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The United Laboratories International Holdings Limited

聯邦制藥國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3933)

2024 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

	2024	2023	Increase (decrease)
	<i>RMB'000</i>	<i>RMB'000</i>	%
Revenue	13,758,937	13,739,879	0.1%
EBITDA	3,939,403	3,976,692	(0.9%)
Profit before taxation	3,288,898	3,344,148	(1.7%)
Profit for the year attributable to owners of the Company	2,659,704	2,701,350	(1.5%)
	<i>RMB cents</i>	<i>RMB cents</i>	
Earnings per share - Basic	146.39	148.67	(1.5%)
Dividend per share			
- Interim dividend	16.0	12.0	33.3%
- Final dividend	28.0	28.0	0%
- Special dividend	12.0	12.0	0%
- Full-year dividend	56.0	52.0	7.7%

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2024, while the external environment was complex and volatile, China's economy ran steadily and made steady progress. The past year was a critical year for the country to realize the objectives and tasks of the 14th Five-Year Plan, in which policies for the pharmaceutical industry were introduced intensively. Driven by policy guidance and market demand, the pharmaceutical industry has deepened its reforms, and the competitive landscape of the market has undergone profound changes, bringing about new development dynamics and creating both opportunities and challenges.

Facing changes in the industry, we have proactively adapted to the new situation and continued to forster the research and development of new drugs, production and supply, marketing services and other work, achieving gratifying results. On behalf of the board of directors (the "Board") of The United Laboratories International Holdings Limited (the "Company" or "The United Laboratories"), I am pleased to present to our shareholders and partners the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024 (the "Year").

In the course of the year, the Group recorded revenue of approximately RMB13,758.9 million, which kept stable to 2023. Profit attributable to owners of the Company was RMB2,659.7 million, representing a year-on-year slightly decrease of 1.5%. Earnings per share were RMB146.39 cents. The Board recommends the payment of a final dividend of RMB28 cents per share and a special dividend of RMB12 cents per share for the year ended 31 December 2024. The dividend for the full year was RMB56 cents together with the distributed interim dividend of RMB16 cents per share, representing a dividend payout ratio of 38.3%.

Keeping on innovation and R&D

In 2024, to promote the high-quality transformation of the pharmaceutical industry, the State Council issued the "Implementation Plan for Whole-Chain Support for the Development of Innovative Drugs", enhancing the support for the research and development, clinical trials and market access of innovative drugs. In particular, in terms of market access, 38 new global innovative drugs were added to the "National Drug List for Basic Medical Insurance, Occupational Injury Insurance and Maternity Insurance (2024 Edition)", with the number and proportion hitting record highs. In active response to the national strategy, the Group increased its investment in R&D in the past year, and made positive progress in the R&D of new drugs, products registration and approval and consistency evaluation of the quality and efficacy of generic drugs.

During the year, the Group continued to increase its investment in R&D and at the same time enhanced its R&D efficiency. The R&D and clinical development of innovative drugs were promoted in an orderly manner. The Group has 18 new Class 1 drug projects in the clinical stage, including a number of blockbuster products with high market value. The Group's self-developed Class 1 innovative drug UBT251 Injection has been approved for clinical trials in China and the United States for multiple indications, and several other new drug development and clinical trials have made positive progress. We will also continue to enrich the layout of new drug pipelines, improve the configuration of high-end talent teams, accelerate the development and commercialization of new drugs, and continuously enhance the competitiveness and creativity of the Group.

At the same time, the Group is also actively planning and promoting the overseas licensing of new drug projects, and is committed to providing more comprehensive treatment options and medication choices for patients around the world. The Group continues to deepen its global strategic layout and enhance the innovative influence of The United Laboratories.

Crafting new growth points through new business ventures and enhanced capabilities

As the market environment changes and competition intensifies, it is particularly important to expand our business portfolio and create a second growth curve. The diversified business portfolio will help enhance the Group's overall competitiveness and strengthen the Company's market leadership and brand value.

In view of the aging of the population and the growing demand for healthcare consumption, the Group established the Big Health Division during the year, which has deployed five major product lines: general dietary supplements, healthcare food products, cross-border nutritional supplements, medical devices, and medical and aesthetic skincare products. Currently, we have marketed 18 products, covering categories such as bone and joint nutrition, intestinal regulation, cardiovascular health, vision protection and immunity enhancement. Based on the strategy of “omni-channel, omni-domain, and omni-population”, we have built a matrix of e-commerce, live broadcasting and new retail online platforms, while deepening the coverage of pharmacy chains and health vertical channels. The Group is committed to continuously establishing iconic brands in the health consumption sector.

In recent years, China’s aquaculture industry has been developing rapidly, and the degree of scale and intensification has been increasing. As national policies continue to strengthen the supervision and regulation of the animal healthcare industry, the animal healthcare market is booming with rising market demands. Relying on the advantages of its brand and industrial chain, the Group has promoted its animal healthcare business, actively expanding its product pipeline, launching new production capacity and expanding its presence in overseas markets. Through diversified business segments, product portfolio, business model, market distribution and continuous in-depth strategic cooperation with group customers, the Group is confident to seize market opportunities to gain a strong foothold in the fast-growing animal healthcare track.

The Group has fully utilized its vertically integrated business model to continuously optimize its industrial structure and resource allocation. During the year, we continued to promote the construction of new production capacity and the upgrading of production lines. The active pharmaceutical ingredient project and the animal healthcare bases under construction progressed smoothly. We will promote the construction of intensive, automated, intelligent and large-scale production bases in an orderly manner to facilitate the high-quality development of the Group.

Deepening Industrial Cooperation and Expanding the International Presence

During the year, the Group entered into strategic cooperation with a number of domestic and overseas partners while accelerating the pace of internationalization.

In March 2024, the Group signed a contract with New Zealand Riverland Foods Ltd., a pet food factory in New Zealand, to introduce New Zealand's high-quality prescription wet food into the PRC, thus marching into the high-end pet food market. The Group has been actively expanding into overseas markets and obtained 6 overseas registration approvals for animal healthcare preparations. In the future, the Group will continue to promote overseas registration and market access for animal healthcare products, accelerate the improvement of its coverage network in global animal health markets such as Southeast Asia, Latin America, the Middle East and Africa, and achieve balanced development of its business in China and overseas.

Meanwhile, the Group has entered into a comprehensive strategic cooperation with Sinopharm Group Co., Ltd.. Both sides will further strengthen collaborates in multiple fields and tracks, including the industrial chain, supply chain and innovation chain, to jointly build a large platform for future medicine and health. In respect of the overseas finished product business, the Group successfully won the tender for the procurement of human insulin from the Ministry of Health of Brazil at the end of the year. Going forward, we will take diabetic products as the core product, focus on promoting the deployment in countries and districts along the “Belt and Road”, thereby enhancing the contribution of the overseas finished product business.

The Group participated in seven international raw materials exhibitions, including API China, CPHI China, CPHI Milan and CPHI Middle East. During the year, the Group's Intermediate Products and Bulk Medicine business achieved record high overseas revenue, breaking a number of sales records. With a strong foothold in China and a global presence, the Group will continue to enhance its global vision, increase brand awareness and expand its international business coverage.

Environmental, Social and Governance

Upholding the corporate tenet of “Making Life More Valuable”, the Group has integrated the concept of sustainable development into its business operations and decision-making. The Group actively fulfills its social responsibilities by continuously investing in various areas such as education, disaster relief and community care to contribute to the society. In addition, in active response to the national policy of green and sustainable development, we are committed to promoting industrial upgrading, and facilitating the green and low-carbon transformation of enterprises.

During the year, United Laboratories (Inner Mongolia) Limited (“Inner Mongolia Company”) officially commenced the first phase of the salt and alkali conversion project and the biogas incineration residual heat recovery and utilization project, and fully upgraded the power supply system, with a 110 kilovolt substation completed and put into operations. By introducing advanced environmental technology and equipment, it reduced energy consumption and pollution emissions in the production process, while realizing the efficient use of resources and recycling. This symbolised Inner Mongolia Company’s firm commitment to green, efficient and intelligent production transformation and demonstrated the Group’s strong commitment to sustainable development.

Outlook

Looking ahead, the reform of China’s medical and healthcare system will continue to deepen. At the same time, due to multiple factors, such as the growth in demand brought about by an aging population, changes in the consumption structure of the population, and technological innovations, the development of China’s pharmaceutical market will be further expanded. Amidst the challenges and opportunities brought about by changes in the industry, the Group is confident that it will maintain its leading position in terms of comprehensive strength in the industry.

We will adhere to the innovation-driven development strategy and actively reinforce the research and development of new products and technological innovation. We will consolidate our core industry strengths, further strengthen the vertically integrated industrial portfolio, while optimizing our diversified business deployment and resource allocation to accelerate the expansion of the international market, and enhancing fine scientific management to achieve continuous cost reduction and efficiency increase. We will actively capitalize on market and policy opportunities, promote high-quality and sustainable development of the Group through continuous enhancement of its overall competitiveness, and create more value for our shareholders and the society.

On 24 March 2025, The United Bio-Technology (Hengqing) Co., Ltd., a wholly-owned subsidiary of the Company, and the Company have entered into an exclusive license agreement with Novo Nordisk A/S, a leading global healthcare company, in respect of the Group’s self-developed product UBT251. This is a significant milestone in the Group’s R&D progress.

On behalf of the Board, I would like to take this opportunity to express my gratitude to our shareholders and our partners for their full trust and support in long time, as well as to our staff for their hard work and contributions. I hope we can join hands and create a better future together.

Tsoi Hoi Shan
Chairman

Hong Kong, 24 March 2025

2024 ANNUAL RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024 together with the comparative figures for the year 2023 as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	3	13,758,937	13,739,879
Cost of sales		(7,676,546)	(7,405,042)
Gross profit		6,082,391	6,334,837
Other income	4	356,929	212,475
Other gains and losses, net	5(a)	153,781	23,671
Selling and distribution expenses		(1,402,483)	(1,593,799)
Administrative expenses		(894,112)	(789,859)
Other expenses	5(b)	(927,578)	(778,386)
Impairment losses (recognised) reversed under expected credit loss model, net		(44,880)	1,962
Share of results of an associate		(192)	143
Finance costs	6	(34,958)	(66,896)
Profit before taxation		3,288,898	3,344,148
Tax expense	7	(631,077)	(643,303)
Profit for the year	8	2,657,821	2,700,845
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		549	425
Total comprehensive income for the year		2,658,370	2,701,270
Profit (loss) for the year attributable to:			
Owners of the Company		2,659,704	2,701,350
Non-controlling interests		(1,883)	(505)
		2,657,821	2,700,845
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		2,660,253	2,701,775
Non-controlling interests		(1,883)	(505)
		2,658,370	2,701,270
Earnings per share			
- Basic	10	RMB cents 146.39	<i>RMB cents</i> 148.67

**Consolidated Statement of Financial Position
At 31 December 2024**

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	11	8,724,524	6,483,406
Right-of-use assets		450,800	390,701
Goodwill		3,031	3,031
Intangible assets		209,200	133,959
Interests in an associate		7,112	7,304
Deposits for acquisition of property, plant and equipment		283,298	130,278
Deposit for acquisition of intangible assets		10,710	-
Financial asset at fair value through profit or loss		-	500
Deferred tax assets		73,681	80,800
		9,762,356	7,229,979
Current assets			
Inventories		2,434,166	2,238,483
Trade and bills receivables, other receivables, deposits and prepayments	12	6,272,323	6,314,480
Pledged bank deposits		1,034,366	972,249
Cash and cash equivalents		6,329,841	4,261,989
		16,070,696	13,787,201
Current liabilities			
Trade and other payables	13	7,636,911	6,052,651
Contract liabilities		96,119	115,584
Derivative financial instruments		-	25,587
Lease liabilities		4,781	2,509
Tax payables		204,354	232,548
Borrowings - due within one year		830,384	197,853
		8,772,549	6,626,732
Net current assets		7,298,147	7,160,469
Total assets less current liabilities		17,060,503	14,390,448

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current liabilities			
Deferred tax liabilities		282,492	288,080
Deferred income in respect of government grants	13	22,205	32,237
Derivative financial instruments		-	19,191
Lease liabilities		12,667	4,322
Borrowings - due after one year		2,307,899	1,299,000
		2,625,263	1,642,830
		14,435,240	12,747,618
Capital and reserves			
Share capital		16,965	16,965
Reserves		14,371,318	12,717,813
Equity attributable to owners of the Company		14,388,283	12,734,778
Non-controlling interests		46,957	12,840
Total equity		14,435,240	12,747,618

Notes:

1. General information

The United Laboratories International Holdings Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The Company’s parent company and ultimate holding company is Heren Far East Limited, a company incorporated in the British Virgin Islands and is ultimately controlled by The Choys’ Family Trusts. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at 6 Fuk Wang Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong.

The consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company and most of its subsidiaries (the “Group”), the currency of the primary economic environment in which the principal subsidiaries of the Company operate.

2. Application of new and amendments to HKFRS Accounting Standards

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.2 Impacts on Application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flow* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. Revenue and segment information

The Group is currently organised into three revenue streams, including Intermediate products, Bulk medicine and Finished products.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

- 1) Intermediate products - mainly represent sales of 6-APA products and penicillin G potassium products;
- 2) Bulk medicine - mainly represent sales of amoxicillin products; and
- 3) Finished products - mainly represent sales of insulin series products, antibiotics products, nervous system drugs, ophthalmic products, health care products and veterinary drugs.

(a) Segment revenue and results

Year ended 31 December 2024

	Intermediate products <i>RMB '000</i>	Bulk medicine <i>RMB '000</i>	Finished products <i>RMB '000</i>	Segment total <i>RMB '000</i>	Elimination <i>RMB '000</i>	Consolidated <i>RMB '000</i>
REVENUE						
External sales	2,658,691	6,372,683	4,727,563	13,758,937	-	13,758,937
Inter-segment sales	3,198,429	979,071	-	4,177,500	(4,177,500)	-
Segment revenue	<u>5,857,120</u>	<u>7,351,754</u>	<u>4,727,563</u>	<u>17,936,437</u>	<u>(4,177,500)</u>	<u>13,758,937</u>
Segment profit before research and development expenses	2,215,316	904,596	889,307			4,009,219
Research and development expenses (included in the measurement of segment profit)	(113,881)	(199,648)	(577,228)			(890,757)
RESULT						
Segment profit	<u>2,101,435</u>	<u>704,948</u>	<u>312,079</u>			3,118,462
Share of results of an associate						(192)
Unallocated other income						136,300
Unallocated corporate expenses						(114,871)
Unallocated other gains and losses, net						184,325
Impairment losses under expected credit loss model, net						(168)
Finance costs						<u>(34,958)</u>
Profit before taxation						<u>3,288,898</u>

Year ended 31 December 2023

	Intermediate products <i>RMB '000</i>	Bulk medicine <i>RMB '000</i>	Finished products <i>RMB '000</i>	Segment total <i>RMB '000</i>	Elimination <i>RMB '000</i>	Consolidated <i>RMB '000</i>
REVENUE						
External sales	2,316,878	6,399,180	5,023,821	13,739,879	-	13,739,879
Inter-segment sales	3,436,223	993,005	-	4,429,228	(4,429,228)	-
Segment revenue	<u>5,753,101</u>	<u>7,392,185</u>	<u>5,023,821</u>	<u>18,169,107</u>	<u>(4,429,228)</u>	<u>13,739,879</u>
Segment profit before research and development expenses	2,098,205	969,400	1,044,429			4,112,034
Research and development expenses (included in the measurement of segment profit)	(113,744)	(187,563)	(455,941)			(757,248)
RESULT						
Segment profit	<u>1,984,461</u>	<u>781,837</u>	<u>588,488</u>			3,354,786
Share of results of an associate						143
Unallocated other income						152,447
Unallocated corporate expenses						(166,674)
Unallocated other gains and losses, net						69,790
Impairment losses reversed under expected credit loss model, net						552
Finance costs						<u>(66,896)</u>
Profit before taxation						<u>3,344,148</u>

(b) Geographical information

The revenue by geographical market (irrespective of the origin of the goods) based on the location of the customers are presented below:

	Revenue from external customers	
	2024	2023
	<i>RMB '000</i>	<i>RMB '000</i>
The People's Republic of China ("PRC"), including Hong Kong (country of domicile)	11,115,585	11,124,265
Europe	695,589	783,732
India	634,347	673,922
Middle East	73,284	46,834
South America	363,284	340,391
Other Asian regions	633,318	603,726
Other regions	243,530	167,009
	<u>13,758,937</u>	<u>13,739,879</u>

4. Other income

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank interest income	127,791	105,415
Sales of scrap materials	31,654	2,898
Subsidy income (<i>Note</i>)	189,626	92,490
Sundry income	7,858	11,672
	<u>356,929</u>	<u>212,475</u>

Note: Subsidy income includes tax subsidy and grants from the PRC government which are specifically for (i) capital expenditure incurred for plant and machinery, which are recognised as income over the useful life of related assets; (ii) incentives and other subsidies for research and development activities, which are recognised upon meeting the specific conditions; and (iii) incentives which have no specific conditions attached to the grants.

5. Other gains and losses, net/other expenses

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(a) Other gains and losses, net		
Net (gain) loss on fair value change of derivative financial instruments (<i>Note</i>)	(92,032)	12,399
Gain on disposal of financial assets at fair value through profit or loss	(66,501)	(72,748)
Reversal of write-down of deposits for property, plant and equipment	-	(5,563)
Net loss on disposal of property, plant and equipment	4,269	3,703
Written off of property, plant and equipment	23,297	47,955
Net foreign exchange gain	(25,792)	(9,452)
Others	2,978	35
	<u>(153,781)</u>	<u>(23,671)</u>
(b) Other expenses		
Research and development expenditures	890,757	757,248
Tax penalty	9,265	5,424
Others	27,556	15,714
	<u>927,578</u>	<u>778,386</u>

Note: During the years ended 31 December 2024 and 2023, the Group had entered into several foreign currency forward contracts with banks and financial institutions to reduce its exposure to foreign currency risks. These derivatives were not accounted for under hedge accounting. The Group did not hold any (2023: held three) derivative financial instruments as at 31 December 2024.

6. Finance costs

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on borrowings	74,608	81,974
Interest on lease liabilities	759	443
	<u>75,367</u>	<u>82,417</u>
Less: amounts capitalised in the cost of qualifying assets	<u>(40,409)</u>	<u>(15,521)</u>
	<u>34,958</u>	<u>66,896</u>

Borrowing costs capitalised during the current year arose on the specific borrowing pool and general borrowing pool. The general borrowing costs have been capitalised at a rate of 3.40% (2023: 4.35%) per annum.

7. Tax expense

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
The tax charge comprises:		
Current tax		
Hong Kong Profits Tax	8,098	1,547
PRC Enterprise Income Tax (“EIT”)	539,408	499,827
PRC withholding tax on interest income	1,448	5,908
PRC withholding tax on royalty income	36	79
PRC withholding tax on distributed profits of PRC subsidiaries	80,556	42,701
	<u>629,546</u>	<u>550,062</u>
Deferred tax charge	1,531	93,241
	<u>631,077</u>	<u>643,303</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

PRC EIT is calculated at the applicable rates of tax prevailing in the areas in which the Group operates, based on the existing legislation, interpretations and practices.

Pursuant to the PRC EIT law and its detailed implementation rules promulgated on 16 March 2007 and 6 December 2007, respectively, the tax rate for domestic and foreign enterprises is unified at 25% and is effective from 1 January 2008. Besides, with effect from 1 January 2008, if the subsidiaries are qualified as high-technology companies (under the new PRC EIT Law), the subsidiaries are entitled to a reduced rate of 15% and such qualification is subject to renewal for every three years. Certain of group entities in the PRC are entitled to the reduced tax rate of 15% for 2024 and 2023.

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No.1, dividend distributed out of the profits generated since 1 January 2008 by a PRC entity to a non-PRC tax resident shall be subject to the PRC EIT pursuant to Articles 3 and 27 of the Income Tax Law Concerning Foreign Investment Enterprises and Foreign Enterprises and Article 91 of the Detailed Rules for the Implementation of the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises. The withholding tax rate applicable to the Group is 5%. As at 31 December 2024 and 2023, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

8. Profit for the year

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	5,494	5,210
Depreciation		
Depreciation of right-of-use assets	16,178	11,898
Depreciation of property, plant and equipment	579,883	536,303
Amortisation of intangible assets (included in cost of sales)	19,486	17,447
Staff costs, including directors' emoluments		
Salaries and other benefits	1,617,749	1,491,162
Share-based compensation expenses	47,364	6,365
Contributions to retirement benefit schemes	162,880	151,218
	1,827,993	1,648,745
Write-down of inventories (reversed) recognised (included in cost of sales)	(15,959)	43,188
Cost of inventories recognised as expenses	7,692,205	7,361,854

9. Dividends

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the current year		
- 2024 interim dividend RMB16 cents (2023: 2023 interim dividend RMB12 cents) per share	290,724	218,043
- 2023 final dividend RMB28 cents (2023: 2022 final dividend RMB14 cents) per share	508,768	254,384
- 2023 special dividend RMB12 cents (2023: 2022 special dividend RMB6 cents) per share	218,043	109,021
	1,017,535	581,448

Subsequent to the end of the reporting period, a final dividend of RMB28 cents (2023: RMB28 cents) per ordinary share and a special dividend of RMB12 cents (2023: RMB12 cents) per ordinary share in respect of the year ended 31 December 2024, in an aggregate amount of RMB726,773,000 (2023: RMB726,811,000), have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

10. Earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

Earnings

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings for the purposes of basic earnings per share being profit for the year attributable to owners of the Company	<u>2,659,704</u>	<u>2,701,350</u>

Number of shares

	2024 <i>'000</i>	2023 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,816,814</u>	<u>1,817,027</u>

No diluted earnings per share for both 2024 and 2023 were presented as there were no potential ordinary shares in issue for both 2024 and 2023.

11. Property, plant and equipment

During the year ended 31 December 2024, the Group spent approximately RMB2,858,081,000 (2023: RMB1,143,439,000) on the acquisition of property, plant and equipment in order to upgrade its manufacturing capabilities.

12. Trade and bills receivables, other receivables, deposits and prepayments

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables from contracts with customers	2,406,076	2,378,638
Less: allowance for credit losses	(13,166)	(12,459)
Banker's acceptance bills receivables	3,333,266	3,496,731
Less: allowance for credit losses	(212)	(193)
Consideration receivables	339,574	339,574
Less: allowance for credit losses	(339,574)	(339,574)
Value added tax receivables	235,963	141,454
Other receivables, deposits and prepayments	321,947	316,253
Less: allowance for credit losses	<u>(11,551)</u>	<u>(5,944)</u>
	<u>6,272,323</u>	<u>6,314,480</u>

At 1 January 2023, gross carrying amount of trade receivables from contracts with customers amounted to RMB2,110,751,000.

The Group normally allows a credit period of 45 days to 180 days (2023: 45 days to 120 days) to its trade customers, and may be extended to selected customers depending on their trade volume and historical settlement records with the Group. The banker's acceptance bills receivables have a general maturity period of between 90 days and 1 year (2023: between 90 days and 1 year).

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on dates of transferring control of the goods, and an analysis of banker's acceptance bills receivables and commercial bills receivables by age, net of allowance for credit losses, presented based on the bills issuance date, at the end of the reporting period:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from contracts with customers		
0 to 30 days	943,289	920,770
31 to 60 days	629,666	617,185
61 to 90 days	389,109	316,779
91 to 120 days	212,161	237,530
121 to 180 days	204,206	201,745
Over 180 days	14,479	72,170
	<u>2,392,910</u>	<u>2,366,179</u>
Banker's acceptance bills receivables		
0 to 30 days	636,132	695,328
31 to 60 days	678,738	581,264
61 to 90 days	453,539	628,692
91 to 120 days	640,674	631,535
121 to 180 days	862,069	875,400
Over 180 days	61,902	84,319
	<u>3,333,054</u>	<u>3,496,538</u>

13. Trade and other payables

The Group normally receives credit terms of up to 120 days and 180 days for trade payables and trade payables under supplier finance arrangement, respectively, from its suppliers. The following is an analysis of the trade payables and trade payables under supplier finance arrangement by age, presented based on the invoice date or bills issuance date at the end of the reporting period:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables		
0 to 90 days	1,560,814	1,906,603
91 to 180 days	513,876	323,501
Over 180 days	14,095	8,048
	<u>2,088,785</u>	<u>2,238,152</u>
Trade payables under supplier finance arrangement (Note)		
0 to 90 days	1,119,081	1,021,012
91 to 180 days	961,961	960,917
Over 180 days	5,229	-
	<u>2,086,271</u>	<u>1,981,929</u>
Other payables and accruals	545,328	485,088
Other tax payable	170,511	143,899
Accrual of freight expense	128,975	78,729
Accrual of salary, staff welfare and unclaimed annual leave	250,147	214,411
Accrual of water, electricity fee & steam	550,825	345,045
Deferred income in respect of government grants	58,699	73,585
Payables in respect of the acquisition of property, plant and equipment	<u>1,779,575</u>	<u>524,050</u>
	7,659,116	6,084,888
Less: Amount due within one year shown under current liabilities	<u>(7,636,911)</u>	<u>(6,052,651)</u>
Amount shown under non-current liabilities	<u>22,205</u>	<u>32,237</u>

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

14. Capital commitments

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>2,147,126</u>	<u>989,055</u>

15. Pledge of assets

As at 31 December 2024, the Group had pledged the following assets to banks as securities against banking facilities granted to the Group at the end of the reporting period:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Property, plant and equipment	1,133,921	22,440
Rights-of-use assets	159,216	38,354
Banker's acceptance bills receivables	16,884	23,853
Pledged bank deposits	<u>1,034,366</u>	<u>972,249</u>

16. Related party transactions

The Group's key management personnel are all directors of the Company, including chief executives, and the remuneration to the directors of the Company during the year is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Fees	599	645
Salaries and other benefits	18,993	18,674
Contributions to retirement benefits schemes	79	76
Share-based compensation expenses	<u>7,069</u>	<u>950</u>
	<u>26,740</u>	<u>20,345</u>

During the year, the Group entered into the following transactions with a related party:

<u>Name of related party</u>	<u>Nature of transaction</u>	<u>Relationship</u>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
寧波普邦生物科技有限公司	Sale of goods	Associate	4,621	1,770
	Trade advance	Associate	<u>7,500</u>	<u>7,500</u>

17. Event after the reporting period

On 24 March 2025, the Group entered into an exclusive license agreement with an independent third party under which, subject to the terms and conditions thereof, the Group will grant an exclusive license to develop, manufacture, commercialise and exploit a specified product or compounds, which is still at the research and development stage, in all countries and territories except for mainland China, Hong Kong, Macau and Taiwan at an upfront payment of US\$200 million, together with milestone payments and royalties. The directors of the Company are still in the process of assessing the financial impact of this arrangement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the Group achieved satisfactory results in the research and development of new drugs, production and supply, sales and service. In addition, we promoted the construction of production capacity in an orderly manner, deepened external cooperation and exchanges, and actively expanded our international business. During the year, the Group recorded revenue of approximately RMB13,758.9 million, similar as compared with 2023. Our position in the industry remained strong and our businesses in all segments developed healthily.

Intermediate Products and Bulk Medicine

During the year, the Intermediate products and Bulk medicine segment recorded external sales of RMB2,658.7 million and RMB6,372.7 million, respectively, representing a year-on-year increase of 14.8% and decrease of 0.4%, respectively. Overseas export recorded stable sales of RMB2,643.4 million, and accounted for 19.2% of total revenue of the Group.

The Group continued to improve the production costs of its upstream products, gaining industrial chain advantages. The Group remained the leader of intermediate products and bulk medicine in the PRC and overseas markets. In addition, the construction of Zhuhai Gaolan Port API Project and Inner Mongolia Guangda Lianfeng Biotechnology Co., Ltd. progressed smoothly.

Finished Products

During the year, the external sales of Finished products was RMB4,727.6 million, representing a year-on-year decrease of 5.9%.

Endocrine metabolism

The main products include 優思靈 USLIN[®] (Human Insulin Injection (N/R/30R/50R)), 聯邦優樂靈[®] USLEN[®] (Insulin Glargine Injection), 聯邦優倍靈[®] UBLIN[®] (Insulin Aspart/ Insulin Aspart 30 Injection), and 聯邦[®]滅特尼[®] (Glipizide Tablets).

During the year, diabetes series recorded total gross sales of RMB1,248.3 million, representing a year-on-year increase of 9.5%.

In April 2024, all insulin products of the Group won the bidding as Category A in the National Centralised Procurement of Pharmaceuticals (specialising renewal in insulin). The basic purchasing volume has increased significantly by 52.5%. At the same time, all the Group's bidding products in category A will obtain allocated remaining volume. Thanks to this, the Group was able to rapidly make up for the price by volume for the relevant products, and the sales scale and market share continued to increase. During the year, sales of insulin analogs increased by 17.2% year-on-year, maintaining a high growth rate.

Anti-infection

The main products include 聯邦他啞仙[®] (piperacillin sodium tazobactam sodium for injection), 聯邦[®]阿莫仙[®] (amoxicillin capsules/granules), 強力阿莫仙[®] (potassium amoxicillin clavulanate for injection, potassium amoxicillin clavulanate tablets/dry suspensions), and 聯邦倍能安[®] (imipenem cestastatin sodium for injection), among others.

During the year, sales of anti-infection products (for human use) decreased by 23.6% to RMB1,797.4 million.

Other products

The main products include ophthalmic drugs, topical dermatological drugs, and neurological drugs.

Big Health

The main products include the TUL Jianyimei series of healthcare products.

In view of the aging of the population and the growing demand for healthcare consumption, the Group established the Big Health Division during the year, which has deployed six major product lines: general dietary supplements, healthcare food products, cross-border nutritional supplements, medical devices, medical and aesthetic skincare products, and antiseptic skincare products. Currently, we have marketed 18 products, covering categories such as bone and joint nutrition, intestinal regulation, cardiovascular health, vision protection and immunity enhancement. At present, we have built a matrix of e-commerce, live broadcasting and new retail online platforms represented by Tmall, JD.com, Tik Tok and WeChat Mall, and deepened our coverage of pharmacy chains and health vertical pipelines. During the year, the Big Health segment recorded sales of RMB20.0 million.

Animal Healthcare

The Group is principally engaged in the research and development, production, sales and technical services of economic and companion animal medicines, covering medicines for livestock, poultry, aquatic products and pets. During the year, we launched 22 new products for animal healthcare and obtained one certificate for new veterinary drugs of Class 5.

During the year, the animal healthcare segment recorded sales of RMB1,382.2 million, representing a year-on-year increase of 17.1%. The construction of the production bases under construction is progressing smoothly and they are expected to be commissioned in 2025. In addition, we are making active deployment in the overseas market and have already obtained a total of 6 overseas registration approvals for animal healthcare products in Vietnam and Australia.

Pharmaceutical Research and Development

During the year, the Group invested a total of RMB985.5 million in pharmaceutical research and development, with a year-on-year increase in R&D of 21.9%, including expensed R&D investment of RMB890.8 million and capitalisation of R&D investment of RMB94.7 million.

The Group has established a comprehensive research and development system composed of multiple platforms, including biological research and development, chemical drug research and development, innovative drug research and development, animal healthcare research and development clinical research center, and external cooperation. The Group had 45 new human drug products under development, of which 22 products are Class 1 new drugs, focusing on the areas of endocrinology, metabolism, autoimmunity, ophthalmology and anti-infection; There are a total of 59 new products under development in animal healthcare, covering pets, livestock, poultry and aquatic products. In addition, projects such as quality and efficacy consistency evaluation of generic drugs (“consistency evaluation”), medical aesthetics and pharmaceutical excipients are also progressing steadily.

During the year, the Group made the following major progress in R&D:

- In January, the first subject was enrolled in the phase II clinical trial of **TUL01101 Tablets, a class-I new drug**, for indications of medium and severe atopic dermatitis. TUL01101 Tablets is a selective inhibitor of the small molecule tyrosine kinase JAK1. JAK inhibitor as a new type of therapeutic agent for atopic dermatitis is featured with outstanding curative efficacy and less side effects.
- In May, the first subject was enrolled in the phase II clinical trial of **TUL01101 Ointment, a class-I new drug**. TUL01101 Ointment is a topically administered, locally acting JAK1 inhibitor that avoids potential safety concerns associated with exposure to the drug system and demonstrates improved clinical utility.
- In May, the phase III clinical trial summary meeting of **Semaglutide Injection** (diabetes indication) was successfully held, with over 70 experts in endocrine metabolism, statistics and quality management in attendance.

- In June, the first subject of phase III clinical trial of **Insulin Degludec and Liraglutide Injection** were enrolled. Insulin Degludec and Liraglutide Injection is used in adult Type 2 diabetes patients with poor blood glucose control. It can effectively control blood glucose throughout the day at the dosage of one injection per day.
- In July, Phase Ia clinical study of **UBT251 Injection, a Class 1 new drug**, was completed in healthy subjects in China. UBT251 is a long-acting GLP-1/GIP/glucagon triple-target receptor agonist. At present, the Company is the first enterprise in China and the second in the world to be approved for the clinical trials of a long-acting triple agonist of GLP-1 (glucagon-like peptide-1)/GIP (glucose-dependent insulinotropic polypeptide)/ glucagon prepared by chemical synthetic polypeptide.
- In October, the first subject of Phase IIa clinical study of **TUL12101 eye drops, a new class 1 drug**, was enrolled in China. TUL12101 is a new generation of small molecule RASP (active aldehyde) inhibitor for the treatment of xerophthalmia. Currently, no other products adopting the same mechanism have been marketed in China and abroad.
- In October, the marketing application for **Insulin Degludec Injection** was accepted by the National Medical Products Administration (NMPA). Insulin Degludec is a new generation of long-acting basal insulin analogs. The duration of action of the drug can be maintained for 42 hours, and it has the characteristics of stable glycemic control and high safety. Currently, Insulin Degludec is a Class B drug in the National Medical Insurance List (2023 Edition).
- In December, the marketing of **Mupirocin Ointment** (Specification: 2% (5g:0.1g)) was approved by the NMPA. Mupirocin Ointment is a broad-spectrum antibiotic for skin infections caused by gram-positive cocci and is a Class A OTC topical dermatologic agent. Currently, Mupirocin Ointment is a Class B drug in the National Essential Drug List (2018 Edition) and Medical Insurance List (2023 Edition).
- In December, **Liraglutide Injection, Insulin Degludec Injection and Semaglutide Injection** applied by the Group were approved as the first batch of segmented production pilot varieties of biological products in Guangdong.

During the year, the Imipenem and Cilastatin Sodium for Injection (specification: 0.5g; 1.0g), Amoxicillin and Clavulanate Potassium Tablets (specification: 0.375g), Amoxicillin Granules (specification: 0.125g), Ceftazidime for Injection (specification: 1.0g) and Sodium Cefuroxime for Injection (specification: 0.75g; 1.5g) of the Group passed the consistency evaluation. The Group will continuously advance the new drug research, development and Consistency Assessment, and provide more safe and high-quality drug choices for patients.

Financial Review

For the year ended 31 December 2024, the Group recorded revenue of approximately RMB13,758.9 million, kept stable as compared with 2023. Gross profit was RMB6,082.4 million, representing a year-on-year decrease of 4.0%. EBITDA was approximately RMB3,939.4 million, representing a year-on-year decrease of 0.9%. Profit attributable to owners of the Company was RMB2,659.7 million, representing a year-on-year decrease of 1.5%. Earnings per share were RMB146.39 cents. The Board recommended the payment of a final dividend of RMB28 cents per share and a special dividend of RMB12 cents for the year ended 31 December 2024. Together with the interim dividend of RMB16 cents per share already paid, the total dividend for the year was RMB56 cents per share.

During the year, segmental revenue (including inter-segment sales) of Intermediate products, Bulk medicine and Finished products increased by 1.8%, decrease by 0.5% and 5.9% respectively as compared with 2023. Segmental profit increased by 5.9%, decrease by 9.8% and 47.0% year-on-year respectively. The segment profit of Finished products declined significantly, mainly due to fierce market competition and falling market prices due to the factors such as national drug central procurement leading to product price reductions. In addition, the research and development expenses of Finished products segment increased by 26.6% to RMB577,200,000 during the year.

Optimising Financial Structure

In terms of finance, the Group continuously optimised its financial structure to improve liquidity by adjusting the mix of onshore and offshore borrowings, balancing long-term and short-term borrowings to reduce the finance expenses and enhance financial flexibility and efficiency in the utilisation of funds and maintain robust financial position. During the year, the Group has used Renminbi as the main borrowing currency to reduce the risk of exchange rate fluctuation and finance costs. The Group has also secured several long-term project loans for financing of its capital expenditures. For the year ended 31 December 2024, the finance cost of the Group amounted RMB35.0 million, representing a year-on-year decrease of 47.7%. Borrowing costs of RMB40.4 million (2023: RMB15.5 million) was capitalised during the year.

As at 31 December 2024, the Group's net bank balances and cash (after deducting borrowings and trade payables under supplier finance arrangement) amounted to RMB2,139.7 million.

Liquidity and Financial Resources

As at 31 December 2024, the Group had pledged bank deposits, bank balances and cash amounted to approximately RMB7,364.2 million (2023: RMB5,234.2 million).

As at 31 December 2024, the Group had interest-bearing borrowings of approximately RMB3,138.3 million (2023: RMB1,496.9 million) denominated in Renminbi with maturity within five years. Borrowings of approximately RMB16.9 million is on a fixed rate basis while the remaining balance of approximately RMB3,121.4 million is on a floating rate basis. The directors expect that all such borrowings will either be repaid by internally generated funds or rolled over upon maturity and provide sustainable funding to the Group's operations.

As at 31 December 2024, current assets of the Group amounted to approximately RMB16,070.7 million (2023: RMB13,787.2 million). Net current assets increased from RMB7,160.5 million as at 31 December 2023 to RMB7,298.1 million as at 31 December 2024. The Group's current ratio was approximately 1.83 as at 31 December 2024, as compared with 2.08 as at 31 December 2023. As at 31 December 2024, the Group had total assets of approximately RMB25,833.1 million (2023: RMB21,017.2 million) and total liabilities of approximately RMB11,397.8 million (2023: RMB8,269.6 million). Equity attributable to owners of the Company increased from RMB12,734.8 million at 31 December 2023 to RMB14,388.3 million at 31 December 2024. As at 31 December 2024, the Group's net bank balances and cash (after deducting bank borrowings and trade payables under supplier finance arrangement) amounted to RMB2,139.7 million (2023: RMB1,755.5 million).

Currency Exchange Exposures

The Group's purchases and sales are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The operating expenses of the Group are mainly denominated in Renminbi and Hong Kong dollars. The Group's borrowings are denominated in Renminbi. The Group's treasury policy is in place to monitor and manage its exposure to fluctuation in exchange rates. Besides, the Group will conduct periodic review of its exposure to foreign exchange risk and may use financial instrument for hedging purpose when considered appropriate.

Employees and Remuneration

As at 31 December 2024, the Group had approximately 17,000 (2023: 15,000) employees in Hong Kong and Mainland China. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance.

The Company has adopted a share award scheme in October 2023 and granted a total of 12,096,900 award shares to selected directors and employees, vesting in three years, to encourage and retain such individuals for the continual operation and development of the Group.

Contingent Liabilities

As at 31 December 2024 and 2023, the Group had no material contingent liabilities.

Litigations

Reference is made to the Company's announcements dated 9 August 2019, 14 August 2019 and 9 November 2023 in relation to the investment and cooperation agreement with 恒大地產集團成都有限公司 (Evergrande Real Estate Group (Chengdu) Limited) ("Evergrande (Chengdu)"). The Group applied for the commencement of an action against, among others, Evergrande (Chengdu) on 7 March 2023 in the Guangzhou Intermediate People's Court for recovery of the outstanding consideration receivables of approximately RMB340 million and relevant damages and received a notice of acceptance on 14 March 2023 (the "Action"). Due to the large number of actions against China Evergrande Group commenced in the Guangzhou Intermediate People's Court, the Action is handled by the Chengdu Intermediate People's Court. The Chengdu Intermediate People's Court heard the case on 6 June 2024 and handed down the judgement dated 28 December 2024 allowing the Group's claim of approximately RMB136.3 million but rejecting other claims of the Group. The Group appealed to the Sichuan Province Higher People's Court against the judgement. The Sichuan Province Higher People's Court heard the case on 21 May 2024. It is currently awaiting the judgment of the Sichuan Province Higher People's Court.

Save for the above, there was no other material litigations during the Year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Board is of the view that best corporate governance is crucial to safeguard the interests of shareholders and to enhance the Group's performance. The Board is dedicated to maintaining and ensuring a high standard of corporate governance. For the year ended 31 December 2024, the Company has applied and complied with the applicable code provisions set out in the Corporate Governance Code ("CG Code") and Corporate Governance Report contained in Appendix C1 of Listing Rules, except for deviation which is summarised below:

– Code Provision C.2.1

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the year ended 31 December 2024, the Company did not have a chief executive officer. The Company will make appointment to fill the post as appropriate.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Following a specific enquiry, all directors confirmed that they have complied with the required standards set out in the Model Code throughout the year covered by this announcement.

AUDIT COMMITTEE REVIEW

The Audit Committee comprises three independent non-executive directors, namely Mr. Chong Peng Oon, Prof. Song Ming and Dr. Fu Qiushi. The Audit Committee has reviewed with the management of the Company the consolidated financial statements for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to the final dividend and the special dividend, the Register of Members of the Company will be closed on Thursday, 10 July 2025 and Friday, 11 July 2025 on which no transfer of shares will be registered. In order to qualify for the final dividend and the special dividend (record date being Friday, 11 July 2025)), all completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 July 2025.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises (1) Mr. Tsoi Hoi Shan, Mr. Leung Wing Hon, Ms. Choy Siu Chit, Mr. Fang Yu Ping, Ms. Zou Xian Hong and Ms. Zhu Su Yan as executive directors; and (2) Mr. Chong Peng Oon, Prof. Song Ming and Dr. Fu Qiushi as independent non-executive directors.