same period last year. In 2024, the revenue of the Group's three major business segments, namely pharmaceutical manufacturing, pharmaceutical distribution, pharmaceutical retail businesses and others, accounted for 16.1%, 80.0% and 3.9% of the Group's total revenue, respectively.

During the Reporting Period, the Group recorded a gross profit of RMB40,688.9 million, an increase of 6.1% from RMB38,337.5 million in 2023. The overall gross profit margin in 2024 was 15.8%, which marked an increase of 0.1 percentage points compared to 15.7% in 2023. This was primarily due to the increase in the gross profit margin of the pharmaceutical manufacturing business during the Reporting Period.

During the Reporting Period, the Group recorded a net profit of RMB8,403.2 million, representing an increase of 8.1% from RMB7,775.0 million for 2023. The Company generated a profit attributable to owners of RMB3,350.9 million, a decrease of 13.1% compared to RMB3,854.2 million for 2023. Excluding the effect of one-off items such as the impairment of associates, the net profit of the Group recorded a healthy year-on-year growth of 13.1% during the Reporting Period, while the profit attributable to the owners of the Company recorded a year-on-year growth of 0.5%. Basic earnings per share were RMB0.53 during the Reporting Period (2023: RMB0.61). Excluding the effect of the increase in minority interests and one-off items, profit attributable to the owners of the Company achieved double-digit year-on-year growth in 2024. The Board recommended the final dividend payment of RMB0.052 per share for the year ended 31 December 2024.

## 2. Pharmaceutical Manufacturing Business

In 2024, the Group's pharmaceutical manufacturing business and sectors both recorded growth, and the gross profit margin further increased, showing the positive momentum in the high-quality development track. During the Reporting Period, the Group focused on the construction of the whole industrial chain of TCM, chemical drugs, and biopharmaceutical drugs to further release the potential of the TCM industry chain in leading and integrating the development. The Group also promoted innovative transformation firmly and made certain achievements by way of combining independent research and cooperation, which further enhanced its innovation ability; by building an excellent operating system, taking initiatives to reduce costs and increase efficiency, the digitalization and green low-carbon levels were improved significantly, thus earning the Group several honors. In terms of extended development, three mergers and acquisitions (M&A) projects had been completed, leading to several products introduced and the product portfolio enriched, reflecting the indeed impact of M&A and integration of entities such as KPC Pharmaceuticals, Inc (昆藥集團股份有限公司) ("**KPC**") and Green Cross HK (China) Biological Products Co., Ltd (綠十字(中國)生物製品有限公司) ("**Green Cross**"). Regarding the centralized procurement, 14 products were included in the tenth batch of the national centralized procurement.

### *(1) Financial performance*

During the Reporting Period, the Group's pharmaceutical manufacturing business generated segment revenue of RMB46,323.7 million, representing an increase of 6.6% compared with that of 2023. All business segments, including TCM, chemical drugs, and biological drugs, recorded a general increase in revenue. The gross profit margin of the pharmaceutical business was 59.4%, representing an increase of 0.3 percentage points compared with the same period last year. This improvement was mainly attributable to the optimization of product structures, technological advancements, and enhanced production efficiency.

| **Sales revenue from pharmaceutical manufacturing business by product categories** *(RMB'million)* | | **2024** | **2023** | **Year-on-year growth** |
|---|---|---|---|---|
| **TCM** | | **24,223.0** | **21,592.8** | **12.2%** |
| Of which: | OTC drugs | 15,770.3 | 13,868.9 | 13.7% |
| | Prescription drugs | 8,452.7 | 7,723.9 | 9.4% |
| **Chemical drugs** | | **17,510.1** | **17,032.0** | **2.8%** |
| Of which: | OTC drugs | 4,249.9 | 3,846.2 | 10.5% |
| | Prescription drugs | 12,070.3 | 11,824.3 | 2.1% |
| | APIs | 1,189.9 | 1,361.5 | -12.6% |
| **Biological drugs** | | **2,206.6** | **2,135.8** | **3.3%** |
| **Nutraceuticals and others** | | **2,384.0** | **2,704.4** | **-11.8%** |
| **Total** | | **46,323.7** | **43,465.0** | **6.6%** |

### *(2) Operation overview*

The Group owns a comprehensive portfolio of pharmaceutical products covering a wide range of therapeutic areas, including chemical drugs, biological drugs, TCM, and nutraceuticals. These fully cover all major therapeutic and disease areas that offer favorable business growth potential, such as cardiovascular and cerebrovascular diseases, alimentary tract, endocrine diseases, respiratory diseases, orthopedics, nephrology, rheumatology and immunology, medical nutrition, pediatrics, genitourinary system, dermatological diseases, blood products, therapeutic infusions, antitumor drugs, medicine for cough and cold, anti-infection drugs and psychoneurosis. As at the end of the Reporting Period, the Group had 75 production bases with 507 production lines, which manufactured a total of 840 products, of which 439 were included in the National Reimbursement Drug List and 205 were included in the National Essential Drug List. All of the Group's pharmaceutical manufacturing subsidiaries have established professional sales and marketing teams that cover over 100,000 medical institutions. During the Reporting Period, there were 73 products with sales of over RMB100 million.

In terms of product categories, the Group's revenue from the TCM business of pharmaceutical manufacturing segment was RMB24,233.0 million during the Reporting Period, representing a year-on-year increase of 12.2%, of which revenue from the TCM OTC drug business increased by 13.7% year-on-year, with significant growth in revenue from the E-Jiao series products and the cold areas; while revenue from the TCM prescription drug business increased by 9.4% year-on-year, mainly driven by the significant increase in revenue from the medicinal granular products. The chemical drug business recorded revenue of RMB17,510.1 million, representing a year-on-year growth of 2.8%, of which revenue from the chemical OTC drug business increased by 10.5% year-on-year, mainly driven by the revenue growth in dermatology areas; revenue from the chemical prescription drug business increased by 2.1% year-on-year, primarily due to revenue growth in the anti-infection area; and revenue from active pharmaceutical ingredients (API) business decreased by 12.6% year-on-year, affected by the fluctuations of API prices and the intensified competition in the international market. During the Reporting Period, the biological drug business achieved revenue of RMB2,206.6 million, representing a growth of 3.3% as compared to the same period last year, with the revenue from the sales of blood products and gastrointestinal area increased. The revenue from nutraceuticals and other business recorded revenue of RMB2,384.0 million, representing a decrease of 11.8% as compared to the same period last year, mainly due to the initiative of optimizing the product structure by reducing the sales of OEM nutritional food products. The market-leading position and share of self-diagnosis and treatment business were further enhanced, the Group recorded a revenue of RMB21.49 billion during the Reporting Period, representing a year-on-year increase of 12.4%.

a. *Optimizing the industrial layout and focusing on the development of strategic emerging fields*

The Group regarded investment, M&A, as well as professional integration, as important means to accelerate the layout of strategic emerging industries, and intensify the integration of high-quality resources in core fields such as TCM, chemical drugs, biological drugs, and medical devices.

**Promoting equity mergers and acquisitions and integrating industrial resources:** During the Reporting Period, the Group focused on promoting three M&A projects. CR Sanjiu, a subsidiary of the Group, proposed to acquire 28% equity interests of Tasly Pharmaceuticals Group Co., Ltd. (天士力醫藥集團股份有限公司), which would further consolidate the Group's leading position in the TCM industry and enhance its innovation capabilities. In the field of biopharmaceuticals, China Resources Boya Bio-pharmaceutical Group Co., Ltd.(華潤博雅生物製藥集團股份有限公司) ("**CR Boya Bio-pharmaceutical**"), a subsidiary of the Group, acquired 100% equity interests in Green Cross HK Holdings Limited, achieving an indirect acquisition of Green Cross, a domestic entity in China. As a result, the Group has added a wholly-owned blood product manufacturing enterprise, one production license, four operating plasma collection stations, as well as the commercialization rights of imported albumin and recombinant factor VIII. This will further strengthen the Group's core competitiveness in the blood product field. In the field of medical equipment and devices, the Group has completed the acquisition of Sichuan Nigale Biotechnology Co., Ltd. (四川南格爾生物科技有限公司) ("**Nigale**"). Following the transaction, the Group holds approximately 72% of the voting rights in Nigale and has achieved consolidation of the Company. Nigale is a manufacturer of plasma transfusion and collection equipment, consumables, and pharmaceuticals for full-system healthcare solutions, and a leading enterprise in domestic plasma collection equipment and consumables. This acquisition will further strengthen the core competitiveness of the Group in the blood products field, enabling strategic "supply chain enhancement" (completing the chain) and "industrial chain extension" (extending the chain) across two key sectors: medical devices and blood-derived products.

**Attaching importance to post-investment integration to realize investment value:** The Group has actively prioritized post-investment management, and focused on the post-investment integration with KPC and Green Cross during the Reporting Period. Following the strategic acquisition of KPC in 2023, the Group has formulated a strategic planning centering on four reshaping works, defining KPC's strategic vision to become "a leader in the silver health industry". KPC officially launched the "777" new brand. Centering on the corporate brand of "Kun Zhong Yao 1381", by closely integrating intensified marketing efforts with enhanced brand visibility and driving multi-channel synergies, the Group accelerated end-user conversion, rapidly expanded channel coverage, and optimized its portfolio across premium TCM, the Panax notoginseng (Sanqi) industry chain, and non-Sanqi businesses. Concurrently, the Group extended its presence in chronic disease management, refined organizational governance, and further enhanced the operational quality of KPC. Meanwhile, the Group actively advanced post-investment integration with Green Cross, achieving full alignment in plasma collection, production, quality control, IT systems, and marketing operations. The China Resources management system was systematically introduced, with key leadership roles appointed and deployed, management processes streamlined, and organizational structures optimized, ensuring a steady integration of Green Cross into the China Resources ecosystem.

**Actively conducting product introduction and continuously enriching the product portfolio:** The Group attaches great importance to the introduction of advanced technologies and products at home and abroad, constantly enriches its products, and enhances its technological capabilities. During the Reporting Period, exclusive sales agency contracts were signed with Zhongtian (Shanghai) Biotechnology Co., Ltd. (中天(上海)生物科技有限公司) and Oneness Biotech Co., Ltd. (合一生技股份有限公司), securing a 20-year exclusive agency rights in mainland China for the Class 1.1 innovative drug "Fespixon". The transaction is conducive to strengthening the Group's resource advantages in the endocrine field, promoting the innovation and service upgrade of the diabetes business, and bringing better health management solutions to Chinese patients with diabetic foot. The introduction of Zhejiang Baidai Lactulose Oral Solution was completed, filling the gap in the layout of the constipation treatment in the intestinal product category. A strategic cooperation agreement was signed with Shandong Dyne Marine Biopharmaceutical Co., Ltd. (山東達因海洋生物製藥股份有限公司) for the vitamin D drops (capsule type) product, making the Group the sole domestic agent of this product, fully responsible for market promotion and omni-channel marketing, and promoting the application of vitamin D supplementation among a wider range of people.

*b. Focusing on R&D and innovation to develop new quality productivity*

**Concentrating resources on building a high-quality R&D pipeline.** The Group regards R&D innovation as an important driving force for long-term growth. During the Reporting Period, the total R&D expenditure was RMB2,437 million. The Group has enhanced its innovative R&D capability by following industry technology trends and unmet clinical and market demands and through ways such as independent R&D and external cooperation. The Group has continued to streamline the R&D pipeline and dynamically carried out optimization. By concentrating on its advantageous resources and focusing on its core business, the Group has enhanced its R&D efficiency and the quality of its pipeline. At the end of the Reporting Period, the Group had 417 ongoing R&D projects, including 67 innovative drug projects and more than 50 classic Chinese medicine prescriptions. Moreover, the Group achieved several important R&D results in the fields of chemical drugs, biological drugs, TCM, and health supplements.

– **Chemical drugs:** During the Reporting Period, the Group obtained drug registration approvals for 27 chemical drug products including Glipizide extended-release tablets, Apixaban tablets, Levetiracetam XR Tablets. This has further enriched the product portfolio in the treatment of hypertension, anti-infection, digestive tract, and other areas. 14 products, including Clozapine Orally Disintegrating Tablets, Ganciclovir for Injection, passed the generic drugs quality and efficacy consistency evaluation. NIP046, a drug for the treatment of chronic spontaneous urticaria, has been approved to carry out a Phase II clinical trial.

– **Biological drugs:** The Group has continued to enhance its deployment of original biological drugs, improved new drugs and blood products. During the Reporting Period, the third-generation thrombolytic drug, Recombinant Human Tissue Plasminogen Activator Derivatives (r-PA) for Injection (product name: Ruitongli), was approved for marketing for the indication of treating acute stroke, and the results of its Phase III clinical trial were published in the international authoritative journal "The New England Journal of Medicine" (IF:158.5). The application of new drug approval for intravenous immunoglobulin (10%) and human tetanus immunoglobulin was accepted; 20% subcutaneous human immunoglobulin clinical trial registration materials were submitted.

– **TCM:** Adhering to the research principle of "inheritance of essences and pursuit of integrity and innovation", the Group has focused on the research of classic prescriptions of TCM, Chinese medicinal granular standards, and Chinese materia medica resources. During the Reporting Period, three classic formulas, namely Linggui Zhugan Tang Granule, Wenjing Tang Granule, and Paeonia Lactiflora and Liquorice Decoction Granule, were approved. Compound E-jiao Jiang, an improved new drug for the treatment of cancer-related fatigue, was approved for Phase II clinical trials, research achievements garnered the "Special Merit Awards" of the 2024 American Society of Clinical Oncology, and the "Best Research Award" at the Society for Integrative Oncology Annual Meeting. A Class 1 TCM innovative drug for the treatment of acute ischaemic stroke is now in a Phase II clinical trial.

**The Group has actively applied for national science and technology programs and vigorously built up competitive edge on intellectual property rights.** During the Reporting Period, the Group was awarded 21 national, provincial/ministerial-level awards, among which the "Construction and Demonstrating Application of the Theory and Technology System of Ecological Planting of Chinese Medicinal Materials" project and the "Innovation and Application of Key Technologies for Mining and Industrialization of Fine Lactic Acid Bacteria Germplasm Resources" project were both awarded the second prize of the National Award for Science and Technology Progress; Two First Prizes of Science and Technology Award were granted by China Association of Chinese Medicine. The Group obtained approval for 10 projects at national, provincial/ministerial levels, including one national key project, namely the "Key Technologies and Industrialization Demonstration of Processing for Food and Medicine Originating from the Same Source", and participated in one national key project, namely the "Scientific and Technological Support for Food Manufacturing and Agricultural Product Logistics". The Group has actively implemented the national intellectual property powerhouse strategy, continuously improved its intellectual property management system, and built competitive barriers for core technologies. During the Reporting Period, 129 invention patents were newly added.

**Leveraging the Group's multi-tier R&D platforms to build technological capabilities in high-potential tracks.** As at the end of the Reporting Period, the Group had one state key laboratory, three national engineering research centers, four national enterprise technology centers, as well as over 90 provincial municipal-level R&D platforms, and a post-doctoral research workstation. Leveraging platforms at all levels, the Group has accelerated innovative transformation with a focus on high-growth and high-potential marked segments. It also advanced the development of innovative R&D platforms for TCM, chemical drugs, and biological drugs while actively expanding into synthetic biology.

– **TCM:** Relying on national-level research platforms including the National Key Laboratory and National Engineering Research and Technology Center, the Group focuses on the research on innovative TCM, classic prescriptions of TCM, TCM formular granular standards, development of modern TCM and Chinese material medica resources.

– **Chemical innovative drugs:** Targeting major diseases such as anti-oncology, anti-infection, and autoimmune disorders, the Group builds a comprehensive and efficient R&D chain that integrates target discovery, AIDD/CADD (AI-Driven Drug Design/Computer-Aided Drug Design), compound synthesis, drug screening and optimization, Chemistry, Manufacturing and Controls (CMC), clinical studies, and biological evaluation.

– **Bio-innovative drugs:** Dedicated to innovative drug design, molecular construction, and yeast expression system-based CMC development for monoclonal antibodies, bispecific antibodies, nanobodies, and polypeptide drugs, the Group is advancing clinical research to create differentiated competitive advantages in product portfolios.

– **Synthetic biology:** The Group has introduced a chief scientist, established R&D teams, and built a pilot scale experiment development platform to achieve large-scale production. It continuous to construct and improve the R&D-pilot -industrialization three-tier industrial system to achieve full-chain industrialization of synthetic biology products.

**The Group actively promotes external innovation and cooperation to create a robust innovation ecosystem.** By establishing a mechanism for business development synergy, the Group is dedicated to promoting strategic cooperation with national innovative institutions, such as National Medical Center in the field of innovative medical projects and technologies and has made smooth progress in this regard. At the same time, the Group actively explores new collaborations with universities and R&D institutions. While acquiring projects and technologies, the Group accesses top external experts, which allows it to diversify and optimize innovative R&D pipelines. During the Reporting Period, the Group initiated research collaborations with over 10 leading research organizations. For example, we entered into a strategic agreement with the State Key Laboratory of Pharmaceutical Biotechnology at The University of Hong Kong, and a strategic cooperation agreement with the Institute of Advanced Studies of the University of Macau in Hengqin, resulting in four signed projects; we entered into a strategic agreement with the Institute of Blood Transfusion of the Chinese Academy of Medical Sciences to establish the "Joint Innovation Center for Blood and Cell Therapy", focusing on key technology research and application cooperation in the fields of blood and cells, to jointly explore innovative modes of industry-university-research and results transformation; we have established a comprehensive strategic collaboration with Hong Kong Baptist University on innovative TCM development, securing approval for an "Industry-Academia-Research 1+" project on "digestive system TCM drug development" with finance support of HK$36 million from Hong Kong Special Administrative Region Government; we jointly established the "Joint Innovation Laboratory" with Jiangnan University, the "Deer Industry Innovation Research Institute" with the Dalian Institute of Chemical Physics, Chinese Academy of Sciences, the "Joint Innovation Center for Gelatin-based Drugs" with the Qingdao Marine Biomedical Research Institute of China Ocean University, the "China Agricultural University — Dong-E-E-Jiao Industrial Innovation Research Institute" with China Agricultural University, the "Joint Laboratory for New Drug Research and Development" with Shenyang Pharmaceutical University, and the Academician Workstation in collaboration with the academician team led by Professor Shi Bi of Sichuan University, among others.

**The Group places great emphasis on attracting and developing scientific talent to build a high-caliber scientific research team.** The Group has implemented a comprehensive talent recruitment and development system, strengthening efforts to nurture talent at all levels. Our R&D team comprises approximately 3,000 professionals, with master's and doctoral degree holders accounting for 43.06%. To further drive innovative transformation and sustainable development, the Group has refined its external expert appointment system and expanded its network of external specialists.

c. *Strengthening the construction of the industrial chain to enhance industrial resilience*

The Group places great importance on the autonomy and high-quality development of the industrial chain. The Group actively established upstream medicinal materials planting bases with a cumulative planting area exceeding 300,000 acres, and 13 varieties have passed the new version of GAP Extended Inspection. The Group built a traceability system for the entire TCM industrial chain, ensuring full traceability for more than 100 key varieties of TCM. The Group also conducted over 30 research projects on the protection and breeding technology of donkey resources and passed the "Three Nos and Whole Process Traceability" certification for high-quality medicinal materials issued by National Chinese Medicinal Materials Alliance, which filled a gap in the domestic approval of animal-based medicinal materials. Besides, the Group proactively implemented an integrated strategy for chemical raw material formulations by enhancing raw material research and development and optimizing processes based on supporting industrial facilities, thereby establishing a low-cost advantage under the competitive mechanism of the API market. During the Reporting Period, the Group recorded a significant reduction in contamination rates for key raw materials and a decline in unit costs, and made substantial improvements in basic management. In addition, the Group is highly focused on the safety of raw material supply for blood products. Through measures such as continuously refining local plasma donation environments and improving the quality of plasma station services, the Group successfully achieved good growth in the collection of raw material plasma and collected 522 tons of raw material plasma in total during the Reporting Period, representing an 11.7% year-on-year increase. The Group's two newly established plasma collection stations have officially commenced operation.

*d. Deepening operational excellence to enhance quality, reduce costs, and improve efficiency*

The Group adheres to a quality-driven approach to enhance efficiency, creating an excellent operational system and advancing the integrated development of intelligent and green manufacturing. First, the Group significantly improved its quality management standards. The entire system initiated the construction of a Quality Management System (QMS), achieving improvements in both efficiency and quality. CR Sanjiu launched a standardized quality system project aligned with international standards and completed the acceptance of the first phase of the QMS project. CR Double-Crane received the "2024 Excellent Quality Award for Pharmaceutical Enterprises (二零二四年製藥企業優秀質量獎)". CR Jiangzhong completed QMS research, and its "Online Inspection Quality Control System for the Entire Production Process of Major Traditional Chinese Medicine Varieties (《中藥大品種生產全過程在線檢測質量管控體系》)" was selected as a "2024 Typical Case of Intelligent and Collaborative Governance" by the National Medical Products Administration. Dong-E-E-Jiao introduced a Laboratory Information Management System (LIMS) to establish a flexible production quality assurance system for healthcare products. Second, the Group implemented automation upgrades for production lines. The Group continuously upgraded the automation of infusion production lines, advanced the construction of the Haisi Jinjiang Park (海斯金匠園) project, and enhanced the production capacity of BIFIDO (貝飛達), while completing the full-line automation of An Bei Te (安貝特) oral liquid production. Third, the Group innovated in the processes and technologies. The Group launched lean projects in key areas that improve the yield of several core products in the TCM nourishment sector, thereby cost reductions exceeding RMB10 million have been realized. Additionally, the Group optimized the production processes for core blood product offerings, maintaining a stable increase in yield and remaining at the forefront of the industry.

*e. Proactively optimizing marketing strategies in response to the centralized drug procurement policy.*

**The Group proactively participated in centralized procurement.** Since the implementation of the national volum-based procurement (NVBP) policy, the Group has had 49 varieties selected for the state-organized centralized drug procurement. The centralized procurement of drugs and medical devices presents both challenges and opportunities for the Group. The Group proactively embraced centralized procurement and implemented a series of measures to adapt, thereby accumulating extensive experience operational experience. Although centralized procurement has led to price reductions that impact profits, it has also opened up more potential markets for the Group and driven changes in sales models. By exchanging price for volume, the Group has minimized the impact on product revenue and profits while continuously promoting low-cost operations across the entire value chain. The Group also constantly improved its scale of production to reduce production costs and sales expenses, thus ensuring its competitive edge in the industry. At the same time, the Group actively developed products and continuously obtained their approvals. Through centralized procurement, such approved products have been allowed to be sold directly in hospitals and generated procurement bonuses for the Group. During the Reporting Period, 14 of the Group's products were selected for the tenth batch of state-organized centralized drug procurement.

**The Group continuously advanced the transformation of marketing models.** On the medical aspect, the Group quickly entered the core medical market through the rapid approval of generic drugs and participation in centralized procurement. Building on this market foundation, the Group focused on medication markets for chronic diseases, lower-tier market and specialized areas, continually enhancing its professional academic promotion and service capabilities. For the out-of-hospital market, the Group strived to create a three-dimensional marketing system that integrates both online and offline channels, as well as in-hospital and out-of-hospital markets. Through strategic partnerships, the Group improved product coverage in the retail market, ensuring the multi-channel accessibility of prescription drugs both in and out of hospitals. Meanwhile, the Group established a consumer-oriented retail model to further drive the development of its over-the-counter (OTC) brand. Additionally, the Group accelerated the implementation of digital marketing by developing a marketing system on mainstream e-commerce platforms in China.

## 3. Pharmaceutical Distribution and Retail Business

In 2024, the Group's pharmaceutical distribution and retail business reported steady growth. During the Reporting Period, the Group focused on establishing an integrated system of drug procurement and marketing nationwide, coordinating multiple resources and deeply exploring customer needs to continuously improve the quality and efficiency of business development. Through strategic transformation initiatives, we have not only built multi-channel and in-depth marketing capabilities, but also secured product commercialization rights from foreign-invested enterprises. Through extended development, the Group further diversified the network layout to expand the in vitro diagnosis (IVD) and blood product distribution business. The medical supply chain management (SPD) and device business has been steadily promoted to strengthen our leading position in the orthopedics market. The Group also continuously explored new business and models with a focus on Internet and commercial insurance, while reinforcing its development strategies for retail business to enhance professional pharmaceutical services. At the end of the Reporting Period, the Group's pharmaceutical distribution network has covered 28 provinces across China, serving approximately 270,000 clients. The Group operated a total of 708 self-owned retail pharmacies, including 270 DTP pharmacies (professional direct-to-patient pharmacies) in total (including 182 "dual-channel" pharmacies, with 29 newly added).

### *(1) Financial performance*

During the Reporting Period, the Group's pharmaceutical distribution business recorded segment revenue of RMB213,237.3 million, representing a year-on-year increase of 5.5%. The gross profit margin of the distribution business was 5.9%, remained stable compared with the same period of last year.

During the Reporting Period, the Group's pharmaceutical retail business recorded revenue of RMB10,104.2 million, representing a year-on-year increase of 5.5%, primarily due to the rapid growth in revenue from the Direct To Patient (DTP) business. During the Reporting Period, the DTP business of the Group achieved revenue of approximately RMB6.9 billion, representing a year-on-year growth of approximately 17%. The gross profit margin of the retail business was 6.2%, representing a decrease of 1.4 percentage point as compared to the same period of last year, primarily due to the increased proportion of revenue from the DTP business with lower profit margin.

### *(2) Business overview*

*a. Building an integrated organization of procurement and marketing, and improving the business integration and coordination capabilities.*

During the Reporting Period, the Group established the procurement and marketing department under China Resources Pharmaceutical Commercial Group Co., Ltd. (華潤醫藥商業集團有限公司) ("**CR Pharmaceutical Commercial**"), which was responsible for building an integrated system for drug procurement, marketing, and operation nationwide. The Group developed the capability to integrate procurement and marketing between headquarters and regions while developing and maintaining a good relationship with KOL think tank from institutions related to the central government. The Group also deeply explored the demand of suppliers, and provided multiple models for the cooperation between industry and commerce, such as buyout of marketing authorization holder, centralized negotiation and centralized procurement, centralized negotiation and separate procurement, general distribution and third-party logistics, and combined and mobilized regional high-quality industrial resources to realise the integration of channels across the country. Meanwhile, the Group explored to create a supply chain-based and high-value industrial service system, thereby contributing to the high-quality development of its core business.

*b. Promoting strategic transformation and developing the multi-channel and in-depth marketing capability.*

Based on a profound understanding of customer needs, the Group built an in-depth marketing service system, formulated, optimized, and implemented the market strategies of products and projects, strengthened the management on channel partners and digital healthcare innovation business, and promoted the effective integration and precise allocation of resources. With a focus on the domestic and overseas products that played a stronger leading role in brands and prescriptions, the Group enhanced its capabilities of in-depth marketing in the healthcare market and orderly marketing in the retail market, and created the in-depth marketing brand of "Runyaoyu" (潤耀域). Currently, the Group has provided diversified solutions for more than 60 upstream well-known pharmaceutical companies such as Pfizer Zeneca, Squibb, Viatris, and Eisai. The Group considers terminal marketing and brand operation as its core competitive strengths, striving to provide more healthcare services to patients. During the Reporting Period, the Group entered into a formal strategic cooperation agreement with Pfizer Investment Co., Ltd. The parties intended to jointly promote the commercial operation of four quality mature medicines for lung cancer and breast cancer and carry out in-depth marketing. This is an oncology product-marketing project of a relatively large scale in the industry.

c. *Continuously consolidating the business foundation and enhancing the operational capabilities of medical device projects.*

The Group has been continuously strengthening its medical device business. During the Reporting Period, the revenue from medical devices reached RMB33.4 billion, representing a year-on-year increase of 5%. As the Group introduced 25 new SPD terminal service projects, the revenue from SPD centralized distribution increased by 20% year-on-year, further enhancing the lean management capabilities of in-hospital logistics for the medical device business. The Group has also actively carried out product introductions. During the Reporting Period, the Group introduced 9 products as a general agency through unified negotiations. The Group strengthened its specialized capabilities in orthopedics, interventional supplies, and IVD diagnostic reagents, accelerating the optimization of the business layout in specialist areas. In the orthopedics sector, the Group has achieved a leading position in the industry and also set up a nationwide supply chain and service-integrated platform. With over 100 orthopedic sub-warehouses established across provinces, the Group has developed an operation platform for smart orthopedics of CR medical device to further enhance its intelligent and professional service capabilities. The Group has also established partnerships with several well-known domestic and foreign manufacturers and undertaken the multi-provincial business of products from Alcon, a US company.

d. *Exploring new models and businesses to enhance the ability to foster new drivers of growth.*

**Exploration of new models:** In response to the trend of channel expansion and prescription outflow, the Group offered prescription platform services to hospitals. During the Reporting Period, the Group obtained the first Category 3 license for an integrated internet hospital of traditional Chinese and Western medicine in Beijing and officially launched its proprietary internet medical platform – Beijing Run Xiaoyi (潤小醫) Internet Hospital with the support of Beijing Jiangong Hospital. The Group also vigorously developed its online platforms such as "CR Pharma e-Store (潤藥商城)" and "CR E Purchase (潤E採)" to expand the off-hospital market to include targeted end-customers such as pharmacies, clinics and village health rooms. During the Reporting Period, the online platform recorded a transaction amount of approximately RMB31.1 billion. Furthermore, the Group has been proactively handling commercial insurance payments and collaborating with Yibao Technology (Shanghai) Co., Ltd. (熠保科技(上海)有限公司) to introduce universal outpatient insurance in provinces such as Hunan and Shandong. This initiative has resulted in 900,000 individuals being insured, recording approximately 40,000 orders with a cumulative contract performance amount of RMB4.74 million during the Reporting Period.

**Expansion of new businesses:** The Group accelerated the layout of the distribution business in the field of animal healthcare, and has successively acquired the national general agency for pet digital radiography (DR), computed tomography (CT), high-intensity focused ultrasound (HIFU) and intelligent wearable ECG monitor products of Vertu Ltd., Shenzhen and other manufacturers. The Group has also obtained HISUN's general distribution rights in Southern China. Leveraging on the integration and restructuring of Guangdong Fuda Pharmaceutical Co., Ltd. (廣東複大醫藥有限公司), the Group enriched its resources of blood products, and integrated and expanded its blood product distribution business. The Group comprehensively promoted value-added scientific research services for medical customers and offered comprehensive supply chain solutions, so as to reshape the value of traditional medical channels. During the Reporting Period, the Group deeply operated COE (Centers of Excellence). Besides, the Group carried out 2 scientific research projects in the field of oncology. Moreover, the Group implemented the "Digital Therapy Project" in Jiangsu, Shandong and Henan. Digital therapy is an evidence-based medicine-driven intervention program powered by software, which is used for preventing, treating, or managing diseases and improving disease prognosis.

*e. Strengthening the development of specialized pharmacies and enhancing the capabilities of servicing patients.*

The Group has been continuously strengthening the development of specialized pharmacies by optimizing its product categories, and improving its operational quality and service capabilities. The Group also unceasingly facilitated the integrated development of its online and offline businesses, creating competitive advantages in terms of specialization, standardization, and digitization of the retail business. Besides, the Group has consistently enhanced its professional service capabilities and drug supply system, aiming for integrated, standardized, and regulated operation and management of pharmacies. Efforts have also been made to facilitate the acquisition of "dual-channel" and "outpatient coordination" qualifications for pharmacies in order to actively accommodate the growing outflow of prescriptions. During the Reporting Period, the Group has continued building a "pharmacy services + Internet" service ecosystem based on "Run Care (潤關愛)", its proprietary intellectual property-based pharmaceutical service platform, to drive the transformation and upgrading of pharmaceutical services. The Group strengthened patient management and follow-up services while further enhancing connectivity across upstream and downstream sectors, offering professional pharmaceutical services and management solutions to both patients and manufacturers, thereby providing patients with whole-process digital disease management throughout their treatment cycles.

4. **Advancing digital empowerment to unlock new growth drivers**

The Group regards digital intelligence as the new engine for innovative transformation and fully embraces digital transformation. It enhanced digital intelligence coverage across various business scenarios, including R&D, manufacturing, quality control, operations, marketing, and commerce, while exploring new models that integrate digital technologies with business growth. During the Reporting Period, CR Sanjiu, Dong-E-E-Jiao and CR Jiangzhong were successfully selected in the first batch of "Outstanding Smart Factories" recognized by the Ministry of Industry and Information Technology (MIIT). Dong-E-E-Jiao passed the "Level 4 Assessment of Matured Intelligent Manufacturing Capability" by the MIIT, making it the third enterprise within the Group to receive this certification. CR Jiangzhong's digital transformation was awarded multiple top-tier certifications, including the pharmaceutical industry's first-ever "Digital Transformation Maturity 3-Star Rating" by the MIIT in China, the "AAA rating for Integration of Industrialization and Informatization", and the "Stable Level (Level 3) of the Data Management Capability Maturity Model (DCMM)". Focusing on the digital development strategy of "Digital Healthcare Commerce and B-to-C", the Group leveraged digitalisation to empower commercial circulation, activate data value and empower lean operations. It accelerated the development of business digitalization, enriched the types of online platforms to meet the multi-scenario purchasing needs of various end-customers, and improved the transaction success rate and efficiency. Thirdly, it accelerated the integration of the supply chain. Its key application capabilities of pharmaceutical commercial digitisation have been steadily improved, with the digital coverage rate of key segments increased to 71%.

5. **Deepening green and low-carbon initiatives to fulfill social responsibility**

The Group remains committed to the concept of green and low-carbon development and actively implements energy-saving and carbon reduction initiatives to fulfill its corporate social responsibility. It continuously improves its environmental protection and governance capabilities, accelerates the implementation of energy conservation and environmental protection projects, adopts new technologies, and enhances energy efficiency, to strengthen its sustainable development competitiveness.

In terms of the construction of energy-saving and environmental protection projects, the Group actively deployed distributed photovoltaic (PV) power generation projects to increase the proportion of green and low-carbon energy. In 2024, 12 subsidiaries of the Group completed rooftop distributed PV power generation projects with a total installed capacity of 14.19 MW and achieved grid-connected power generation. These projects provide over 17.4798 million kWh of clean electricity annually, which will reduce carbon emissions by approximately 14,688 tons.

During the Reporting Period, the Group received multiple awards and authoritative certifications for its achievements in green development. Six subsidiaries were recognized as "National Green Factories" for 2024. Jiangzhong Yaogu was rated as the "Three-Star Zero-Carbon Factory" (the highest rating), making it the first "Three-Star Zero-Carbon Factory" under the "Zero Carbon China" initiative. CR Shandong Pharmaceutical achieved online monitoring, and analysis and management of carbon emissions data, making it the first smart low-carbon logistics park in the pharmaceutical distribution industry. Additionally, the logistics warehouses of CR Shandong Pharmaceutical, CR Kelun Pharmaceutical, CR Jiangsu Pharmaceutical, and CR Tianjin Pharmaceutical received the "First-Class Green Warehouse (Three-Star) Certification".

**6. Focusing on specialized integration to enhance core competitiveness**

The Group actively carried out the specialized integration of its businesses to further enhance its specialized capabilities in segments. Its subsidiary China Resources Double-Crane Pharmaceutical Co., Ltd. (華潤雙鶴藥業股份有限公司) ("**CR Double-Crane**") completed the acquisition of 100% equity interest in CR Zizhu, a wholly-owned subsidiary of the Group, for the purpose of strengthening its two-way empowerment in research and development innovation, marketing channels and internationalization by injecting quality assets into the listed company. This acquisition helped refine the management of CR Zizhu's sales channels, while further driving the brand building and OTC platform construction of CR Double-Crane and boosting the overall sales in the out-of-hospital market. CR Zizhu achieved growth in both revenue and profit in 2024. In 2023, CR Double-Crane acquired Guizhou Tianan Pharmaceutical Co., Ltd. (貴州天安藥業股份有限公司) ("**Tianan Pharmaceutical**") held by CR Boya Bio-pharmaceutical. Leveraging centralised procurement of raw materials, product integration and cost savings, Tianan Pharmaceutical achieved a growth in both revenue and net profit during the Reporting Period. CR Pharmaceutical Commercial merged and acquired Guangdong Fuda Pharmaceutical Co., Ltd. (廣東複大醫藥有限公司) held by CR Boya Bio-pharmaceutical, effectively expanding the resources of upstream manufacturers of blood products and strengthening the core competitiveness of blood products marketing. CR Sanjiu transferred 51% equity of Kunming China Resources Shenghuo Pharmaceutical Company Limited (昆明華潤聖火藥業有限公司) to KPC, which not only solved the problem of competition in the same industry but also made full use of the resource advantages of CR Shenghuo's "Lixuwang (理洫王)" and KPC's "Luo Tai (絡泰)" Xuesaitong soft capsule, thereby enhancing the core competitiveness in the field of slow-recovery chronic diseases and the construction of the Sanqi industry chain.

**7. Deepening the reform and enhancement of state-owned enterprises, and stimulating the long-term vitality of the organization**

In alignment with national directives on advancing state-owned enterprise (SOE) reform, the Group has prioritized dual strategic imperatives: strengthening core competitiveness and reinforcing critical functional capabilities. Guided by the objective of serving national strategic priorities, we have spearheaded initiatives to leverage sci-tech innovation, industrial stewardship, and operational resilience as pivotal drivers in constructing a modernized industrial framework and fostering sustainable development paradigms. These reform-oriented efforts have yielded measurable progress across key performance metrics. In the annual assessment of enterprises for Exemplary Scientific Reform Actions by State-owned Assets Supervision and Administration Commission of the State Council, CR Sanjiu has been awarded the highest rating of benchmark for two consecutive years, and CR Jiangzhong and China Resources Biopharmaceutical Co., Ltd. (華潤生物醫藥有限公司) have been evaluated as excellent for two consecutive years.

The Group actively promoted the optimization of capital structure. CR Pharmaceutical Commercial successfully introduced strategic investors, and the consideration for such transaction totaled RMB6.26 billion. This move was conducive to improving resource allocation and operational efficiency in the commercial sector.

The Group improved the market-based mechanism by fully implementing the tenure system and contractual management of managerial members, strengthening the training and reserve of young cadres, enhancing the market-based selection and recruitment mechanism, as well as the exit mechanism for the incompetent, to stimulate the vitality of the organization. The Group explored and formed an advantageous university-enterprise employment model for talents, which has broken down barriers such as identity, system, social security, etc., and been selected as a typical micro case of deepening and enhancing the reform of state-owned enterprises. The Group improved the positive incentive mechanism by timely launching and steadily promoting restricted stock incentive plans, which have effectively stimulated the innovation momentum of employees.

The Group deepened corporate governance and strengthened the construction of the Board. It further improved the corporate governance mechanism in which each shall perform its duties, assume its responsibilities, coordinate operations and take checks and balances effectively, and improved the scientific and efficient authorization mechanism. All of them aim to ensure the standardized operation of the Company and effectively safeguard the interests of the Company and the legitimate rights and interests of all Shareholders.

## III. OUTLOOK AND FUTURE STRATEGIES

China Resources Pharmaceutical is committed to becoming a trusted and innovation-driven leader in the pharmaceutical and health industry. The Group aims to enhance, optimize, and scale up core business, accelerate innovation-driven transformation, and build a globally competitive pharmaceutical enterprise with comprehensive strengths. By enhancing its presence in emerging sectors, boosting technological innovation, and intensifying expansion efforts, the Group will continuously improve management efficiency and deepen regional market penetration. Additionally, the Group will leverage digital empowerment and implement green and low-carbon development. Through these key measures, the Group will focus on enhancing core competiveness, and fostering new quality productive forces, in a bid to solidify its leading position in the domestic pharmaceutical industry and make a positive contribution to public health.

### 1. To enhance its presence in emerging sectors to improve core competitiveness

With serving national strategies and safeguarding national security as its top priorities, the Group will continue to strengthen its deployment in the pharmaceutical strategic emerging industry. Specifically, the Group will devote every effort to develop the blood products, intensify industrial consolidation, and continuously enhance core competitiveness and industry leadership through "scaling-up, specification, internationalization, digitalization and innovative-driven development". Additionally, the Group will focus on advancing in areas, including bio-innovative drugs, featured specialized drugs, high-end medical devices, and synthetic biology, by concentrating on high-potential areas, building industrial platform and driving technological upgrade. Meanwhile, the Group will continue to strengthen the entire industry chain construction of TCM. This includes improving the standardization of medicinal materials and intelligent manufacturing, facilitating TCM innovation, and enhancing product quality. Through these efforts, the Group aims to further promote TCM culture and continuously consolidate its leading position in the industry.

2. **To strengthen innovative development to foster new quality productive forces**

The Group will continuously strengthen scientific and technological capabilities, with a core emphasis on two strategic directions: The Pillars of a Great Power and the People's Livelihood of a Great Power. In terms of disease selection, the Group will focus on major diseases, including tumors, immune disorders, and cardiovascular diseases adhering to patient-centered and clinical value-oriented principles. In terms of resource investment, the Group will continuously increase investment in innovative R&D and consolidate resources to continuously optimize pipeline and accelerate the delivery of key results. In terms of capability construction, the Group will strengthen the construction of a differentiated innovative R&D platform by accelerating the construction of a national key laboratory and a national engineering technology research key laboratory. In terms of the R&D model, the Group will improve its diversified innovative strategies, including self-R&D, external cooperation, and product introduction, and continuously deepen its cooperation with national/provincial innovative centers, scientific research institutes, medical organizations, and innovative companies to enhance R&D efficiency.

3. **To improve industrial layout by strengthening external expansion**

Adhering to the strategy of "enhancing core functions, improving core competitiveness, and developing new quality productive forces", the Group will continue to increase investment and mergers and acquisitions, vigorously develop biopharmaceuticals and focus on the resources integration and extension throughout upstream and downstream segments of the blood products industrial chain to enhance the overall competitiveness of the blood products business. The Group will facilitate business presence in the fields of high-end medical equipment, innovative drugs, and traditional nourishment through various means; invest industrial funds appropriately to venture into cutting-edge fields with high technical barriers such as antibodies, cell and gene therapies. Besides, emphasis shall be placed on the quality of external acquisitions. The Group will fully utilize the advantages of industrial integration, and make business divisions among acquired enterprises comprehensively, to achieve improvement in both development quality and efficiency.

4. **To promote sustainable and healthy development by strengthening management**

   Guided by living up to first-tier international enterprises and centered on enhancing the quality, efficiency, and effectiveness of development, the Group will, adhering to the principles of coordinating qualitative and quantitative measures and putting emphasis on core and specialized indicators, launch benchmarking initiative with first-tier international enterprises and industry leaders in terms of strategic execution, technological innovation, and operational performance. The operation evaluation index system shall be improved to achieve better business performance. The Group will also pay more attention to enhance steady operations and business development, conducting differentiated management, and promoting lean management deeply integrating with business, in order to achieve comprehensive improvement in both quality and efficiency.

5. **To accumulate momentum for development with enhanced regional reach and engagement**

   The Group actively implements national regional development strategies, optimizes the allocation of regional resources, and identifies growth opportunities across provinces and cities to foster mutual development and win-win cooperation. The Group will promote collaboration between central and local governments, and put more effort into expanding footprints in strategic regions such as the Yangtze River Delta, Greater Bay Area, Beijing-Tianjin-Hebei region, and Chengdu-Chongqing economic zone. By fully leveraging local advantages in resources, industrial strengths, talent pools, and policy support, the Group will continuously expand and deepen cooperation. Back on its robust industrial foundation, the Group will establish a multi-tiered, multi-dimensional, and flexible collaborative mechanism that facilitates deep cooperation across departments and sectors, in a bid to accelerate regional industrial layout and development and maximize the overall benefits.

6. **To fuel the enhancement in quality and efficiency by intensifying the empowerment of digitalization and AI**

   The Group will fully embrace digital transformation as a crucial strategy to drive innovative development and enhance core competitiveness. Committed to industrial digitalization, the Group will leverage advanced technologies to reshape business processes. The Group will push forward intelligent governance by optimizing decision-making through data-based approaches. Additionally, the Group will implement data elementization to tap into data value for the empowerment of business innovation. It will also build a technological platformization system to facilitate the efficient integration of resources. In the R&D field, the Group will explore the application of new technologies such as artificial intelligence to improve the efficiency of pharmaceutical R&D. In the production field, the Group will focus on smart manufacturing to optimize production efficiency. It will also strengthen supply chain management and promote intelligent upgrading. In terms of marketing services, the Group will intensify the new retail layout to unleash the potential of data. It will also expand the application of "Internet+" in the medical and health industry to build a new service marketing ecosystem. In terms of management, the Group will use digital means to strengthen post-investment management and compliance monitoring for the comprehensive improvement in management quality.

7. **To enhance social responsibility by contributing to green and low-carbon development**

   To practice the green and low-carbon concept, the Group will integrate the concept into its corporate culture by establishing and improving the internal green management system. The Group will fully consider green technological innovation in the entire process including product design, material use, process improvement, equipment renovation, and waste recycling. Meanwhile, the Group will formulate and execute a carbon peaking plan, and construct and renovate some green factories and green supply chain projects, which will consistently fuel the transformation and upgrading of the enterprise in a higher-end, more intelligent, and greener way.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent treasury management policy to maintain a solid and healthy financial position.

The Group funds its operations principally from cash generated from its operations, bank loans and other debt instruments and equity financing from investors. Its cash requirements relate primarily to production and operating activities, business expansion, repayment of liabilities as they become due, capital expenditures, interest and dividend payments.

As at 31 December 2024, the Group had bank balances and cash of RMB16,424.7 million (2023: RMB24,650.7 million), which were primarily in RMB and HKD.

As at 31 December 2024, the RMB-denominated and HKD-denominated bank borrowings accounted for approximately 100% (2023: 99.9%) and 0% (2023: 0.1%), respectively, of the Group's total bank borrowings. Among the Group's total bank borrowings as at 31 December 2024, a substantial portion of approximately 70.5% (2023: 79.5%) would be due within one year.

The Group's current ratio (being the ratio of total current assets to total current liabilities) was 1.4:1 as at 31 December 2024 (2023: 1.3:1).

As at 31 December 2024, the Group's gearing ratio (being the ratio of net debt divided by total equity) was 52.3% (2023: 42.2%).

In 2024, the Group's net cash from operating activities amounted to RMB17,535.5 million (2023: RMB15,549.9 million). The Group's net cash used in investing activities in 2024 and 2023 amounted to RMB8,887.8 million and RMB2,067.3 million, respectively. In 2024 and 2023, the Group's net cash used in financing activities amounted to RMB16,838.5 million and RMB4,065.3 million, respectively.

## PLEDGE OF ASSETS

As at 31 December 2024, the Group's total bank borrowings amounted to RMB60,568.5 million (31 December 2023: RMB54,213.1 million), of which RMB1,997.5 million (31 December 2023: RMB1,915.3 million) were secured and accounted for 3.3% (31 December 2023: 3.5%) of the total borrowings.

Certain of the Group's trade and bills receivables with an aggregate net book value of RMB1,526.7 million (31 December 2023: RMB1,161.0 million) have been pledged as security.

## CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities (31 December 2023: nil).

## SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Company had no other significant investments and/or material acquisition or disposal of subsidiaries, associates and joint venture during the Reporting Period.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this announcement, there are currently no concrete plans to acquire any material investment or capital assets other than those conducted in the Group's ordinary course of business.

## FOREIGN EXCHANGE RISK MANAGEMENT

The Group's operations are located in the PRC and most of its transactions are denominated and settled in RMB. The Group is exposed to foreign exchange risks on certain cash and cash equivalents, borrowings from banks and trade payables denominated in foreign currencies, the majority of which are denominated in USD. During the Reporting Period, the Group did not enter into any derivatives contracts to hedge the foreign exchange exposure.

## HUMAN RESOURCES

As at 31 December 2024, the Group employed around 72,700 staff (31 December 2023: 72,986 staff) in the PRC and Hong Kong. The Group remunerates its employees based on their performance, experience and prevailing market rate while performance bonuses are granted on a discretionary basis. Other employee benefits include, for example, medical insurance and training.

## DIVIDEND

The Board recommends the payment of final dividend of RMB0.052 per share in cash for the year ended 31 December 2024 (2023: RMB0.154 per share). The final dividend is subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be held on 23 May 2025 (the "**AGM**") and the final dividend will be distributed on or about 14 July 2025 to the Shareholders whose names appear on the register of members of the Company on 2 June 2025.

The final dividend will be payable in cash to each Shareholder in HK$ by default, converted at the exchange rate of RMB1.0: HK$1.08308, being the average benchmark exchange rate of RMB to HK$ as published by the People's Bank of China during the five business days immediately before 26 March 2025 (Wednesday), such dividend will be paid to Shareholders at HK$0.056 per share. Shareholders will also be given the option to elect to receive all or part of the final dividend in RMB. To make such election, Shareholders should complete the dividend currency election form which is expected to be despatched to Shareholders in early June 2025 as soon as practicable after the record date of 2 June 2025 (Monday) to determine Shareholders' entitlement to the final dividend, and lodge it with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 24 June 2025 (Tuesday).

Shareholders who are minded to elect to receive all or part of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant Shareholders by ordinary post on 14 July 2025 (Monday) at the Shareholders' own risk.

If no duly completed dividend currency election form in respect of the Shareholder is received by the Company's share registrar by 4:30 p.m. on 2 July 2025 (Wednesday), such Shareholder will automatically receive the final dividend in HK$. All dividend payments in HK$ will be made in the usual way on 14 July 2025 (Monday).

If Shareholders wish to receive the final dividend in HK$ in the usual way, no additional action is required.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the dividend payment.

## CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2025 (Tuesday) to 23 May 2025 (Friday), both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 19 May 2025 (Monday).

The register of members of the Company will also be closed from 30 May 2025 (Friday) to 2 June 2025 (Monday), both days inclusive, in order to determine the entitlement of the Shareholders to receive the final dividend, during which no share transfers will be registered. To qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 29 May 2025 (Thursday).

## CORPORATE GOVERNANCE

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, save and except the following:

In respect of code provision C.3.3 of the CG Code, the Company did not have formal letters of appointment for Directors. Since all Directors are subject to re-election by the Shareholders at the annual general meeting and at least once every three years on a rotation basis in accordance with the articles of association of the Company, there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the CG Code.

Code provision F.2.2 of the CG Code stipulates that the chairman of the Board should attend annual general meeting. The then chairman of the Board was unable to attend the annual general meeting of the Company held on 30 May 2024 due to other business commitments.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. During the Reporting Period and up to the date of this announcement, the Company is not allowed to hold any treasury shares under the laws of the place of its incorporation. As at the end of the Reporting Period, the Company and its subsidiaries did not hold treasury shares.

## PRELIMINARY ANNOUNCEMENT OF AUDITED ANNUAL RESULTS

The financial information relating to the years ended 31 December 2024 and 31 December 2023 included in this preliminary announcement of annual results 2024 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2024 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

## REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024 have been reviewed by the audit committee of the Company and audited by the Company's auditor.

## PUBLICATION OF THE ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.crpharm.com), and the 2024 Annual Report containing all the information required by the Listing Rules will be dispatched to the Shareholders who have indicated that they wish to receive a printed version of the corporate communication and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
**China Resources Pharmaceutical Group Limited**
**Bai Xiaosong**
*Chairman*

Hong Kong, 26 March 2025

*As at the date of this announcement, the Board comprises Mr. Bai Xiaosong as chairman and executive Director, Mr. Tao Ran and Mdm. Deng Rong as executive Directors, Mdm. Guo Wei, Mr. Sun Yongqiang, Mr. Guo Chuan and Mdm. Jiao Ruifang as non-executive Directors and Mdm. Shing Mo Han Yvonne, Mr. Kwok Kin Fun, Mr. Fu Tingmei and Mr. Zhang Kejian as independent non-executive Directors.*