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CHINA MEDICAL SYSTEM HOLDINGS LIMITED
康哲藥業控股有限公司*

(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 867)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND PROPOSED AMENDMENTS TO THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION AND ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The board of Directors (the "Board") of China Medical System Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group" or "CMS") for the year ended 31 December 2024 (the "Reporting Period").

Financial Highlights

- Turnover down 6.8% to RMB7,469.0 million (2023: RMB8,013.3 million); in the case that all medicines were directly sold by the Group, turnover down 9.0% to RMB8,621.6 million (2023: RMB9,472.2 million)
- Gross profit down 11.2% to RMB5,422.2 million (2023: RMB6,109.2 million); in the case that all medicines were directly sold by the Group, gross profit down 10.7% to RMB5,405.4 million (2023: RMB6,053.7 million)
- Profit for the year down 32.3% to RMB1,613.1 million (2023: RMB2,384.4 million); normalized profit for the year* down 36.7% to RMB1,713.7 million (2023: RMB2,709.3 million)
- Basic earnings per share down 31.9% to RMB0.6673 (2023: RMB0.9792)
- As at 31 December 2024, the Group's bank balances and cash amounted to RMB3,706.5 million while readily realizable bank acceptance bills amounted to RMB198.8 million
- Proposed final dividend of RMB0.1174 per share, bringing the total dividend for the year ended 31 December 2024 to RMB0.2681 per share, representing a decrease of 31.6% over last year (2023: final dividend of RMB0.0783 and total dividend of RMB0.3917 per share)

* Normalized profit for the year represents profit for the year excluding provisions of impairment losses on related assets.

**For Identification Only*

Business Highlights

In 2024, the Group continued to make breakthroughs in the R&D of novel products, with one innovative drug approved for marketing, one additional indication approved, NDAs submitted for two novel drugs, three innovative drug collaborations and three medical aesthetic product collaborations established, and over 10 clinical trial projects progressing smoothly, aiming to have innovative products approved for marketing every year. The Group's business performance continued to be impacted by the implementation of the eighth batch of National VBP, resulting in a year-on-year decline. In the case that all medicines were directly sold by the Group, the three National VBP products (Deanxit, Ursofalk and Plendil) recorded a total revenue of RMB2,691.0 million, representing a year-on-year decrease of 28.8%. Excluding these three National VBP products, the majority of the Group's core products are exclusive and innovative products. During the Reporting Period, in the case that all medicines were directly sold by the Group, the total revenue of the non-national VBP exclusive products and innovative products was RMB4,551.3 million, representing a year-on-year increase of 4.1%, accounting for 52.8% of the Group's revenue.

Accumulatively Five Innovative Drugs Entered Commercialization

- LUMEBLUE - the first Methylthioninium Chloride Enteric-coated Sustained-release Tablets in China, a novel solution that enhances diagnosis sensitivity in detecting lesions during colonoscopy, approved for marketing in China in June 2024.
- METOJECT - China's first pre-filled MTX Injection for subcutaneous administration for the treatment of psoriasis and RA. The additional RA indication was approved in China in July 2024 (psoriasis indication approved in March 2023).
- VELPHORO - the first iron-based, non-calcium PB approved in China, and filled the gap of phosphorus-lowering treatment for Chinese paediatric patients aged 12 to 18 years old with CKD stages 4-5 or CKD on dialysis. The collaboration agreement was signed in February 2024.

Innovative Drugs Approved in 2023

- ILUMETRI - a monoclonal antibody specifically targeting to the p19 subunit of IL-23, requires only 4 administrations per year during its maintenance period for the treatment of psoriasis, which may lead to higher patient compliance.
- VALTOCO - the first Diazepam Nasal Spray approved for marketing in China, which can be administered at anytime and anywhere, and meets clinical needs for accessible and convenient treatment option for seizure clusters of patients with epilepsy.

Two Innovative Drugs Submitted for Marketing Approval

- Desidustat Tablets - a novel oral HIF-PHI for treating anaemia in non-dialysis adult, CKD patients, and its NDA was accepted in China in April 2024.
- Ruxolitinib cream - as of the end of the Reporting Period, the first and only topical JAK inhibitor approved by the U.S. FDA and the EMA for repigmentation in vitiligo. The product (vitiligo indication) was approved in Macau in April 2024 and in Hong Kong in November 2024, and was introduced to hospitals in the Greater Bay Area through the "Hong Kong and Macau Medicine and Equipment Connect" policy. Its NDA for vitiligo was accepted in China in September 2024.

Over 10 Clinical Trials Progressing Smoothly

- Y-3 for Injection - a novel brain cytoprotectant that treats stroke, completed the Phase II clinical trial in China, and the Phase III clinical trial was advancing steadily.
- VEGFA/ANG2 Tetravalent Bispecific Antibody - intended for neovascular age-related macular degeneration (nAMD), completed the Phase I clinical trial and the dosing for the first subject in the Phase II clinical trial in China.
- Highly Selective TYK2 Inhibitor CMS-D001 Tablets - intended for psoriasis and AD, obtained approvals for China clinical trials in January 2024 and the Phase I clinical trial was advancing smoothly.
- GnRH Receptor Antagonist CMS-D002 Capsules - intended for the treatment of moderate to severe pain associated with endometriosis, obtained approvals for China clinical trials in February 2024 and the Phase I clinical trial was advancing smoothly.
- GLP-1R/GCGR Dual Agonist CMS-D005 Injection - intended for the treatment of obesity/overweight, obtained approvals for China clinical trials in November 2024 and its Phase I clinical trial was in preparation. The product may also be developed in the future to treat metabolic dysfunction-associated steatohepatitis, type 2 diabetes and other metabolism-related diseases.

Four New Innovative Drug Collaborations

- In March 2024, the Group entered into another Collaboration and License Agreement with Incyte, for selective oral small molecule JAK1 inhibitor povorcitinib for the treatment of diseases such as non-segmental vitiligo and HS, and gained an exclusive license to research, develop, register and commercialize the product in Mainland China, Hong Kong, Macau, Taiwan Region and eleven Southeast Asian countries, and a non-exclusive license to manufacture the product in CMS' Territory.
- In December 2024, the Group entered into a collaboration with Atom Therapeutics Co., Ltd for the class 1 innovative drug ABP-671 for the treatment of gout and hyperuricemia and gained an exclusive commercialization right in Mainland China, Hong Kong and Macau.

Subsequent Events

- In January 2025, the Group entered into a collaboration with Alpha Cognition Inc. for the improved new drug ZUNVEYL for the treatment of mild-to-moderate dementia of the Alzheimer's type, and gained an exclusive right to develop, register, manufacture, import, export and commercialize the product in Asia (excluding Japan), Australia and New Zealand.
- In January 2025, the Group entered into a collaboration with Hunan Mabgeek Biotechnology Co., Ltd. and its subsidiary for Class 1 innovative drug long-acting anti-IL-4Rα humanized monoclonal antibody injection MG-K10, and obtained the co-development right and exclusive commercialization right to the product in Mainland China, Hong Kong, Macau, Taiwan Region and Singapore.

Three Newly-added Medical Aesthetic Products

- In addition to Poly-L-lactic Acid Microparticle Filler Injection (which is under review for its China's medical device registration application), the Group has newly obtained the exclusive licenses in Mainland China, Hong Kong, Macau and Taiwan Region for three regenerative light medical aesthetic injectable products, which were in China's registrational clinical trials, namely Polycaprolactone Microsphere Gel for Injection, Calcium Hydroxylapatite Microsphere Gel for Injection and Decellularized Extracellular Matrix Implant.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	3	7,468,990	8,013,285
Cost of goods sold		(2,046,796)	(1,904,119)
Gross profit		5,422,194	6,109,166
Other income	4	208,387	232,091
Other gains and losses	5	(151,244)	(335,997)
Selling expenses		(2,661,648)	(2,511,341)
Administrative expenses		(780,093)	(656,628)
Finance costs	6	(38,610)	(46,251)
Research and development expenses		(329,982)	(195,134)
Share of results of associates		338,548	274,977
Share of result of a joint venture		2,755	2,888
Profit before tax		2,010,307	2,873,771
Income tax expense	7	(397,227)	(489,341)
Profit for the year	8	1,613,080	2,384,430
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at fair value through other comprehensive income		(34,110)	(133,155)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates		6,162	5,507
Exchange differences arising on translation of foreign operations		3,038	1,074
Exchange differences arising on translation of Interests in associates		(9,061)	14,589
Change in fair value on cash flow hedges			
- fair value loss		-	(8,902)
- deferred tax relating to change in fair value		-	652
Other comprehensive expense for the year, net of income tax		(33,971)	(120,235)
Total comprehensive income for the year		1,579,109	2,264,195
Profit (loss) for the year attributable to:			
Owners of the Company		1,619,788	2,400,940
Non-controlling interests		(6,708)	(16,510)
		1,613,080	2,384,430
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		1,585,817	2,280,705
Non-controlling interests		(6,708)	(16,510)
		1,579,109	2,264,195
		RMB	RMB
Earnings per share	10		
Basic		0.6673	0.9792

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		375,893	397,616
Right-of-use assets		72,197	76,124
Interests in associates		3,389,827	3,271,934
Interest in a joint venture		181,804	179,049
Intangible assets		2,301,346	2,216,092
Goodwill		1,547,903	1,547,903
Equity instruments at fair value through other comprehensive income		129,783	163,893
Deposits paid for acquisition of intangible assets		1,189,256	1,013,395
Amounts due from associates		30,000	30,000
Deferred tax assets	15	52,693	40,396
Loan receivable		72,227	-
		9,342,929	8,936,402
Current assets			
Inventories		768,139	637,636
Financial assets at fair value through profit or loss		2,160,097	1,832,258
Trade and other receivables and prepayments	11	1,780,483	1,568,587
Loan receivable		-	35,945
Tax recoverable		5,553	784
Amounts due from associates		284,088	408,167
Bank balances and cash	12	3,706,501	4,311,058
		8,704,861	8,794,435
Current liabilities			
Trade and other payables	13	484,797	436,976
Lease liabilities		16,933	15,416
Contract liabilities		16,610	12,733
Bank borrowings	14	831,300	1,269,650
Derivative financial instruments		-	17,227
Deferred consideration payables		-	1,000
Tax liabilities		166,423	295,784
		1,516,063	2,048,786
Net current assets		7,188,798	6,745,649
Total assets less current liabilities		16,531,727	15,682,051

	NOTES	2024 RMB'000	2023 RMB'000
Capital and reserves			
Share capital	16	83,564	83,991
Reserves		16,227,905	15,436,217
Equity attributable to owners of the Company		16,311,469	15,520,208
Non-controlling interests		91,639	36,199
		16,403,108	15,556,407
Non-current liabilities			
Deferred tax liabilities	15	116,109	108,973
Lease liabilities		12,510	16,671
		128,619	125,644
		16,531,727	15,682,051

1. GENERAL INFORMATION

China Medical System Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 18 December 2006. On 26 June 2007, the Company was listed on the Alternative Investment Market ("AIM") operated by the London Stock Exchange plc. The Company was listed on the Main Board operated by The Stock Exchange of Hong Kong Limited on 28 September 2010 and it was delisted from the AIM on the same date. The Company's ultimate holding company and immediate holding company is Treasure Sea Limited, a company incorporated in the British Virgin Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Unit 2106, 21/F, Island Place Tower, 510 King's Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are research and development, production, promotion and sale of medicines.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and majority of its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to IFRS Accounting standards for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS 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.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature - dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards - Volume 11[3]

Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 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 IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 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 IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 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 IFRS 18 on the Group’s consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

The following is an analysis of the Group's revenue from its major products and services:

At a point in time	2024 RMB'000	2023 RMB'000
Sales of pharmaceutical products	5,887,214	5,936,515
Promotion income	1,581,776	2,076,770
Total revenue	7,468,990	8,013,285

(ii) Performance obligations for contracts with customers and revenue recognition policies

The Group mainly sells pharmaceutical products to distributors which would then further be sold to hospital and medical institutions throughout the PRC and provides promotion services to certain pharmaceutical manufacturers.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Variable consideration

For contracts that contain variable consideration (e.g. sales returns or volume rebates), the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(ii) Performance obligations for contracts with customers and revenue recognition policies - continued

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group has acted as principal for transactions of pharmaceutical products and acted as agent for the promotion services. In assessing whether the Group acted as principal or agent, the Group has considered whether it controls the pharmaceutical products and promotion services before such products and/or services are transferred to customers, indicators including but not limited to whether the Group has primary responsibility in providing the goods and services to the customers, inventory risk before the customers' order and whether it has discretion in establishing price.

For sales of pharmaceutical products to customers, revenue is recognised at a point in time when control of the pharmaceutical products is passed to customers, i.e. when the products are delivered and titles have passed to customers upon receipt by customers. Sales rebates will be granted to customers by the Group for qualified purchases at a pre-determined amount per unit.

For promotion of pharmaceutical products, revenue is recognised at a point in time when the Group satisfies its obligation to arrange for the pharmaceutical products to be provided by suppliers to distributors.

The Group's research and development, production, promotion and sale of medicines are primarily in the PRC. Almost all revenue from external customers is attributed to the PRC, 99% and 1% (2023: 86% and 14%) of non-current assets excluding amounts due from associates, derivative financial instruments and deferred tax assets of the Group are located in the PRC and Dubai, respectively.

Sales to the largest customer of the Group account for 18.7% (2023: 20.2%) of the Group's sales and no other single customers contribute over 10% of the total revenue of the Group for the year ended 31 December 2024.

4. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Interest income	126,344	146,475
Government subsidies (Note)	82,043	85,616
	208,387	232,091

Note: The amounts for both years mainly represented the incentive subsidies provided by the PRC local authorities to the Group to encourage business operation in the PRC. Such government grants were pertinent to income and aim to give immediate financial support to the Group with no future related costs. There were no unfulfilled conditions attached to these grants and, the Group has recognised the grants upon receipts.

5. OTHER GAINS AND LOSSES

	2024 RMB'000	2023 RMB'000
Impairment loss on interest in an associate	(100,000)	-
Impairment loss on interest in a joint venture	-	(44,000)
Impairment loss on deposit paid for acquisition of intangible assets	(1,152)	(163,462)
Impairment loss on intangible assets	-	(8,025)
Impairment loss on prepayment	-	(23,450)
Impairment loss on inventory	-	(33,215)
Impairment losses under ECL model, net of reversal	499	(52,723)
Gain (loss) on disposal of property, plant and equipment	500	(265)
Net foreign exchange (loss) gain	(53,147)	31,540
Change in fair value of derivative financial instruments	17,227	(49,785)
Change in fair value of financial assets at FVTPL	(9,025)	(16,750)
Dividends from financial assets at FVTPL	1,716	30,620
Others	(7,862)	(6,482)
	(151,244)	(335,997)

6. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	36,398	42,997
Interest on lease liabilities	2,212	2,216
Interest on obligation arising from put options	-	947
Imputed interest on deferred consideration payables	-	91
	38,610	46,251

7. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax:		
The PRC Enterprise Income Tax ("EIT")	249,610	265,088
Hong Kong Profits Tax	5,470	63,744
Macau Complementary Income Tax	42,917	69,287
Dubai Income Tax	14,664	-
Withholding tax	85,000	83,198
	397,661	481,317
Under (over)provision in prior years:		
The PRC EIT	2,936	8,590
Hong Kong Profits Tax	2,524	579
Macau Complementary Income Tax	(733)	-
	4,727	9,169
Deferred taxation (note 15):		
- Current year	(5,161)	(1,145)
	397,227	489,341

Notes:

(a) The PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for the PRC taxation purposes at the applicable rates for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for those described below.

天津康哲維盛醫藥科技發展有限公司 (Formerly known as 天津康哲醫藥科技發展有限公司) (Tianjin Kangzhe Vision Pharmaceutical Technology Development Co., Ltd.) ("Tianjin Kangzhe") is entitled to a reduced tax rate of 15% (2023: 15%) granted by the local tax authority until 2027. 康哲(湖南)制藥有限公司 (Kangzhe (Hunan) Medical Co., Ltd.) ("Kangzhe Hunan") is entitled to a reduced tax rate of 15% (2023: 15%) granted by local tax authority until 2025. 西藏康哲藥業發展有限公司 (Tibet Kangzhe Pharmaceutical Development Co., Ltd) ("Tibet Kangzhe Development") is entitled to a reduced tax rate of 9% (2023: 9%) granted by local tax authority until 2025. 海南康哲美麗科技有限公司(Hainan Kangzhe Aesthetics Technology Co., Ltd) and 海南康哲維盛科

技有限公司(Hainan Kangzhe Weishen Technology Co., Ltd) are entitled to a reduced tax rate of 15% (2023: 15%) granted by local tax authority.

(b) Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%, while only one entity nominated by a group of "connected" entities will be entitled to select the lower tax rate. The profits of group entities not elected/qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

(c) PRC Withholding Income Tax

PRC withholding income tax of 10% shall be levied on the dividend declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding rate may be applied when the immediate holding company of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong.

(d) Overseas Income tax

The company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap.22 of Cayman Islands and accordingly, is exempted from the Cayman Islands Income Tax.

(e) Macau Complementary Income Tax

Macau Complementary Income Tax is calculated at the progressive rate on the estimated assessable profits. The maximum tax rate is 12% for the years ended 31 December 2024 and 2023.

(f) Dubai Tax

United Arab Emirates Corporate Tax is calculated at 9% on assessable profits exceeding 375,000 United Arab Emirate Dirham (“AED”) for the year ended 31 December 2024. For the year ended 31 December 2023, no income tax is imposed on the Company's subsidiaries in Dubai according to prevailing regulations in Dubai.

The tax charge for the year can be reconciled to the 'profit before tax' per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	2,010,307	2,873,771
Tax at PRC EIT rate of 25%	502,577	718,443
Tax effect of share of results of associates	(84,637)	(68,744)
Tax effect of share of result of a joint venture	(689)	(722)
Tax effect of expenses that are not deductible in determining taxable profit	99,177	138,053
Tax effect of income that is not taxable in determining taxable profit	(11,633)	(14,783)
Tax effect of tax losses not recognised	21,295	22,251
Tax effect of deductible temporary differences not recognised	(547)	(2,717)
Tax effect of tax concession	(186,472)	(231,162)
Effect on different applicable tax rates of subsidiaries	(34,186)	(90,031)
Effect of taxable profit that is not taxable in Dubai	-	(75,770)
Under provision in prior years	4,727	9,169
Withholding tax	85,000	83,198
Others	2,615	2,156
Income tax expense for the year	397,227	489,341

8. PROFIT FOR THE YEAR

	2024 RMB'000	2023 RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
Fees	1,980	1,938
Salaries and other benefits	15,104	13,770
Contribution to retirement benefits schemes	160	171
	17,244	15,879
Other staff costs	1,338,076	1,252,100
Equity-settled share-based expense, net of reversal upon cancellation	-	(35,872)
Contribution to retirement benefits schemes	301,007	279,850
Employee benefits expense (note 17)	7,680	5,160
Total staff costs	1,664,007	1,517,117
Auditor's remuneration	3,938	4,211
Depreciation of property, plant and equipment	50,755	45,797
Depreciation of right-of-use assets	23,500	20,264
Amortisation of intangible assets (included in cost of goods sold)	184,983	163,504
Cost of inventories recognised as an expense	1,826,933	1,732,806

9. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Dividends paid		
Dividends recognised as distributions during the year:		
2024 Interim - RMB0.1507 (2023: 2023 Interim dividend RMB0.3134) per share	364,171	768,453
2023 Final - RMB0.0783 (2023: 2022 final dividend RMB0.2414) per share	191,991	591,910
	556,162	1,360,363
Dividends proposed		
Dividends proposed during the year:		
2024 final – RMB0.1174 (2023: 2023 final - RMB0.0783) per share	283,700	191,991

Subsequent to the end of the reporting period, the Board of Directors have declared a final dividend of RMB0.1174 per ordinary share for the year ended 31 December 2024 (2023: RMB0.0783 per ordinary share).

10. EARNINGS PER SHARE

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

	2024 RMB'000	2023 RMB'000
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	1,619,788	2,400,940

	Number of ordinary shares as at 31 December	
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,427,382,419	2,451,988,512

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. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Trade receivables	1,232,012	1,156,770
Less: Allowance for credit losses	(9,533)	(10,032)
	1,222,479	1,146,738
Bills receivables	198,805	180,960
Purchase prepayments	204,617	148,939
Other receivables and deposits	154,582	91,950
	1,780,483	1,568,587

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB1,442,035,000.

The Group normally allows a credit period ranging from 0 to 90 days to its trade customers, but longer credit period up to four months is allowed to some selected customers.

The following is an analysis of trade receivables by age, net of allowance for credit losses presented based on the dates of receipt of goods at the respective reporting dates, which approximate the revenue recognition dates and an analysis of 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 RMB'000	2023 RMB'000
Trade receivables		
0 - 90 days	1,186,892	1,127,469
91 - 365 days	35,587	19,269
	1,222,479	1,146,738
Bills receivables		
0 - 90 days	133,854	105,719
91 - 120 days	32,616	19,380
121 - 180 days	32,335	55,861
	198,805	180,960

As at 31 December 2024, total bills receivables amounting to RMB198,805,000 (2023: RMB180,960,000) are held by the Group. All bills receivables by the Group are accepted by banks with a maturity period of less than six months.

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB4,243,000 (2023: RMB18,039,000) which are past due at the reporting date. RMB525,000 (2023: RMB4,588,000) was more than 90 days past due and is not considered as in default. Based on the historical experiences of the Group, trade receivables past due are generally recoverable due to the long-term relationship and good repayment record.

The Group does not hold any collateral over these balances.

12. BANK BALANCES AND CASH

Cash and cash equivalents/pledged/restricted bank deposits

Cash and cash equivalents include short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.0001% to 4.47% (2023: 0.25% to 5.45%). Included in bank balances mainly are the following amounts denominated in currencies other than functional currency of the relevant group entities:

	2024 RMB'000	2023 RMB'000
Euro ("EUR")	116,671	516,647
Hong Kong Dollar ("HK$")	22,384	18,833
United States Dollar ("US$")	1,457,783	1,473,920

13. TRADE AND OTHER PAYABLES

An aging analysis of the trade payables presented based on the invoice date at the end of the reporting periods is as follows:

	2024 RMB'000	2023 RMB'000
0 - 90 days	135,883	136,568
91 - 365 days	4,212	4,171
Over 365 days	2,337	925
Trade payables	142,432	141,664
Payroll and welfare payables	214,922	178,074
Other tax payables	27,416	21,222
Accrued promotion expenses	26,315	39,177
Accruals	61,232	42,609
Other payables	12,480	14,230
	484,797	436,976

The credit period on purchases of goods is ranging from 0 to 120 days.

14. BANK BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank loans	831,300	1,269,650
Analysed as:		
Unsecured	831,300	1,269,650

	2024 RMB'000	2023 RMB'000

The carrying amounts of the above borrowings are repayable*:

Within one year	831,300	1,269,650
	831,300	1,269,650
Less: Amounts due within one year shown under current liabilities	(831,300)	(1,269,650)
Amounts shown under non-current liabilities	-	-

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The ranges of effective interest rates (which are also equal to contractual interest rate) on the Group's borrowings and their carrying values are as follows:

	2024 RMB'000	2023 RMB'000
Variable-rate borrowings		
Denominated in HK$ range from 5.27% to 5.87% per annum as at 31 December 2023 (Notes a & b)	-	679,650
Fixed-rate borrowing		
Denominated in RMB at fixed rate of 1.10% per annum as at 31 December 2024	40,300	-
Denominated in RMB at fixed rate of 1.35% per annum as at 31 December 2024	19,000	-
Denominated in RMB at fixed rate of 2.40% per annum as at 31 December 2024	185,000	-
Denominated in RMB at fixed rate of 2.50% per annum as at 31 December 2024	500,000	-
Denominated in RMB at fixed rate of 2.60% per annum as at 31 December 2024	87,000	-
Denominated in RMB at fixed rate of 2.65% per annum as at 31 December 2023	-	590,000
Total	831,300	1,269,650

Notes:

(a) Variable rates range from Hong Kong Interbank Offered Rate ("HIBOR") plus 0.60% as at 31 December 2023.

(b) As at 31 December 2023, the Group uses interest rate swaps to minimise its exposure to interest rate movements on the variable-rate bank borrowings of approximately RMB679,650,000. The principal amount of the variable-rate bank borrowings was repaid on 13 September 2024.

As at 31 December 2024, the Group had unutilised banking facilities of approximately RMB1,880,341,000 (2023: RMB2,550,000).

15. DEFERRED TAX

The following are the deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

Unrealised profits on	Fair value adjustments to assets acquired in business	Unrealised profit of equity instruments	Fair value change on cash flow	Unrealised profit of equity instruments	Tax

	inventories RMB'000	combinations RMB'000	at FVTOCI RMB'000	hedges RMB'000	at FVTPL RMB'000	losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	23,078	(30,037)	(63,964)	(652)	(30,306)	14,728	1,201	(85,952)
Credit (charge) to profit or loss for the year (note 7)	1,966	3,055	-	-	(4,498)	622	-	1,145
Credit to other comprehensive income	-	-	-	652	-	-	-	652
Deemed disposal of a subsidiary	-	16,777	-	-	-	(1,199)	-	15,578
At 31 December 2023	25,044	(10,205)	(63,964)	-	(34,804)	14,151	1,201	(68,577)
Credit (charge) to profit or loss for the year (note 7)	6,566	1,255	-	-	(8,391)	5,731	-	5,161
At 31 December 2024	31,610	(8,950)	(63,964)	-	(43,195)	19,882	1,201	(63,416)

The following is the analysis of the deferred tax assets (liabilities) for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	52,693	40,396
Deferred tax liabilities	(116,109)	(108,973)
	(63,416)	(68,577)

At 31 December 2024, the Group had unused tax losses of approximately RMB455,987,000 (2023: RMB310,006,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB138,603,000 (2023: RMB89,682,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB317,384,000 (2023: RMB220,324,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2024 are tax losses of approximately RMB73,650,000 (2023: RMB60,196,000) that will expire within 5 years from the year of originating. Other tax losses may be carried forward indefinitely. During the year ended 31 December 2024, tax losses of approximately RMB1,364,000 (2023: RMB4,795,000) was expired.

As at 31 December 2024, the Group had deductible temporary differences of RMB844,095,000 (2023: RMB820,023,000) available for offsetting against future profits. A deferred tax asset has been recognised in respect of RMB126,436,000 (2023: RMB100,176,000) of such deductible temporary difference. No deferred tax asset has been recognised in respect of the remaining balance of RMB717,659,000 (2023: RMB719,847,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiary, from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB7,753,081,000 (2023: RMB8,125,080,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

16. SHARE CAPITAL

	Number of shares '000	Amount RMB'000
Ordinary shares of US$0.005 each		
Authorised		

At 1 January 2023, 31 December 2023 and 31 December 2024	20,000,000	765,218
Issued and fully paid		
At 1 January 2023 and 31 December 2023	2,451,989	83,991
Shares repurchased and cancelled (Note)	(12,460)	(427)
At 31 December 2024	2,439,529	83,564

Note: During the year ended 31 December 2024, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares of US$0.005 each	Price per share		Aggregated consideration paid
		Highest	Lowest	
		HK$	HK$	HK$
March 2024	1,180,000	8.43	8.24	9,841,438
April 2024	21,780,000	8.00	6.95	161,037,720
May 2024	12,500,000	7.63	7.09	91,913,310
Total	35,460,000			262,792,468

During the year ended 31 December 2024, 12,460,000 shares were cancelled, the rest of 23,000,000 shares were repurchased by the trustee of the Company and were not cancelled and remained as treasury stock as at 31 December 2024 at a cost of HK$171,810,000 (equivalent to RMB157,947,000) in equity.

17. EMPLOYEE BENEFIT SCHEME

The 2009 Scheme was adopted by the Board on 31 July 2009 ("Adoption Date"). Unless terminated earlier by the Board, the 2009 Scheme shall be valid and effective for a term of 20 years commencing on the Adoption Date. Pursuant to the rules of the 2009 Scheme, the Company set up a trust through a trustee (the "Trustee"), Fully Profit Management (PTC) Limited, for the purpose of administration the 2009 Scheme. A summary of some of the principal terms of the 2009 Scheme is set out in below.

(a) The purpose of the 2009 Scheme is to recognise the contributions by certain employees who have been actively involved in the business development of the Group and to establish and maintain a superannuation fund for the purpose of providing retiring allowances for certain employees (including without limitation employees who are also directors) of the Group, and to give incentive in order to retain them for the continual operation and development of the Group.

(b) Under the 2009 Scheme, the Board of Directors (the "Board") may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think appropriate select an employee (the "Member") who completed 10 years' services in the Group (subject to consent of the Board if the employee completed 5 years' services in the Group) for participation in the 2009 Scheme for 10 years after retirement (the "Payment Year") (subject to adjustment set out in (d) below).

(c) The Company will, on a yearly basis, contribute the sum equal to an amount not less than 0.5%, but no more than 3% of its after tax profits shown on the audited consolidated financial statements of the Group, or issue such number of shares of the Company to the

Trustee in consideration of payment of such amount as the Board may determine with reference to the aforesaid contribution as against the then market value of the shares of the Company (the "Yearly Contributions"), subject to the Board's approval.

(d) The amount payable to the Members depends on the value of the assets held by the Trustee (the "Fund"). If the value of the Fund is less than the aggregate amount of contributions previously made by the Company, the amount payable to the Members and the Payment Year will be adjusted by a factor derived from the value of the Fund and the aggregate amount of contributions previously made by the Company. The only obligation of the Company is to make the Yearly Contributions to the Fund. As such, the 2009 Scheme is classified as defined contribution scheme.

On 22 December 2016, the Board has resolved to adopt two new employee incentive schemes, with details as follows:

(a) The Bonus Scheme

i. This scheme is for the purpose of providing discretionary cash bonuses to selected employees of the Group to recognise their contribution to the Group.
ii. This scheme is open to the employees employed by the Group, except for the directors of the Company.

(b) The New KEB Scheme

i. The New KEB Scheme will replace the 2009 Scheme and shall comprise terms which are substantially similar to the 2009 Scheme, except for the ratio of contribution, which was determined by the audited consolidated financial performance.
ii. The subsisting rights of all participants under 2009 Scheme will be rolled over to the New KEB Scheme.

For the purposes of effecting the merger and facilitating the administration of the Bonus Scheme and the New KEB Scheme, the Company has resolved to set up a new trust comprising the Bonus Scheme and KEB Scheme (collectively referred to as the "Master Scheme"). Unless terminated earlier by the Board, the Master Scheme shall be valid and effective until the later of the termination of the Bonus Scheme or the New KEB Scheme. The term of each of the Bonus Scheme and the New KEB Scheme is 20 years subject to the terms of their respective scheme rules. TMF Trust (HK) Limited ("TMF"), a company incorporated in Hong Kong, is appointed as the initial trustee of the new trust (the "New Trustee").

The amount payable to the members of the Bonus Scheme in a financial year depends on a variety of factors, including the value of the assets held by the New Trustee (the "New Fund"), the appreciation in the value of the assets held under the New Fund, the financial performance of the Group and the performances of individual employees during the year. The New Fund is independent from the Company and the change in value of the New Fund has no impact on the Group's financial performance and financial position. The only obligation of the Company is to make the Annual Contributions to the New Fund subject to the terms of the scheme rules of the Bonus Scheme. The Bonus Scheme is classified as a discretionary scheme of the Company. No employee benefit expenses were recognised by the Company and the Group for both years.

During the year ended 31 December 2024, the Company recognised an expense of RMB7,680,000 (2023: RMB5,160,000) on the Master Scheme based on the Group's financial performance, in which such amount was recognised as employee benefit expenses in the consolidated statement of profit or loss and other comprehensive income.

MANAGEMENT DISCUSSION AND ANALYSIS

Company Overview

CMS is a platform company linking pharmaceutical innovation and commercialization, with strong product lifecycle management capabilities. Upholding a "patient-oriented" operation philosophy, the Group is rooted in China's pharmaceutical market while maintaining a broader vision across Asia, dedicated to providing competitive products and services to address unmet healthcare needs.

The Group adheres to a clinical demand-oriented innovation strategy, focusing on the deployment and development of global first-in-class (FIC) and best-in-class (BIC) innovative products. Leveraging its unique product identification capabilities, efficient clinical development and commercialization capabilities, and strong financial support, CMS has established a globally competitive R&D system. This system facilitates the continuous transformation of scientific research outcomes into clinical practice. As of the end of the Reporting Period, the Group's differentiated innovation pipeline has expanded to approximately 40 products, with five innovative drugs (covering six indications) already approved for marketing in China and swiftly entering clinical applications.

Focused on specialty therapeutic areas such as cardio-cerebrovascular, central nervous system, gastroenterology, dermatology, and ophthalmology, with its mature commercialization system and extensive academic resources, the Group has gained leading academic and market positions for its major marketed products. Meanwhile, CMS continues to refine its business in Southeast Asia, which comprehensively covers "R&D, manufacturing, and commercialization", empowering global pharmaceutical companies to enter the Southeast Asian market.

Business Review

In 2024, the reshaping of the global economic landscape intertwined with the wave of biotechnology innovation, and the pharmaceutical industry in China was undergoing profound changes as well. The evolution of disease spectra, innovation in treatment technologies, policies guidance from healthcare reform, and the updating of health concepts are all driving the development of the industry. Against this background, "new quality productive forces" have emerged as a fresh engine of growth, with the upgrading of medical needs and biotechnology innovation jointly propelling the industry towards a more agile, sustainable, and quality development path.

For CMS, 2024 was both a "year of restructuring" amidst challenges and a "year of breakthroughs" with emerging potentials. The Group's innovative drugs have entered commercialization stage, with five of them (covering six indications) making strong debuts in the market. Meanwhile, the pressure from National VBP has been gradually eased, leading to increasingly stable operational momentum.

In 2024, the Group's three original drugs were affected by National Volume Based Procurement ("National VBP"), namely, Deanxit (included in the seventh batch of National VBP), Plendil and Ursofalk (included in the eighth batch of National VBP). These batches were implemented successively in November 2022 and July 2023 respectively, and forementioned three original drugs were not selected, which had a negative impact on the Group's financial performance. In 2024, the Group recorded a turnover of RMB7,469.0 million, representing a year-on-year decrease of 6.8% (2023: RMB8,013.3 million). In the case that all medicines were directly sold by the

Group, the turnover was RMB8,621.6 million, representing a year-on-year decrease of 9.0% (2023: RMB9,472.2 million). The profit for the year of 2024 was RMB1,613.1 million, representing a year-on-year decrease of 32.3% (2023: RMB2,384.4 million). Excluding the provisions for impairment loss on related assets, the normalized profit for the year decreased by 36.7% year-on-year to RMB1,713.7 million (2023: RMB2,709.3 million).

During the Reporting Period, the Group reached new milestones in novel product deployment and development. One innovative drug, LUMEBLUE, and an additional indication for METOJECT (rheumatoid arthritis) were approved in China. Additionally, three new innovative drugs were added to the pipeline: VELPHORO (Sucroferric Oxyhydroxide Chewable Tablets), povorcitinib (an oral small-molecule JAK1 inhibitor), and ABP-671 (a URAT1 inhibitor). Adhering to a "compliance-first" principle and a "patient-oriented" operating concept, the Group has continuously enhanced its specialty-focused commercialization system, and promoted the extensive coverage of its products across both hospital and out-of-hospital channels. Furthermore, CMS has embarked on an information technological transformation, fully embracing artificial intelligence (AI) to improve efficiency, decision-making, and execution capabilities. Share award schemes linked to new product launches and new product sales have been adopted to ensure that value creators are rewarded and fostering continuous innovation from the product system to the marketing system. Meanwhile, the Group's Southeast Asian business system, which comprehensively covers "R&D, manufacturing, and commercialization", has continued to be refined, injecting fresh momentum into its international expansion. Riding the wave of the new era, the bright prospects of "New CMS" are gradually unfolding.

I. Innovative R&D

Innovation leads the way, shaping a better future. The Group drives innovation through a dual-wheeled approach of "Collaborative R&D and In-house R&D". Rooted in medical evidence and guided by clinical needs, it deploys and develops global differentiated innovative pipeline. By leveraging its innovation platform, the Group precisely selects projects and efficiently advances the full spectrum of work, from R&D project identification to large-scale clinical applications. This ensures the rapid realization and commercialization of innovation outcomes, ultimately benefiting more patients.

1. Entering a New Era of Innovative Products

After seven years of dedicated efforts, the Group has successfully achieved several innovation outcomes. As of the end of the Reporting Period, the Group's innovative product portfolio approved for marketing in China expanded to five products (covering six indications), among which, four innovative drugs (ILUMETRI, VELPHORO, METOJECT, and VALTOCO) have been included in the National Reimbursement Drug List (NRDL) and entered large-scale clinical applications.

Meanwhile, the Group has been steadily advancing the clinical development of its innovative pipelines. During the Reporting Period, Desidustat Tablets and ruxolitinib cream (vitiligo indication) have entered the New Drug Application (NDA) review stage in China; and a total of about ten projects have been prepared/launched for their registrational clinical trials, mainly randomized controlled trials (RCT), injecting robust momentum into the continuous iteration of future innovation outcomes.

Additionally, the Group has also made certain progress in its in-house R&D. As of the end of the Reporting Period, approximately 20 in-house R&D projects were progressing steadily, among which, four innovative drugs (VEGFA/ANG2 Tetravalent Bispecific Antibody, Highly Selective TYK2 Inhibitor CMS-D001 Tablets, GnRH Receptor Antagonist CMS-D002 Capsules, and GLP-1R/GCGR Dual Agonist CMS-D005 Injection) have entered into clinical development stage in China.

1.1 Innovative Drugs approved for marketing in China

- **LUMEBLUE (Methylthioninium Chloride Enteric-coated Sustained-release Tablets) - the first Methylthioninium Chloride Enteric-coated Sustained-release Tablets in China, providing a novel solution that enhances diagnosis sensitivity in detecting lesions during colonoscopy**

In June 2024, LUMEBLUE was approved for marketing in China, which is indicated to enhance visualisation of colorectal lesions in adult patients undergoing screening or surveillance colonoscopy. The results of the Phase III clinical trial in China showed that LUMEBLUE can significantly improve the detection rate of non-polypoid colorectal lesions (the primary endpoint of the study), leading to an improved detection rate of dangerous lesions such as non-polypoid adenomas (the secondary endpoint). In addition, the product can be taken during the bowel preparation step, ensuring that colorectal staining is completed by the time colonoscopy is conducted and potentially simplifying the colonoscopy procedure.

During the Reporting Period, the Group accelerated the listing of LUMEBLUE on the procurement platforms in various provinces and cities, and rapidly established product awareness through academic promotion.

- **METOJECT (Methotrexate Injection) - China's first pre-filled Methotrexate (MTX) Injection for subcutaneous administration for the treatment of psoriasis and RA**

In March 2023, METOJECT was approved for marketing in China for the treatment of severe recalcitrant disabling psoriasis, which is not adequately responsive to other forms of therapy such as phototherapy, PUVA, and retinoids, and subsequently included in the Category A of the NRDL. In July 2024, the NDA for an additional indication of Methotrexate Injection for the treatment of active rheumatoid arthritis (RA) in adult patients was approved for marketing in China. Methotrexate (MTX) has anti-inflammatory, anti-proliferative and immunomodulatory effects, and is currently one of the most effective traditional drugs for the treatment of psoriasis. Meanwhile, it is internationally recognized as the first-line preferred and anchor drug for the treatment of RA.

METOJECT is MTX pre-filled injection, which is available in a variety of small-capacity strengths. The bridge clinical trial of the product's RA indication in China aimed to compare the changes of DAS28-ESR score of patients with RA treated by the product and methotrexate tablets compared with the baseline, and to judge whether the non-inferiority is established. The study reached the preset primary endpoint, and the experimental group (given the product) was not inferior to the control group (given methotrexate tablets). In addition, the results of secondary efficacy indicators suggest that the efficacy of the product is significantly better than that of methotrexate tablets or there is a trend of better. The results also show that some of the curative effects that can be observed in the early stage of the product are more obvious than those of methotrexate tablets, suggesting that the curative effect of the product appears earlier. The product has some advantages over methotrexate tablets in gastrointestinal safety, and no new safety risks have been found in the study.

During the Reporting Period, the Group anchored on the core value of methotrexate as a classic medication for RA, combined with its differentiated advantages of formulation innovation in subcutaneous administration, reduction in gastrointestinal side effects, improvement in bioavailability and convenience, and actively promoted the substitution, supplementation, or co-administration of existing therapies, gradually strengthening its penetration in the market segments.

- **VELPHORO (Sucroferric Oxyhydroxide Chewable Tablets) - the first iron-based, non-calcium phosphate binder (PB) approved in China, and filled the gap of phosphorus-lowering treatment for Chinese paediatric patients aged 12 to 18 years old with CKD stages 4-5 or CKD on dialysis**

In February 2023, VELPHORO was approved for marketing in China for the control of serum phosphorus (sP) levels in adults with chronic kidney disease (CKD) on hemodialysis (HD) or peritoneal dialysis (PD), and for the control of sP levels in paediatric patients 12 years of age and older with CKD stages 4-5 (defined as glomerular filtration rate <30mL/min/1.73 m^2) or CKD on dialysis. In December 2023, the product was included in the Category B of the NRDL.

In February, 2024, the Group obtained an exclusive license of VELPHORO to register, import, promote, distribute, use and sell the product in Mainland China, Hong Kong Special Administrative Region ("Hong Kong"), Macau Special Administrative Region ("Macau") and Taiwan Region, and subsequently issued its first prescription in China.

VELPHORO is a new generation of iron-based, non-calcium PB. It is demonstrated in multiple global clinical studies and real-world research data (as published in academic journals including International Urology and Nephrology, and Clinical Nephrology) and the Chinese instruction of the product that compared with other PBs, patients maintained on VELPHORO used about 50% fewer PB pills/day, and the proportion of patients achieving target sP increased by 95%. VELPHORO has characteristics of good safety and patient compliance without risk of calcium and heavy metal accumulation. In addition, the product holds the advantages of unaffected absorption of oral liposoluble vitamin D, maintaining stable iron parameters, improving the nutritional status in patients, reducing hospitalization rates, and alleviating patients' medical financial burdens.

During the Reporting Period, the Group steadily promoted the hospital and out-of-hospital coverage and brand building of VELPHORO by leveraging its status as an NRDL medicine and a pediatric drug, as well as its core advantage of "achieving target with good sP levels reduction".

- **ILUMETRI (Tildrakizumab Injection) - a monoclonal antibody specifically targeting to the p19 subunit of IL-23, requires only 4 administrations per year during its maintenance period for the treatment of psoriasis, which may lead to higher patient compliance**

In May 2023, ILUMETRI was approved for marketing in China for the treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy. It was included in the NRDL's Category B in December 2023. As of the end of the Reporting Period, the product was unanimously recommended by authoritative psoriasis diagnosis and treatment guidelines in China, the United States, Europe, the United Kingdom, Germany and other countries and regions around the world, and was also included in the "Guidelines for the

treatment of psoriasis with biologics and small-molecule drugs in China (2024)" published by the Chinese Journal of Dermatology.

In January 2024, the academic journal "Chinese Medical Journal" published the results from a Phase III clinical trial in China for the basic and extended study of Tildrakizumab Injection. The product's primary efficacy assessment indicator PASI 75 response rate continued to increase over treatment time. The PASI 75 response rate reached a high level after 28 weeks of treatment with ILUMETRI and maintained at 91.3% at week 52, and the product showed good long-term safety and tolerance.

During the Reporting Period, focusing on a promotion model driven by medical evidence, the Group has actively supplemented evidence-based data through real-world studies and scientific research project collaboration to improve its academic platform. The Group has also efficiently advanced the deployment in hospitals and dual-channel pharmacies to rapidly enhance product awareness.

- **VALTOCO (Diazepam Nasal Spray) - the first Diazepam Nasal Spray approved for marketing in China, which can be administered at anytime and anywhere, and meets clinical needs for accessible and convenient treatment option for seizure clusters of patients with epilepsy**

In June 2023, VALTOCO was approved for marketing in China. It is indicated for the acute treatment of intermittent, stereotypic episodes of frequent seizure activity (i.e. seizure clusters, acute repetitive seizures) that are distinct from a patient's usual seizure pattern in patients with epilepsy 6 years of age and older. In December 2023, it was included in the Category B of the NRDL. The product is administered through the nasal mucosa, with high bioavailability, outstanding absorbability, tolerability and reliability. As of the end of the Reporting Period, VALTOCO has been included in the "Chinese Expert Consensus on Diagnosis and Treatment of Dravet Syndrome" published in the "Journal of Epilepsy" and the "Clinical Diagnosis and Treatment Strategy of Dravet Syndrome" published in the "Chinese Journal of Pediatrics".

During the Reporting Period, focusing on VALTOCO's unique clinical value of "Convenient Pre-hospital Seizure Rescue", the Group has implemented an innovative "patient-oriented" promotion plan, including the establishment of the "CAAE Epilepsy Care Fund - CMS Fund", enhanced disease knowledge popularization, and improved customer awareness of pre-hospital seizure rescue.

1.2 Innovative Drugs in the NDA Review Stage in China

- **Desidustat Tablets - a novel, oral Hypoxia-Inducible Factor-Prolyl Hydroxylase Inhibitor (HIF-PHI)**

In April 2024, the NDA for Desidustat Tablets was accepted by the China National Medical Products Administration (NMPA), for treating anaemia in non-dialysis adult, CKD patients. China Phase III trial of the product has demonstrated positive results. The primary endpoint of the haemoglobin (Hb) mean change from baseline to the period of Week 7-9 has indicated that, Desidustat is more effective than placebo in increasing Hb level. The product is administrated orally, thus expecting to improve the treatment compliance of patients and to meet the unmet treatment needs in the field of CKD anaemia, including both dialysis and non-dialysis patients.

- **Ruxolitinib cream - as of the end of the Reporting Period, the product is the first and only topical JAK inhibitor approved by the U.S. FDA and the European Medicines Agency (EMA) for repigmentation in vitiligo**

In September 2024, the NDA for ruxolitinib cream (vitiligo indication) was accepted by the China NMPA.

In accordance with the relevant regulations of the drug real-world data application pilot program in the Hainan Boao Lecheng International Medical Tourism Pilot Zone (the "Lecheng Pilot Zone"), a real-world study on ruxolitinib cream has been conducted in China. The results have shown positive efficacy, which is consistent with the key outcomes of global pivotal clinical studies. All secondary efficacy endpoints showed a trend of benefit consistent with the primary efficacy endpoint, and the treatment effect for vitiligo continued to improve with longer treatment duration. Meanwhile, through the safety monitoring data of the Lecheng Pilot Zone, no new safety events have been identified. Adverse events mostly had severity levels of grade 1 or 2. No adverse event (AE) leading to discontinuation or withdrawal, and no serious adverse event (SAE) related to the study drug occurred.

Additionally, the product was approved for marketing in Macau in April 2024, and also approved for marketing in Hong Kong in November 2024, for the treatment of non-segmental vitiligo with facial involvement in adults and adolescents from 12 years of age. Benefiting from the "Hong Kong and Macau Medicine and Equipment Connect" policy, the product was approved by the Guangdong Provincial Medical Products Administration and was officially introduced into designated medical institutions in Guangdong Province of the Greater Bay Area. As of the end of the Reporting Period, prescriptions for the product had been issued at a total of five hospitals in Zhongshan, Foshan, Dongguan, Guangzhou and Shenzhen.

Previously, benefiting from the Early and Pilot Implementation Policy granted by the state to Hainan Free Trade Port and the Lecheng Pilot Zone, ruxolitinib cream was approved by Hainan Medical Products Administration for Urgent Clinical Import in August 2023, and officially became available to applicable patients in the Lecheng Pilot Zone, for the topical treatment of non-segmental vitiligo in adults and adolescents aged 12 and above with facial involvement.

During the Reporting Period, ruxolitinib cream was included in the "Consensus on the Diagnosis and Treatment of Vitiligo (2024 version)" published by the "Chinese Journal of Dermatology", and has been recommended by "Expert Recommendations on Use of Topical Therapeutics for Vitiligo in Pediatric, Adolescent, and Young Adult Patients" published by the "JAMA Dermatology".

In March 2024, China NMPA approved the application to conduct a phase III clinical trial evaluating ruxolitinib cream for the treatment of atopic dermatitis (AD). This trial is a randomized, double-blind, placebo-controlled phase III clinical trial evaluating the efficacy and safety of ruxolitinib cream in the treatment of atopic dermatitis in Chinese patients. As of the end of the Reporting Period, the enrollment of all subjects had been completed.

The transfer of ruxolitinib cream from overseas production to domestic production (localization technology transfer) was being advanced in an orderly manner by the Contract Development Manufacturing Organization (CDMO).

As of the end of the Reporting Period, ruxolitinib cream was the first and only topical JAK inhibitor approved by the U.S. FDA and the EMA, indicated for the topical treatment of nonsegmental vitiligo in adult and pediatric patients 12 years of age and older and for the topical short-term and non-continuous chronic treatment of mild to moderate AD in non-immunocompromised adult and pediatric patients 12 years of age and older whose disease is not adequately controlled with topical prescription therapies, or when those therapies are not advisable.

1.3 Innovative Drugs in China's Clinical Development

- **Y-3 for Injection – a novel brain cytoprotectant that treats stroke**

As of the end of the Reporting Period, Y-3 for Injection had completed its Phase II clinical trial, and its Phase III clinical trial was progressing steadily.

Y-3 for Injection is a Class 1 innovative drug - small molecule compound, which is used to alleviate neurological symptoms and dysfunction of daily activities caused by acute ischemic stroke. The mechanism of action of the product is to dissociate PSD-95 and nNOS coupling and activate α2-$GABA_A$ receptors. With its clear mechanism of action, the product is conducive to exerting brain cytoprotection effects. The results of Phase II clinical trial of the product for the treatment of acute ischemic stroke indicate that among patients with ischemic stroke within 48 hours of onset, compared to placebo, Y-3 (20mg, 40mg, 60mg, qd) demonstrated an increased proportion of patients achieving a favorable functional outcome at 90 days.

- **VEGFA/ANG2 Tetravalent Bispecific Antibody**

The product is a Class I innovative biological agent for the treatment of ocular fundus neovascular diseases. As of the end of the Reporting Period, the product had completed the Phase I clinical trial for the indication of neovascular age-related macular degeneration (nAMD), and completed the dosing for the first subject in the Phase II clinical trial.

- **CMS-D001 Tablets (Highly Selective TYK2 Inhibitor)**

In January 2024, the product was granted approvals for drug clinical trials in China to conduct a randomized, double-blind, placebo-controlled phase I clinical study of single or multiple dose escalation and food effects (open) to evaluate the safety, tolerability, pharmacokinetics and efficacy of the product in healthy subjects and patients with plaque psoriasis. As of the end of the Reporting Period, the Phase I clinical trial of the product was progressing smoothly. The product may also be developed in the future for the treatment of immune-inflammatory diseases such as AD, and systemic lupus erythematosus.

- **CMS-D002 Capsules (GnRH Receptor Antagonist)**

In February 2024, the product was granted approvals for drug clinical trials in China to conduct a randomized, double-blind, placebo-controlled phase I clinical study of single or multiple dose escalation to evaluate the safety, tolerability, pharmacokinetics and pharmacodynamics of the product in healthy adult premenopausal female subjects. As of the end of the Reporting Period, the Phase I clinical trial of the product was progressing smoothly. The product may be developed in the future to treat endometriosis, uterine fibroids, prostate cancer and other diseases.

- **CMS-D005 Injection (GLP-1R/GCGR Dual Agonist)**

In November 2024, the product was granted approvals for drug clinical trials in China to conduct a clinical trial to evaluate the safety, tolerability, pharmacokinetic and pharmacodynamic profile of the product in healthy and overweight/obese adult subjects in China. As of the end of the Reporting Period, the Phase I clinical trial of the product was in preparation. The product may also be developed in the future to treat metabolic dysfunction-associated steatohepatitis, type 2 diabetes and other metabolism-related diseases.

2. Replenishment of Pipeline

- **Povorcitinib - a selective small-molecule JAK1 Inhibitor, with the potential to provide a new treatment option for patients suffering from autoimmune and inflammatory dermatologic diseases**

In March 2024, the Group entered into a Collaboration and License Agreement with Incyte, a global biopharmaceutical company, for selective oral small molecule JAK1 inhibitor povorcitinib for the treatment of non-segmental vitiligo, hidradenitis suppurativa (HS), prurigo nodularis (PN) and asthma and chronic spontaneous urticaria, and gained an exclusive license to research, develop, register and commercialize the product in Mainland China, Hong Kong, Macau, Taiwan Region and eleven Southeast Asian countries and a non-exclusive license to manufacture the product in CMS' Territory.

During the Reporting Period, the Group continued to prepare for clinical development of povorcitinib in China for the treatment of non-segmental vitiligo and HS. Currently, therapeutic options for vitiligo are limited and the condition is difficult to treat, especially for patients with extensive vitiligo, povorcitinib offers a potential oral dosing therapeutic option for patients with non-segmental vitiligo, particularly those suffering from extensive vitiligo. HS has been included in the second batch of the Rare Disease List in China. As a chronic inflammatory and recurrent dermatologic disease, it can have a profoundly negative impact on patients' quality of life. However, as of the end of the Reporting Period, there were no biologics or small molecule medicines approved by the China NMPA for the treatment of HS in China.

Meanwhile, as of the end of the Reporting Period, Incyte was advancing the Phase III clinical trials of povorcitinib for non-segmental vitiligo, HS and PN in several countries outside of China. Additionally, Phase II clinical trials of povorcitinib for asthma and chronic spontaneous urticaria were also ongoing. Previously, Incyte announced that povorcitinib had met the primary endpoint in a global multi-centre Phase IIb clinical trial for non-segmental vitiligo, and it was well tolerated at all doses. The product also met the primary endpoint in a global multi-centre Phase II clinical trial for HS, demonstrating good overall tolerability and a safety profile consistent with previously reported data. In September 2024, Incyte announced that povorcitinib had met the primary endpoint in a global multi-centre Phase IIb clinical trial for PN, with minimal grade ≥3 treatment-emergent adverse events (AEs) or serious AEs, and it was well tolerated with no new safety signals.

- **ABP-671 - a URAT1 inhibitor, anticipated to offer more effective and safer treatment alternatives for patients suffering from gout and hyperuricemia**

In December 2024, the Group entered into an Exclusive Commercialization Agreement with Atom Therapeutics Co., Ltd. of class 1 innovative drug ABP-671 for the treatment of gout and hyperuricemia and gained an exclusive commercialization right in Mainland China, Hong Kong and Macau.

As of the end of the Reporting Period, ABP-671 was in Phase 2b/3 clinical trials for gout in China and overseas. The product reduces renal re-absorption of uric acid by inhibiting Urate Anion Transporter 1 (URAT1). The results of two completed phase 2 clinical trials demonstrated favorable efficacy and safety profiles across multiple dose groups (ranging from 1 mg to 12 mg) of ABP-671. The 2 mg once-daily dosage of the product was proved to be as effective as, or even better than, benzbromarone or febuxostat (maximum dosage of 80mg). The reduction in uric acid levels was sustained throughout the 24-hour period, with no significant safety concerns identified. ABP-671 is anticipated to offer more effective and safer treatment alternatives for patients suffering from gout and hyperuricemia.

3. Innovative Pipeline

Launched Overseas/ China or Under Marketing Application Review

Product	Rights Authorized Region*	Indication	Clinical Trial Approval	Clinical Trial for Registration	Marketing Application	Marketed	Major Marketed Regions*			
							CN	US	EU	JP
Diazepam Nasal Spray		For the acute treatment of intermittent, stereotypic episodes of frequent seizure activity (i.e. seizure clusters, acute repetitive seizures) that are distinct from a patient's usual seizure pattern in patients with epilepsy 6 years of age and older					2023.6	✓		
Tildrakizumab Injection (Biological Agent)		For the treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy					2023.5	✓	✓	✓
Methotrexate Injection		Severe recalcitrant disabling psoriasis, which is not adequately responsive to other forms of therapy such as phototherapy, PUVA, and retinoids					2023.3		✓	
		Active rheumatoid arthritis in adult patients					2024.7		✓	✓
Methylthioninium Chloride Enteric-coated Sustained-release Tablets		A diagnostic agent to enhance visualisation of colorectal lesions in adult patients undergoing screening or surveillance colonoscopy					2024.6		✓	
Ruxolitinib cream		Topical treatment of nonsegmental vitiligo in adult and pediatric patients 12 years of age and older					Marketing Approval in Macau (2024.4) and HK (2024.11)	✓	✓	
		Topical short-term and non-continuous chronic treatment of mild to moderate atopic dermatitis in non-immunocompromised adult and pediatric patients 12 years of age and older whose disease is not adequately controlled with topical prescription therapies, or when those therapies are not advisable						✓		
Desidustat Tablets		For treating anaemia in non-dialysis adult, Chronic Kidney Disease (CKD) patients								
Cyclosporine Eye Drops 0.09%		Increasing tear secretion in patients with keratoconjunctivitis sicca (dry eye)						✓	✓	
Latanoprost Eye Drops		Reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension						✓		
ZUNVEYL	**	For treating mild to moderate dementia of the Alzheimer's type						✓		
Levetiracetam XR Tablet		Adjunctive therapy for the treatment of partial-onset seizures						✓		
BCG for Intravesical Instillation (Biological Agent)	***	Non-invasive urothelial bladder carcinoma, including curative treatment of carcinoma in situ and prophylactic treatment of recurrence							✓	

Marketed in China | Under R&D in China | Overseas | Designated Asian Regions | Mainland China, Hong Kong, Macau and Taiwan | Designated Asia-Pacific Regions

*Major Marketed Regions indicate where products are approved. CMS's rights are stated by Rights Authorized Region, CMS has NO development, commercialization or other product rights in unauthorized regions.

** ZUNVEYL was licensed after the Reporting Period, with the authorized region covering Asia (excluding Japan), Australia, and New Zealand.

*** Taiwan is not included in the rights authorized region of BCG for Intravesical Instillation.

Please refer to local prescribing information for more information, including full safety information, on CMS's marketed medicines, or on medicines marketed by CMS's collaboration partners.

Under R&D Stages

Product	Rights Authorized Region*	Indication	Pre-clinical	Clinical Trial Approval	Phase I	Phase II	Phase III	Marketing Application*
SDN-037		Eye pain and inflammation after cataract surgery						
PDP-716		Reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension						
CF101		Psoriasis						
povorcitinib		Non-segmental vitiligo, Hidradenitis suppurativa, Atopic Dermatitis						
		Asthma, Chronic spontaneous urticaria						
CF102		Hepatocellular carcinoma						
		Non-alcoholic fatty liver disease / non-alcoholic steatohepatitis						
XF-73		Prevention of post-surgical staphylococcal infections						
Y-3 for Injection	**	Used to alleviate neurological symptoms and dysfunction of daily activities caused by acute ischemic stroke						
ABP-671	**	Gout						
Anti-IL-4Rα Humanized Monoclonal Antibody Injection（MG-K10）	***	Atopic Dermatitis,Asthma,Prurigo Nodularis						
		Allergic Rhinitis, Chronic Rhinosinusitis with Nasal Polyps, Eosinophilic Esophagitis						
VEGFA/ANG2 Tetravalent Bispecific Antibody (Biological Agent)		Intended for ocular fundus neovascular diseases						
TYK2 Inhibitor (CMS-D001)		Intended for psoriasis, Atopic Dermatitis						
GnRH Receptor Antagonist (CMS-D002)		Intended for the treatment of moderate to severe pain associated with endometriosis						
GLP-1R/GCGR Dual Agonist (CMS-D005)		Intended for obesity/overweight						
~15 Self-developed Innovative Drugs								

China Overseas Global Designated Asian Regions Mainland China, Hong Kong, Macau and Taiwan

*Major Marketed Regions indicate where products are approved. CMS's rights are stated by Rights Authorized Region, CMS has NO development, commercialization or other product rights in unauthorized regions.

**Taiwan is not included in the rights authorized region.

***Anti-IL-4Ra humanized Monoclonal Antibody Injection (MG-K10) was licensed after the Reporting Period, with the authorized region covering Mainland China, Hong Kong, Macau, Taiwan and Singapore.

Please refer to local prescribing information for more information, including full safety information, on CMS's marketed medicines, or on medicines marketed by CMS's collaboration partners.

II. Commercialization System

The Group adheres to the principle of "compliance first", focusing on unmet clinical needs while continuously upgrading its specialty-focused commercialization system amidst industry evolution. A professional promotion team with strong execution capabilities has been established, achieving extensive coverage across both hospital and out-of-hospital channels. During the Reporting Period, the Group implemented refined academic promotion strategies, deepened digital-intelligent operations, and concentrated on the in-depth development of the cardio-cerebrovascular/gastroenterology, dermatology/medical aesthetics, and ophthalmology fields, while also vigorously pursuing opportunities for horizontal expansion in related fields.

For the five innovative drugs that have entered the commercialization stage, as well as the Group's core exclusive branded drugs, a dedicated Customer Value Team (CVT) mechanism has been established to integrate cross-departmental resources for efficient collaboration. This mechanism facilitates product potential insights and analysis, identifies market opportunities from a strategic perspective, and regularly reviews key product issues to dynamically adjust macro-level promotion strategies. At the same time, the Group has initiated a number of real-world studies and post-marketing clinical trials to continuously supplement academic evidence and advance expert guidelines and consensus recommendations in relevant areas. Adhering to the "patient-oriented" philosophy, the Group actively engages in patient education, popular science outreach, and assistance programs to enhance disease awareness and diagnosis rates. The Group also leverages its extensive specialty channels and platforms, which have been accumulated over the years, to conduct multi-level academic exchanges, thereby rapidly enhancing market recognition.

The Group continues to strengthen its development in the out-of-hospital market, expanding the breadth, precision, and depth of coverage in hospital-adjacent pharmacies and chain pharmacies. Through the training system for chain pharmacies, the Group enhances the professionalism of pharmacy services to benefit patients. Meanwhile, by leveraging comprehensive coverage across online, offline, and new retail channels, the Group enhances terminal penetration and improves out-of-hospital prescription traffic diversion.

As of the end of the Reporting Period, the Group had approximately 4,700 professional marketing and promotion related employees, with a promotion network covering over 50,000 hospitals and medical institutions, and approximately 300,000 retail pharmacies in China.

1. Marketed Products

The Group's major marketed products have covered the cardio-cerebrovascular, gastroenterology, dermatology and medical aesthetic, ophthalmology and other related areas. A summary of the information of major products as of the end of the Reporting Period is as follows:

Product line	Product	Indication/Function	Product Advantage
Cardio-cerebrovascular Related Field Line	VELPHORO (Sucroferric Oxyhydroxide Chewable Tablets) (innovative drug)	For the control of sP levels in adults with CKD on hemodialysis or peritoneal dialysis, and for the control of sP levels in paediatric patients	The first iron-based, non-calcium phosphate binder (PB) approved by China NMPA, and filled the gap of phosphorus-lowering treatment

		12 years of age and older with CKD stages 4-5 or CKD on dialysis	for Chinese paediatric patients aged 12-18 years old with CKD stages 4-5 or CKD on dialysis
	VALTOCO (Diazepam Nasal Spray) (innovative drug)	For the acute treatment of intermittent, stereotypic episodes of frequent seizure activity (i.e. seizure clusters, acute repetitive seizures) that are distinct from a patient's usual seizure pattern in patients with epilepsy 6 years of age and older	The first diazepam nasal spray approved by China NMPA, that can be administered at anytime and anywhere, meeting the clinical needs for accessible and convenient treatment option for epilepsy patients with seizures cluster
	XinHuoSu (Recombinant Human Brain Natriuretic Peptide for Injection) (exclusive product)	Acute decompensated heart failure	As of the end of the Reporting Period, the only Recombinant Human Brain Natriuretic Peptide (rhBNP) medicine approved by China NMPA
	Plendil (Felodipine Sustained Release Tablets)	Hypertension and stable angina pectoris	The Calcium Channel Blocker (CCB) medicine suitable for Chinese patients, providing cardio-cerebrovascular protection and high vascular selectivity
	Deanxit (Flupentixol and Melitracen Tablets)	Mild-to-moderate depression, anxiety and psychosomatic affections	Original reference preparation, the preferred medicine for mild to moderate anxiety and depression
Gastroenterology/ Autoimmune Related Field Line	METOJECT (Methotrexate Injection) (innovative drug)	For the treatment of severe recalcitrant disabling psoriasis, which is not adequately responsive to other forms of therapy such as phototherapy, PUVA, and retinoids; Active rheumatoid arthritis in adult patients	The first MTX pre-filled injection for subcutaneous administration for the treatment of psoriasis and RA has been approved by China NMPA

	LUMEBLUE (Methylthioninium Chloride Enteric-coated Sustained-release Tablets) (innovative drug)	A diagnostic drug used for enhancing visualisation of colorectal lesions in adult patients undergoing screening or surveillance colonoscopy	The first Methylthioninium Chloride Enteric-coated Sustained-release Tablets has been approved by China NMPA, and a novel solution that enhances diagnosis sensitivity in detecting lesions during colonoscopy
	Salofalk (Mesalazine)	Ulcerative colitis, including the treatment of acute exacerbations and the maintenance treatment to prevent recurrence, as well as the treatment of acute exacerbations of Crohn's disease	Ranking the first in the market share of aminosalicylic acid, a first-line treatment for inflammatory bowel disease in China according to 2024 IQVIA data
	Bioflor (Saccharomyces Boulardii Sachets) (exclusive product)	Diarrhea in adults and children, as well as diarrhea symptoms induced by intestinal flora disturbance	Probiotics preparations with abundant medical evidence and high-level recommendations from authoritative domestic and overseas guidelines
	Combizym (Oryz-aspergillus Enzyme and Pancreatin Tablets) (exclusive product)	Dyspepsia caused by a decrease in digestive enzymes	Effective in both stomach and intestines, the recommended digestive enzyme preparation for the replacement therapy of pancreatic exocrine insufficiency
	Cidine (Cinitapride Hydrogen Tartrate Tablets) (exclusive product)	Improve the symptoms of early satiety, postprandial fullness discomfort, and abdominal distension in mild to moderate functional dyspepsia	Dual target prokinetic agent, first-line drugs for functional dyspepsia
	Ursofalk (Ursodeoxycholic Acid Capsules)	Cholesterol gallstones in the gallbladder, cholestatic liver disease and biliary reflux gastritis	Original reference preparation, the preferred first-line medicine for cholestatic liver disease

Dermatology Related	ILUMETRI (Tildrakizumab Injection) (innovative drug)	For the treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy	The monoclonal antibody that specifically targets to the p19 subunit of IL-23, and only requires 4 administrations per year during its maintenance period, which may lead to higher patient compliance
	Aethoxysklerol (Polidocanol Injection)	Different specifications for sclerotherapy of different varicose veins, including spider veins, central veins of spider veins, and medium to large varicose veins	A German original brand for the treatment of sclerotherapy of varicose veins with years of clinical application
	Hirudoid (Mucopolysaccharide Polysulfate Cream) (exclusive product)	Blunt traumata with and without hematomas, and superficial phlebitis that cannot be treated by compression	Repair agent for skin barrier with multiple functions
Dermatology-Grade Skincare Product	Heling Soothing Product Series (including 4 products)	Skin soothing with a combination of cleansing and moisturizing which is suitable for sensitive skin	Composed of four core ingredients that can moisturize and soothe the skin, helping to repair the skin barrier
	Hirudoid® Azelaic Acid Skincare Series (including 5 products)	Acne-prone skin care, prevention, and improvement of acne	Extension of the Hirudoid brand, to create a professional acne-care portfolio
Light Medical Aesthetic Product	Vmonalisa (Modified Sodium Hyaluronate Filler for Injection)	Used for mid to deep dermal implantation for the correction of moderate to severe nasolabial folds (medium and macro particle); Used for the deep dermal to subcutaneous implantation for the correction of moderate to severe nasolabial folds (small particle)	Painless, fashionable and accessible luxury HA filler with multiple particle sizes from South Korea, featured with safety and natural looking
Ophthalmology Line	Augentropfen Stulln Mono Eye Drops (Esculin and Digitalisglycosides Eye	Senile macular degeneration and all forms of asthenopia	The representative medicine for the treatment of asthenopia and the safe and convenient treatment option of senile

	Drops) (exclusive product)		macular degeneration
	EyeOP1 Glaucoma Treatment Device (exclusive product)	Glaucoma with intraocular pressure that cannot be controlled by drugs and surgery	Using high-focused ultrasound technology, which is a non-invasive procedure with precise targeting and convenient operations, providing a safe and effective innovative treatment for glaucoma
Other Major Products	Elcitonin (Elcatonin Injection)	Osteoporosis pain	Quick onset, with long-term use and good safety, for the treatment of osteoporosis pain

During the Reporting Period, the revenue of major products by product line was as follows:

- The products under cardio-cerebrovascular related field line recorded a revenue of RMB2,917.7 million, a decrease of 17.1% compared with the same period last year. In the case that all medicines were directly sold by the Group, the revenue of products under cardio-cerebrovascular related field line would decrease by 18.8% to RMB4,086.9 million compared with the same period last year, accounting for 47.4% of the Group's revenue in the case that all medicines were directly sold by the Group.

- The revenue of products under gastroenterology/autoimmune related field line decreased by 6.7% to RMB2,875.0 million compared with the same period last year, accounting for 33.3% of the Group's revenue in the case that all medicines were directly sold by the Group.

- The revenue of the products under dermatology and medical aesthetic line increased by 18.2% to RMB672.6 million compared with the same period last year, accounting for 7.8% of the Group's revenue in the case that all medicines were directly sold by the Group.

- The revenue of the products under ophthalmology line increased by 24.3% to RMB627.1 million compared with the same period last year, accounting for 7.3% of the Group's revenue in the case that all medicines were directly sold by the Group.

- Other products recorded a revenue of RMB376.7 million, an increase of 10.9% compared with the same period last year. In case that all medicines were directly sold by the Group, the revenue would increase by 26.5% to RMB360.0 million compared with the same period last year, accounting for 4.2% of the Group's revenue in the case that all medicines were directly sold by the Group.

During the Reporting Period, the Group's three products, namely, Deanxit, Ursofalk and Plendil, have been affected by the implementation of National VBP, and none of them have been selected in the National VBP. In case that all medicines were directly sold by the Group, three National VBP products recorded a total revenue of

RMB2,691.0 million (2023: RMB3,778.0 million), a decrease of 28.8% compared with the same period last year. During the Reporting Period, in the case that all medicines were directly sold by the Group, the total revenue of non-national VBP exclusive products and innovative products was RMB4,551.3 million, accounting for 52.8% of the Group's revenue.

III. Dermatology and Medical Aesthetic Business

Since its independent operation in 2021, "CMS Skinhealth", the dermatology and medical aesthetics business of the Group, has been following the trend of global biotechnology frontiers. Through endogenous development and external collaboration, CMS Skinhealth has extensively deployed and developed first-in-class (FIC) and best-in-class (BIC) innovative products. Centered on dermatology treatment products, CMS Skinhealth has gradually established a differentiated product matrix. Its portfolio covers dermatology prescription drugs, dermatology-grade skincare products, and light medical aesthetic products, catering to diverse dermatological health and beauty needs. Leveraging its professional marketing and promotion team along with a robust academic network, CMS Skinhealth is developing into a "leading, innovation-driven pharmaceutical company in China, specializing in skin health".

CMS Skinhealth has developed a diverse product matrix for skin health to achieve full coverage of major disease areas, and provide comprehensive and integrated solutions for patients at different stages of disease.

	Treatment				**Skincare**
	Topical External Preparations	**Oral Small Molecule Targeted Drugs**	**Injectable Biologics**	**Topical Injection**	**Dermatology-Grade Skincare Products**
Psoriasis		CMS-D001	ILUMETRI		
AD	Ruxolitinib cream	CMS-D001	MG-K10		Heling Soothing Product Series
Vitiligo	Ruxolitinib cream	povorcitinib			
Phlebitis	Hirudoid				
Varicose veins				Aethoxysklerol	

Prurigo nodularis		povorcitinib	MG-K10		
Hidradenitis suppurativa		povorcitinib			
Spontaneous urticaria		povorcitinib			
Acne papules					Hirudoid® Azelaic Acid Skincare Series

Marketed

Under R&D

During the Reporting Period, the three major business divisions of CMS Skinhealth, dermatology prescription drugs, new retail, and light medical aesthetics developed in synergy, sharing resources and promoting the deep integration and complementarity of academic promotion, brand building and new media promotion. Driven by medical science, CMS Skinhealth continuously strengthens the academic evidence framework of its dermatology prescription products through real-world studies and post-marketing clinical studies while improving treatment standardization via participation in academic conferences at all levels. For dermatology-grade skincare products, CMS Skinhealth integrates dermatology academic resources with diverse new media platforms, developing a science-based dermatological health concept that combines treatment and care, to achieve improvements in both brand value and end-user sales. For light medical aesthetic products, CMS Skinhealth actively conducts professional training programs for the medical aesthetics institutions to empower clinical applications of the product, facilitating the scale application of creative aesthetic concepts.

As of the end of the Reporting Period, CMS Skinhealth had more than 750 employees.

1. Continuous Optimization of Dermatology Prescription Portfolio, Steady Progress in Innovation Drug Development and Commercialization

The dermatology prescription portfolio of CMS Skinhealth has comprehensively covered dermatology diseases, such as vitiligo, psoriasis, AD, phlebitis, varicose veins, and HS. During the Reporting Period, CMS Skinhealth continued to expand its innovative pipeline, advancing clinical development in an orderly manner while steadily enhancing market awareness and brand influence for marketed innovative products.

During the Reporting Period, CMS Skinhealth collaborated with Incyte once again, and has obtained exclusive license of povorcitinib, a selective oral small-molecule JAK1 inhibitor, in countries/territories including Mainland China, Hong Kong, Macau, Taiwan Region and eleven Southeast Asian countries. This significantly strengthened the product deployment of CMS Skinhealth in the treatment of vitiligo and other immune-mediated dermatology

diseases. Meanwhile, the innovative product ruxolitinib cream (vitiligo indication) was approved for marketing in Macau and Hong Kong, and its NDA in China was formally accepted by the NMPA. Additionally, its Phase III bridging trial for AD in China has completed the enrollment of all subjects. In January 2025, CMS Skinhealth obtained MG-K10, a Class 1 innovative drug in clinical development, as a long-acting anti-IL-4Rα monoclonal antibody for the treatment of type 2 inflammatory diseases such as AD and prurigo nodularis, further enriching its differentiated innovative pipeline in dermatological treatment.

For the marketed innovative product, ILUMETRI (Tildrakizumab Injection), the positioning is a "four doses per year, long-lasting relief for psoriasis" therapy, demonstrating differentiated advantages such as low injection frequency, good long-term efficacy, and excellent safety. Meanwhile, CMS Skinhealth leveraged the accumulated academic platform of Hirudoid (the repair agent for skin barrier with multiple functions) and Aethoxysklerol (a German original product for the treatment of sclerotherapy of varicose veins) to accelerate the development of hospital access and prescription circulation into dual-channel pharmacies through precise academic promotion strategies. CMS Skinhealth also actively engaged in disease popularization and public health initiatives, raising awareness of psoriasis diagnosis and daily care.

2. Rapid Growth in Dermatology-Grade Skincare Products

During the Reporting Period, CMS Skinhealth adhered to evidence-based medicine principles, closely aligned with consumer needs, and continued to deploy dermatology-grade skincare products with efficacy. Building on the enhanced medical efficacy of its products, CMS Skinhealth continued to develop a brand image that highlights professionalism and effectiveness, aiming to accelerate market penetration and foster positive word-of-mouth.

In July 2024, CMS Skinhealth's dermatology-grade skincare R&D platform, "Heling", successfully launched the lipid-protective cleansing gel, which together with the soothing moisturizing and repair cream, soothing repair lotion, and soothing moisturizing shower oil, formed the "Heling Soothing Product Series", further perfecting sensitive skin care solutions.

Additionally, leveraging the strong brand reputation of Hirudoid®, CMS Skinhealth successfully developed and launched the Hirudoid® Azelaic Acid Skincare Series, establishing a comprehensive acne-care solution that includes anti-acne essence cream, serum, facial cleanser, toner, and moisturizer. The product line has completed efficacy testing in collaboration with the Dermatology Hospital of Southern Medical University. As of the end of the Reporting Period, the "Azelaic Acid Anti-Acne Essence Cream" had rapidly gained influence among brands in the same price range.

3. Expansion of Light Medical Aesthetic Product Portfolio

Guided by the philosophy of "originating from medicine, with a further exploration in aesthetics", CMS Skinhealth applies a pharmaceutical research mindset to identify cutting-edge medical aesthetics products, continuously refining its medical aesthetics product portfolio to enhance its competitive edges in the aesthetics sector.

CMS Skinhealth's marketed product is the Korean hyaluronic acid (HA) product Vmonalisa (a painless, fashionable and accessible luxury HA filler with mid-to-large and small particle sizes from South Korea, featured with safety and natural effect). During the Reporting Period, the China's medical device registration application of

the Poly-L-lactic Acid Microparticle Filler Injection has been accepted by the NMPA; and the Group has newly obtained exclusive licenses of three products (Polycaprolactone Microsphere Gel for Injection, Calcium Hydroxylapatite Microsphere Gel for Injection, and Decellularized Extracellular Matrix Implant), which are currently under the registrational clinical trial stage in China, respectively, for their commercialization in Mainland China, Hong Kong, Macau, and Taiwan. As of the end of the Reporting Period, clinical trials for these three products were ongoing. All four aforementioned products are classified as Class III medical devices, and developed for injection into the subcutaneous layer or facial dermal tissue for the correction of nasolabial fold wrinkles.

IV. Ophthalmology Business

The Group's ophthalmology business, "CMS Vision", leverages its extensive academic network and resources in the ophthalmology field, focusing on the development and commercialization of ophthalmic prescription drugs, medical devices, and consumables. It is actively exploring innovative products that address urgent clinical needs worldwide, providing more comprehensive and advanced treatment options for ophthalmic patients. CMS Vision is committed to becoming the "leading ophthalmology pharmaceutical and device company in China".

During the Reporting Period, CMS Vision continuously strengthened its product brand power and academic position through refined academic promotion, creative marketing, and professional team development, contributing to the advancement of ophthalmic diagnosis, treatment recognition, and technological breakthroughs.

1. Major Marketed Products

As of the end of the Reporting Period, CMS Vision had two major marketed products: the exclusive medicine Augentropfen Stulln Mono Eye Drops (the representative for the treatment of asthenopia, and the safe and convenient treatment option for senile macular degeneration) and the innovative medical device EyeOP1 Glaucoma Treatment Device (using high-focused ultrasound technology, which is a safe and effective innovative treatment for glaucoma utilizing a non-invasive procedure with precise targeting and convenient operations).

During the Reporting Period, CMS Vision conducted precise academic promotions focusing on targeted subspecialties for Augentropfen Stulln Mono Eye Drops. CMS Vision also facilitated the inclusion of its active ingredient, Esculin and Digitalisglycosides, in the "Chinese Expert Consensus on the Diagnosis and Treatment of Asthenopia (2024)" and "Chinese Expert Consensus on the Perioperative Medication in Laser Corneal Refractive Surgery (2024)" published by the "Chinese Journal of Ophthalmology". For the EyeOP1 Glaucoma Treatment Device, CMS Vision reinforced its core brand advantage of "bladeless and minimally invasive", and continuously promoted the advancement of treatment concepts and awareness of the innovative Ultrasonic Cyclo Plasticity (UCP) through broad and multi-level academic activities.

As of the end of the Reporting Period, CMS Vision had more than 400 employees.

2. Major Pipeline Products

CMS Vision's lead pipeline product is the Class I Innovative Biological Product for the treatment of ocular fundus neovascular diseases—VEGFA (vascular endothelial growth factor A) / ANG2 (angiopoietin 2) Tetravalent

Bispecific Antibody. With a unique nano-antibody design, this product can effectively inhibit abnormal neovascularization through two different pathways, offering the potential for stronger efficacy and lower dosing frequency compared to existing anti-VEGF drugs. During the Reporting Period, the product was undergoing multi-center Phase I/II clinical trial in China to evaluate the safety, tolerability, pharmacokinetics, and efficacy of intravitreal injections of the VEGFA/ANG2 Tetravalent Bispecific Antibody in patients with neovascular age-related macular degeneration (nAMD). As of the end of the Reporting Period, the product had completed its Phase I clinical trial, demonstrating overall promising safety and efficacy, and the first subject had been dosed in the Phase II clinical trial.

V. Southeast Asia Business

Southeast Asia, with a population of nearly 700 million, is experiencing surging pharmaceutical demand due to rapid economic growth, the rise of the middle class, an aging population, and the increasing burden of non-infectious diseases, and its pharmaceutical market is entering a golden period of growth. The Group has seized this market opportunity by establishing Rxilient Health, a new pharma focused on emerging markets in Southeast Asia. Additionally, the Group has acquired a manufacturing plant in Singapore through its associate company PharmaGend Global Medical Services Pte. Ltd. ("PharmaGend"), thus achieving full coverage of "R&D, manufacture, and commercialization" value chain. The Group implements a "Glocalization" strategy in the Southeast Asian, aiming to build a "bridgehead" for global pharmaceutical companies entering the Southeast Asian market and to provide local patients with quality and affordable treatment options.

1. Medicine Introduction, Development, and Marketing Platform

Rxilient Health continues to refine its systematic, platform-based operating model, integrating medicine introduction, development, and marketing promotion. Headquartered in Singapore, it has established subsidiaries or representative offices in Malaysia, Vietnam, the Philippines, Indonesia, and Thailand, forming a professional team with extensive local industry experience to effectively facilitate global innovative drugs penetrating into local markets.

Rxilient Health is continuously expanding its product portfolio. During the Reporting Period, it obtained exclusive license of povorcitinib (a selective small molecule oral JAK1 inhibitor, expected to offer new treatment options for patients with autoimmune and inflammatory skin diseases) in eleven Southeast Asian countries. As of the end of the Reporting Period, Rxilient Health had a differentiated product portfolio of over ten products, covering therapeutic areas such as oncology, dermatology, central nervous system, gastroenterology, autoimmune, and ophthalmology.

Additionally, Rxilient Health is actively advancing the registration of several innovative products in Southeast Asia, and/or in Hong Kong, Macau, and Taiwan, including ruxolitinib cream, Tildrakizumab Injection, Methylthioninium Chloride Enteric-coated Sustained-release Tablets, Diazepam Nasal Spray, Sucroferric Oxyhydroxide Chewable Tablets and so on. Among them, the blockbuster product ruxolitinib cream (for which Rxilient Health holds exclusive license in eleven Southeast Asian countries and in Hong Kong, Macau, and Taiwan) has been approved for marketing in Macau and Hong Kong for the treatment of non-segmental vitiligo with facial involvement in adults and adolescents from 12 years of age. The product's registration applications have also been submitted in Singapore and Taiwan.

Rxilient Health has also collaborated with Shanghai Junshi Biosciences Co., Ltd. ("Junshi Biosciences") through the joint venture, Excellmab Pte. Ltd., to promote the registration process of the strategic collaborative product, intravenous toripalimab (the first China-originated anti-PD-1 monoclonal antibody drug that has been approved by China NMPA and the U.S. FDA) in several Southeast Asian countries. During the Reporting Period, registration applications were submitted in Malaysia, the Philippines, Indonesia, Thailand and Vietnam.

2. Singapore Joint Venture PharmaGend – CDMO Business

As of the end of the Reporting Period, the resumption and equipment optimization of the associate company PharmaGend's manufacturing plant in Tuas, Singapore was well underway. The plant has received the U.S. FDA GMP certification and successfully passed an on-site inspection by the Singapore HSA. It will provide CDMO services to global pharmaceutical companies. It will also play a critical role in ensuring the safety and stability of the Group's overseas manufacturing supply chain.

Subsequent Events

Signing a License, Collaboration and Distribution Agreement of Improved New Drug ZUNVEYL for the Treatment of Mild-to-Moderate Dementia of the Alzheimer's Type

After the Reporting Period, on 8 January 2025, the Group through a wholly-owned subsidiary of the Company entered into a License, Collaboration and Distribution Agreement ("ZUNVEYL Agreement") with Alpha Cognition Inc. ("Alpha") of the improved new drug ZUNVEYL (benzgalantamine delayed-release tablets) ("ZUNVEYL") for the treatment of mild-to-moderate dementia of the Alzheimer's type. In accordance with ZUNVEYL Agreement, the Group is entitled to an exclusive right to develop, register, manufacture, import, export and commercialize ZUNVEYL in Asia (excluding Japan), Australia and New Zealand ("ZUNVEYL Territory"), Alpha reserves the right to manufacture and supply in the Territory. The term of cooperation commences on the effective date of the Agreement and extends for twenty years (the "Initial Term"), it may be automatically renewed every five years upon the expiration of the Initial Term unless terminated by notice from either party.

As a new generation of acetylcholinesterase inhibitor (AChEI), ZUNVEYL can inhibit the acetylcholinesterase from breaking down the neurotransmitter acetylcholine, increase the level of acetylcholine in the central nervous system, and therefore alleviate cognition and memory impairment in Alzheimer's disease patients. As a prodrug of galantamine, ZUNVEYL remains inert as it passes through the stomach and the intestine, and eventually releases the active drug into the bloodstream after being metabolized by the liver. With such a mechanism of action, ZUNVEYL is expected to have equivalent efficacy as galantamine with the potential of reducing gastrointestinal (GI) side effects and addressing certain tolerability issues. Moreover, GI adverse events documented across all studies for ZUNVEYL were less than 2% and no insomnia was observed.

Signing a Collaboration Agreement for Class 1 Innovative Drug MG-K10 Humanized Monoclonal Antibody Injection

On 24 January 2025, the Group through subsidiaries of the Company entered into a Collaboration Agreement ("MG-K10 Agreement") with Hunan Mabgeek Biotechnology Co., Ltd. ("Mabgeek Biotechnology") and its subsidiary for Class 1 innovative drug anti-IL-4Rα humanized monoclonal antibody injection MG-K10 ("MG-K10"). In accordance with MG-K10 Agreement, the Group has obtained the co-development right as specifically

agreed upon in the Agreement and exclusive commercialization right to MG-K10 in Mainland China, Hong Kong, Macao, Taiwan Region and Singapore; Mabgeek Biotechnology will support the commercialization activities and is responsible for the sale and supply of MG-K10. The collaboration term is perpetual.

MG-K10 is an innovative long-acting anti-IL-4Rα humanized monoclonal antibody that simultaneously blocks the signaling of key type 2 inflammatory cytokines IL-4 and IL-13 and is used for the treatment of type 2 inflammatory diseases, including AD, asthma, prurigo nodularis, allergic rhinitis, chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis, chronic obstructive pulmonary disease and so on.

In January 2025, MG-K10 was announced to have entered Phase III clinical trials for adult AD in China. Additionally, MG-K10 was also registered for Phase III clinical trials for asthma and prurigo nodularis in China. In the completed Phase II clinical trials for adult moderate-to-severe AD and moderate-to-severe asthma, MG-K10 has demonstrated good efficacy and safety. Additionally, the product has obtained IND approvals for eosinophilic esophagitis, chronic rhinosinusitis with nasal polyps, and seasonal allergic rhinitis in China. Following Fc mutation, MG-K10 allows long dosing interval owing to its prolonged half-life. Currently marketed anti-IL-4Rα drugs require dosing every two weeks, whereas MG-K10 only requires dosing every four weeks, demonstrating good efficacy and safety. MG-K10 has the potential to be the Best-in-Class (BIC).

Approval of Drug Clinical Trials for Innovative Drug Cardiac Myosin Inhibitor CMS-D003

NMPA has approved the Group to conduct a clinical trial evaluating the safety, tolerability, pharmacokinetics andpharmacodynamics of CMS-D003 in both healthy adults and adult patients with symptomaticobstructive hypertrophic cardiomyopathy in China.

Impact of Significant Industrial Policies

In 2024, China continued to deepen healthcare system reforms, with compliant operations as the foundation and quality improvement and efficiency enhancement as the further goals, accelerating quality development. Under the impact of National VBP, the Group's three major original drugs were affected to some extent: Deanxit (included in the seventh batch of National VBP), Plendil and Ursofalk (included in the eighth batch of National VBP). These batches were implemented successively in November 2022 and July 2023 respectively, and Deanxit, Plendil and Ursofalk were not selected, which had a negative impact on the Group's financial performance during the Reporting Period.

During the Reporting Period, despite these challenges, the Group continued to optimize its marketed product portfolio, establishing a product matrix centered on exclusive and innovative products with longer life cycles. The Group will proactively respond to policy changes, advance the deployment and commercialization of innovative drugs, enhance overall risk resilience and market competitiveness, and pursue a path of higher-quality and more sustainable development.

Future Development

The pharmaceutical industry, as a cornerstone of public well-being, is undergoing accelerated transformation driven by factors such as policy guidance, technology innovation, and evolving demand. In response to these changes, pharmaceutical companies must adopt agile strategic thinking and strong execution to proactively address

challenges and seize new opportunities. Standing at a new starting point, CMS will focus on “innovation-driven, efficiency-priority, specialty breakthrough, and international expansion”, striving to build a more resilient and dynamic “New CMS”, so as to better address urgent clinical needs, benefit patients, and achieve quality and sustainable growth.

The Group firmly believes that “Product Power” and “Commercialization Capability” are the strongest pillars of our development strategy. In the future, we will focus on innovative products as our growth engine while actively deploy products with consumer and self-diagnostic attributes. By catering to diverse patient needs, we aim to introduce more differentiated and affordable healthcare solutions. At the same time, we will achieve precise penetration into the incremental market through a multi-dimensional, patient-centric promotion model driven by medical evidence, academic promotion and access strategies, so as to benefit more patients.

The Group will continue to put effort into the “information technology construction”, leveraging artificial intelligence and digital tools to enhance operational efficiency across the entire business process. Meanwhile, we will continue to optimize our international supply chain, streamline business operations, and implement refined management practices to maximize value, thereby laying a solid foundation for sustainable profitability.

Specialization is the way to make breakthroughs in the pharmaceutical field and focusing is the key to success. With the strategic direction of “specialty breakthrough”, the Group will solidify its comprehensive strength in specialty areas such as cardio-cerebrovascular system, central nervous system, and gastroenterology. Additionally, the Group will stimulate the endogenous potential of its dermatology and ophthalmology businesses through a flexible and independent mode of operation, to promote precise allocation of resources and efficient decision-making. Our goal is to become “leaders in specialty therapeutic markets”, creating significant value in targeted markets.

Expanding globally is the path to a broader vision. The Group will take Southeast Asia as the starting point for its internationalization strategy, continuously improving its business system that comprehensively covers “R&D, manufacturing, and commercialization”, and establishing a bridge for global novel drugs to enter the Southeast Asian market. By cultivating in emerging markets and promoting resource sharing, the Group will empower domestic and overseas pharmaceutical enterprises to expand internationally.

With unwavering commitment, CMS is driving a comprehensive transformation and upgrade. Aiming to be a “trustworthy specialty pharma rooted in Asia”, we are willing to join hands with our global partners to write a new chapter in the pharmaceutical business, so that more people can share the joys of good health.

Financial Review

In reading the following discussion and analysis, please also refer to the audited consolidated financial statements and notes to the financial statements in the Annual Report.

The Group prepared its consolidated financial statements in accordance with the International Financial Reporting Standards. The Group’s financial performance is summarized as follows:

Turnover

Turnover decreased by 6.8% from RMB8,013.3 million for the year ended 31 December 2023 to RMB7,469.0 million for the year ended 31 December 2024. In the case that all medicines were directly sold by the Group, turnover decreased by 9.0% to RMB8,621.6 million for the year ended 31 December 2024 from RMB9,472.2 million for the year ended 31 December 2023, mainly due to a decrease of RMB1,086.9 million or 28.8% in sales of three pharmaceutical products resulted from the impact of implementation of the National Volume Based Procurement ("National VBP").

Gross Profit and Gross Profit Margin

Gross profit decreased by 11.2% from RMB6,109.2 million for the year ended 31 December 2023 to RMB5,422.2 million for the year ended 31 December 2024; in the case that all medicines were directly sold by the Group, gross profit decreased by 10.7% to RMB5,405.4 million for the year ended 31 December 2024 from RMB6,053.7 million for the year ended 31 December 2023, primarily reflecting a decrease in turnover. Gross profit margin decreased by 3.6 percentage points to 72.6% for the year ended 31 December 2024 from 76.2% for the year ended 31 December 2023; in the case that all medicines were directly sold by the Group, gross profit margin decreased by 1.2 percentage points to 62.7% for the year ended 31 December 2024 from 63.9% for the year ended 31 December 2023, primarily reflecting a decrease in selling prices of three pharmaceutical products resulted from the impact of implementation of the National VBP.

Selling Expenses

Selling expenses increased by 6.0% from RMB2,511.3 million for the year ended 31 December 2023 to RMB2,661.6 million for the year ended 31 December 2024; selling expenses as a percentage of turnover increased by 4.3 percentage points to 35.6% for the year ended 31 December 2024 from 31.3% for the year ended 31 December 2023. In the case that all medicines were directly sold by the Group, selling expenses as a percentage of turnover increased by 4.8 percentage points to 30.7% for the year ended 31 December 2024 from 25.9% for the year ended 31 December 2023, mainly due to an increase in resources injected to develop new products, and a decrease in sales of three pharmaceutical products resulted from the impact of implementation of the National VBP.

Administrative Expenses

Administrative expenses increased by 18.8% from RMB656.6 million for the year ended 31 December 2023 to RMB780.1 million for the year ended 31 December 2024; administrative expenses as a percentage of turnover increased by 2.2 percentage points to 10.4% for the year ended 31 December 2024 from 8.2% for the year ended 31 December 2023. In the case that all medicines were directly sold by the Group, administrative expenses as a percentage of turnover increased by 2.1 percentage points to 9.0% for the year ended 31 December 2024 from 6.9% for the year ended 31 December 2023, primarily reflecting an increase in administrative maintenance expenses required by the development of new businesses, and a decrease in sales of three pharmaceutical products resulted from the impact of implementation of the National VBP.

Research and Development Expenditures

The Group's research and development expenditures included investments for the continuous expansion of innovative product pipelines, expenditures on development, registration and clinical trial of new products, salaries and related expenses of staff who were engaged in the aforesaid affairs. Research and development expenditures

included the expensed research and development expenditures (i.e. research and development expenses) and capital payments (including payments for acquisition of equity investments in research and development companies and payment for acquisition and development of product rights).

Total research and development expenditures increased by 8.9% from RMB815.9 million for the year ended 31 December 2023 to RMB888.3 million for the year ended 31 December 2024. Total research and development expenditures as a percentage of turnover for the year ended 31 December 2024 was 11.9%, representing an increase of 1.7 percentage points from 10.2% for the year ended 31 December 2023. In the case that all medicines were directly sold by the Group, total research and development expenditures as a percentage of turnover increased by 1.7 percentage points to 10.3% for the year ended 31 December 2024 from 8.6% for the year ended 31 December 2023, primarily reflecting increases in investments related to innovative products and research and development activities.

Research and development expenses increased by 69.1% from RMB195.1 million for the year ended 31 December 2023 to RMB330.0 million for the year ended 31 December 2024. Research and development expenses as a percentage of turnover for the year ended 31 December 2024 was 4.4%, representing an increase of 2.0 percentage points from 2.4% for the year ended 31 December 2023. In the case that all medicines were directly sold by the Group, research and development expenses as a percentage of turnover for the year ended 31 December 2024 was 3.8%, representing an increase of 1.7 percentage points from 2.1% for the year ended 31 December 2023, mainly due to increases in research and clinical trial expenses.

Capital payments (set out in the table below) decreased by 10.1% from RMB620.7 million for the year ended 31 December 2023 to RMB558.4 million for the year ended 31 December 2024. Such capital payments as a percentage of turnover for the year ended 31 December 2024 was 7.5%, representing a decrease of 0.2 percentage point from 7.7% for the year ended 31 December 2023. In the case that all medicines were directly sold by the Group, such capital payments as a percentage of turnover decreased by 0.1 percentage point to 6.5% for the year ended 31 December 2024 from 6.6% for the year ended 31 December 2023.

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Payment for acquisition of equity investments in research and development companies	135,063	344,975
Payment for acquisition and development of product rights	423,289	275,769
	558,352	620,744

Other Income

Other income decreased by 10.2% from RMB232.1 million for the year ended 31 December 2023 to RMB208.4 million for the year ended 31 December 2024, mainly due to a decrease in interest income.

Other Gains and Losses

Other gains and losses increased by 55.0% from a loss of RMB336.0 million for the year ended 31 December 2023 to a loss of RMB151.2 million for the year ended 31 December 2024, mainly due to a decrease in provisions of impairment losses on related assets.

Share of Result of Associates

Share of result of associates increased by 23.1% from RMB275.0 million for the year ended 31 December 2023 to RMB338.5 million for year ended 31 December 2024, mainly reflecting an increase in profit of associates.

Finance Costs

Finance costs decreased by 16.5% from RMB46.3 million for the year ended 31 December 2023 to RMB38.6 million for the year ended 31 December 2024, mainly due to a decrease in bank borrowings used.

Income Tax Expense

Income tax expense decreased by 18.8% from RMB489.3 million for the year ended 31 December 2023 to RMB397.2 million for the year ended 31 December 2024, mainly due to a decrease in profit.

Profit for the Year

Profit for the year decreased by 32.3% from RMB2,384.4 million for the year ended 31 December 2023 to RMB1,613.1 million for the year ended 31 December 2024; normalized profit for the year decreased by 36.7% from RMB2,709.3 million for the year ended 31 December 2023 to RMB1,713.7 million for the year ended 31 December 2024, mainly due to a decrease in sales of three pharmaceutical products resulted from the impact of implementation of the National VBP and an increase in expenses.

Inventories

Inventories increased by 20.5% from RMB637.6 million as at 31 December 2023 to RMB768.1 million as at 31 December 2024. Average inventory turnover days increased from 107 days for the year ended 31 December 2023 to 125 days for the year ended 31 December 2024, mainly due to an increase in stock.

Trade Receivables

Trade receivables increased by 6.6% from RMB1,146.7 million as at 31 December 2023 to RMB1,222.5 million as at 31 December 2024. Average trade receivables turnover days decreased to 75 days for the year ended 31 December 2024 from 76 days for the year ended 31 December 2023, mainly reflecting the maintenance of good payment collection management of the Group.

Trade Payables

Trade payables increased by 0.5% from RMB141.7 million as at 31 December 2023 to RMB142.4 million as at 31 December 2024. Average trade payables turnover days decreased to 25 days for the year ended 31 December 2024 from 31 days for the year ended 31 December 2023, mainly reflecting a difference in time points of settlement with suppliers.

Liquidity and Financial Resources

As at 31 December 2024, the Group's bank balances and cash amounted to RMB3,706.5 million while readily realizable bank acceptance bills amounted to RMB198.8 million. As at 31 December 2023, the bank balances and cash amounted to RMB4,311.1 million while readily realizable bank acceptance bills amounted to RMB181.0 million.

As at 31 December 2024, the cash and cash equivalents of the Group were mainly denominated in RMB, United States Dollar ("US$"), Euro ("EUR") and Hong Kong Dollars ("HK$").

The following table is a summary of our consolidated statements of cash flows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net cash from operating activities	1,268,547	2,502,853
Net cash used in investing activities	(615,096)	(442,276)
Net cash used in financing activities	(1,261,046)	(2,125,024)
Net decrease in cash and cash equivalent	(607,595)	(64,447)
Cash and cash equivalent at beginning of the year	4,311,058	4,376,376
Effect of foreign exchange rate changes	3,038	(871)
Cash and cash equivalent at end of the year	3,706,501	4,311,058

Net cash from operating activities

For the year ended 31 December 2024, the Group's net cash generated from operating activities was RMB1,268.5 million compared with RMB2,502.9 million for the year ended 31 December 2023, a decrease of 49.3% mainly due to a decrease in operating profit resulted from the impact of implementation of the National VBP on three pharmaceutical products, and an increase in occupancy of working capital.

Net cash used in investing activities

For the year ended 31 December 2024, the Group's net cash used in investing activities was RMB615.1 million compared with RMB442.3 million for the year ended 31 December 2023, an increase of 39.1% mainly due to an increase in purchase of product rights.

Net cash used in financing activities

For the year ended 31 December 2024, the Group's net cash used in financing activities was RMB1,261.0 million compared with RMB2,125.0 million for the year ended 31 December 2023, a decrease of 40.7% mainly due to a decrease in payment of dividends.

Net Current Assets

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current Assets		

Inventories	768,139	637,636
Financial assets at fair value through profit or loss	2,160,097	1,832,258
Trade receivables	1,222,479	1,146,738
Other receivables and prepayments	558,004	421,849
Loan receivable	-	35,945
Tax recoverable	5,553	784
Amount due from associates	284,088	408,167
Bank balances and cash	3,706,501	4,311,058
	8,704,861	8,794,435
Current Liabilities		
Trade payables	142,432	141,664
Other payables	342,365	295,312
Lease liabilities	16,933	15,416
Contract liabilities	16,610	12,733
Bank borrowings	831,300	1,269,650
Derivative financial instruments	-	17,227
Deferred consideration payables	-	1,000
Tax liabilities	166,423	295,784
	1,516,063	2,048,786
Net current assets	7,188,798	6,745,649

The Group's liquidity requirements will be satisfied by a combination of cash flow generated from operating activities, long-term bank loans and other financing means, according to the corporate development strategy.

Capital Expenditures

The following table shows the Group's capital expenditure:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Deposits for acquisition of intangible assets	423,289	275,769
Purchase of land use right	-	14,701
Purchase of property, plant and equipment	32,619	27,490
	455,908	317,960

Capital Structure and Gearing Ratio

The Company reviews the capital structure on a regular basis, and considers the cost of capital and the risks associated with each class of capital, for maximizing the return to shareholders of the Company.

The following table shows the Group's debts:

	As at 31 December

	2024	2023
	RMB'000	RMB'000
Interest bearing bank borrowings	831,300	1,269,650

The Group had bank borrowings of RMB831.3 million as at 31 December 2024 (31 December 2023: RMB1,269.7 million).

As said above, along with an increase in the Group's bank borrowings, the Group's gearing ratio, calculated as bank borrowings divided by total assets, decreased by 2.6 percentage points to 4.6% as at 31 December 2024 from 7.2% as at 31 December 2023.

Market Risks

We are exposed to various types of market risks, including interest rate risks, foreign exchange risks, policy risks and inflation risks in the normal course of business.

The Group is mainly exposed to currency risk of the US$, EUR and HK$. For the Group's subsidiaries in China, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. Any significant exchange rate fluctuations of foreign currencies against RMB may have a financial impact on the Group. The Group closely monitors the fluctuation of exchange rates and reviews the foreign currency risk management strategy from time to time, the management will consider hedging foreign currency exposure as appropriate.

The Group will closely monitor movements of interest rate and foreign currencies market so as to mitigate the expected risk on interest rate and foreign currencies.

Pledge of Assets

As at 31 December 2024, the Group had no pledge of assets.

Contingent Liabilities

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

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

There has been no acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the year ended 31 December 2024.

Dividend

During the year ended 31 December 2024, the Group paid an interim dividend for 2024 and a final dividend for 2023 of RMB364.2 million and RMB192.0 million, respectively. For the year ended 31 December 2023, the Group paid an interim dividend for 2023 and a final dividend for 2022 of RMB768.5 million and RMB591.9 million, respectively.

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

For the year ended 31 December 2024, the Company and its subsidiaries had repurchased an aggregate of 12,460,000 ordinary shares with a nominal value of US$0.005 each on the Stock Exchange at an aggregate consideration of HK$91,613,640. All of the purchased shares were cancelled on 31 May 2024. The Board believes that given the current financial resources of the Company, the share repurchase would not affect the Company's solid financial position in any material respect, and it would lead to an enhancement of the net asset value per share and/or earnings per share, which is in the interest of the shareholders as a whole.

Details of the repurchase are as follows:

Date of Repurchase	Number of Shares Repurchased	Price per Share (HK$)		Aggregate Consideration Paid (HK$)
		Highest Price	Lowest Price	
2 April 2024	2,100,000	7.67	7.26	15,642,180
3 April 2024	1,470,000	7.59	7.41	11,018,370
8 April 2024	1,550,000	7.63	7.53	11,755,420
9 April 2024	1,000,000	7.70	7.59	7,636,600
10 April 2024	1,030,000	7.56	7.36	7,670,420
11 April 2024	1,100,000	7.34	7.16	7,992,990
12 April 2024	1,050,000	7.35	7.21	7,642,680
15 April 2024	1,050,000	7.16	7.04	7,444,020
17 April 2024	1,060,000	7.04	6.95	7,423,760
24 April 2024	1,050,000	7.05	7.01	7,387,200
Total	12,460,000	-	-	91,613,640

Save as disclosed above, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

Corporate Governance Practices

The Company has complied with and applied the applicable principles and code provisions of the CG Code as set out in Appendix C1 to the Listing Rules from 1 January 2024 to 31 December 2024, except for a deviation from the Code Provision C.2.1 in respect of the roles of Chairman and Chief Executive which shall not be performed by the same individual.

Mr. Lam Kong has been both the Chairman and Chief Executive of the Company and his responsibilities are clearly established and set out in writing and approved by the Board. Given the Group's current stage of development, the Board considers that vesting the roles of Chairman and Chief Executive in the same person facilitates the execution of the Group's business strategies and maximizes effectiveness of its operations. The Board shall nevertheless review the Group's management structure from time to time and shall consider any appropriate adjustments should new circumstances arise.

Audit Committee

The Company established the Audit Committee in 2007. The Audit Committee comprises three independent non-executive Directors, and is currently chaired by Mr. Fung Ching Simon, with Mr. Leung Chong Shun and Ms. Luo Laura Ying as the committee members.

The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Company, and to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors. The Audit Committee also oversees the Company's appointment of external auditors. The annual results announcement and annual report for the year ended 31 December 2024 of the Company have been reviewed by the Audit Committee and approved by the Board with recommendation of the Audit Committee. The Audit Committee meets at least twice a year with the external auditors in absence of the executive Directors. The terms of reference of the Audit Committee are posted on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.cms.net.cn).

For the year ended 31 December 2024, the Audit Committee held three meetings. At the meetings, the Audit Committee reviewed the annual results for 2023, the interim results for 2024, the activities of the Group's risk management and internal control functions and also discussed and approved the arrangement of the annual audit work and then proposed the recommendations to the Board. Below is the attendance rate of the committee members:

Committee Members	Attendance Rate of the Meetings for the Year Ended 31 December 2024
Mr. Fung Ching Simon (Chairman)	3/3
Mr. Leung Chong Shun	3/3
Ms. Luo Laura Ying	3/3

The annual results announcement and annual report for the year ended 31 December 2024 of the Company have been reviewed by the Audit Committee, and with recommendation to the Board for approval.

Cash Dividend

The Company has paid an interim dividend of RMB0.1507 (equivalent to HK$0.164) per ordinary share of the Company (the "Share") for the six months ended 30 June 2024. The Board is pleased to recommend a final dividend of RMB0.1174 (equivalent to HK$0.127) per Share for the year ended 31 December 2024 to shareholders whose names appear on the register of members of the Company after market closes on Tuesday, 29 April 2025. The register of members of the Company will be closed on Wednesday, 30 April 2025. The final dividend will be paid to shareholders in Hong Kong dollars on about Friday, 9 May 2025 after the shareholders' approval at the annual general meeting of the Company scheduled on Thursday, 24 April 2025 (the "AGM").

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 16 April 2025 to Thursday, 24 April 2025 (both days inclusive), during which the registration of transfer of Shares will be suspended. In order to

qualify for attending and voting at the AGM, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 15 April 2025.

The register of members of the Company will be closed on Wednesday, 30 April 2025, on which date no transfer of Shares will be effected. The last day for dealing in the Shares on a cum-entitlement basis will be Friday, 25 April 2025. Shareholders are reminded that in order to qualify for the final dividend, all transfers of Shares must be duly completed, accompanied by the relevant share certificates and lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 29 April 2025.

Directors' Securities Transactions

The Company adopted the Written Guidelines for Securities Transactions by Directors and Relevant Employees (the "Written Guidelines") on no less exacting terms than the Model Code as the code of conduct for Directors' securities transactions. Having made specific inquiries of all Directors in relation to the compliance with the Written Guidelines for securities transactions by Directors, the Company confirmed that all the Directors have complied with the relevant standards for securities transactions by directors set out in the Written Guidelines for the year ended 31 December 2024. The Written Guidelines also apply to other specified senior management of the Company.

Employees who are likely to be in possession of unpublished price-sensitive information about the Company are also subject to compliance with the Written Guidelines. No incident of non-compliance with the Written Guidelines by such employees was noted by the Company during the Reporting Period.

Disclosure of Information

The information provided in this announcement is only the summary of 2024 Annual Report of the Company. The 2024 Annual Report will be dispatched to shareholders of the Company and published on the websites of the SEHK (www.hkexnews.hk) and the Company (www.cms.net.cn).

Proposed Amendments to the Existing Memorandum and Articles of Association and Adoption of the New Memorandum and Articles of Association

The following announcement is made by the Company pursuant to Rule 13.51(1) of the Listing Rules in relation to (i) the proposed amendments (the "Proposed Amendments") to the fourth amended and restated memorandum and articles of association of the Company (the "Existing Memorandum and Articles of Association") and (ii) the proposed adoption of the fifth amended and restated memorandum and articles of association of the Company incorporating the Proposed Amendments (the "New Memorandum and Articles of Association").

The Board proposes to make the Proposed Amendments to the Existing Memorandum and Articles of Association to, inter alia, (i) align the articles of association of the Company with the requirements under the Listing Rules primarily to allow for the use of electronic means for matters such as providing notices, proxying instructions and

voting, and (ii) to incorporate certain housekeeping changes. The Board also proposes to adopt the New Memorandum and Articles of Association in substitution for, and to the exclusion of, the Existing Memorandum and Articles of Association.

The Proposed Amendments and the adoption of the New Memorandum and Articles of Association shall be subject to the passing of a special resolution by the shareholders of the Company at the forthcoming AGM of the Company to be held on 24 April 2025. The New Memorandum and Articles of Association will take effect on the date on which the Proposed Amendments and the adoption of the New Memorandum and Articles of Association are approved by the shareholders of the Company at the AGM.

A circular containing, among others, details of the Proposed Amendments together with a notice convening the AGM will be dispatched to the shareholders of the Company as soon as practicable.

By order of the Board
China Medical System Holdings Limited
Lam Kong
Chairman

Hong Kong, 17 March 2025

As at the date of the announcement, the directors of the Company comprise (i) Mr. Lam Kong and Ms. Chen Yanling as executive directors; (ii) Mr. Chen Hongbing as a non-executive director; and (iii) Mr. Leung Chong Shun, Ms. Luo Laura Ying and Mr. Fung Ching Simon as independent non-executive directors.