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New Ray Medicine
新銳醫藥

New Ray Medicine International Holding Limited

新銳醫藥國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 6108)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

2024 FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$93.9 million for the year ended 31 December 2024 (2023: approximately HK\$50.2 million), representing an increase of approximately 87.1% as compared to 2023.
- The Group's gross profit was approximately HK\$11.5 million for the year ended 31 December 2024 (2023: approximately HK\$12.9 million), representing a decrease of approximately 10.9% as compared to 2023.
- Net loss attributable to owners of the Company was approximately HK\$31.0 million for the year ended 31 December 2024 (2023: loss of approximately HK\$22.2 million), representing an increase of approximately 39.6% as compared to 2023.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).
- The Group had a gearing ratio (defined as total bank and other borrowings divided by total equity) of zero as at 31 December 2024 (2023: zero).

The board (the “**Board**”) of directors (the “**Directors**”) of New Ray Medicine International Holding Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Year**”) together with the comparative figures for the year ended 31 December 2023 (“**FY 2023**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	93,945	50,154
Cost of sales		(82,453)	(37,213)
		11,492	12,941
Other income, gains and losses, net	5	2,052	(1,310)
Selling and distribution expenses		(15,877)	(14,067)
Administrative expenses		(14,724)	(14,629)
Finance costs		(102)	(32)
Impairment loss on trade and other receivables		(5,712)	(4,067)
Impairment loss on inventories		(13,114)	(1,601)
Fair value gain on financial assets at fair value through profit or loss		3,925	423
Loss before taxation		(32,060)	(22,342)
Income tax credit	6	1,047	172
Loss for the year attributable to owners of the Company	7	(31,013)	(22,170)
Other comprehensive income (expense) for the year			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of functional currency to presentation currency		(8,184)	(2,656)
Fair value gain (loss) on equity instruments at fair value through other comprehensive income		29,900	(20,578)
Other comprehensive income (expense) for the year		21,716	(23,234)
Total comprehensive expense for the year attributable to owners of the Company		(9,297)	(45,404)
Loss per share	9		
Basic and diluted (<i>HK cents</i>)		(1.86)	(1.33)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		10,639	12,016
Right-of-use assets		20,171	17,403
Prepayment for a distribution right		–	2,856
Intangible asset		–	–
Equity instruments at fair value through other comprehensive income		102,367	43,067
Financial assets at fair value through profit or loss		44,138	36,608
Other prepayment	10	–	1,457
		177,315	113,407
Current assets			
Inventories		20,104	31,167
Trade and other receivables	10	241,456	240,219
Prepayment for a distribution right		2,105	2,856
Bank balances and cash		64,255	103,954
		327,920	378,196
Current liabilities			
Trade and other payables	11	26,167	5,267
Lease liabilities		1,145	288
		27,312	5,555
Net current assets		300,608	372,641
Total assets less current liabilities		477,923	486,048
Non-current liabilities			
Lease liabilities		2,404	–
Deferred tax liabilities		4,563	5,795
		6,967	5,795
		470,956	480,253
Capital and reserves			
Share capital	12	83,592	83,592
Share premium and reserves		387,364	396,661
Equity attributable to owners of the Company		470,956	480,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

New Ray Medicine International Holding Limited was incorporated on 9 August 2012 and registered as an exempted company with limited liability in Bermuda.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business in Hong Kong of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 911B, 9th Floor, Tower 1, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. Its principal subsidiaries are principally engaged in the distribution and trading of pharmaceutical and related products and the provision of marketing and promotion services in the People’s Republic of China (the “**PRC**”).

The Company’s functional currency is Renminbi (“**RMB**”). However, the consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) for the convenience of shareholders as it is listed in Hong Kong.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

The application of the amendments to HKFRSs in the Year 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.

3. REVENUE

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

Revenue represents the aggregate of the net amounts received and receivable, recognised at a point in time basis, for the year. An analysis of the Group's revenue for the Year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Distribution and trading of pharmaceutical and related products	<u>88,708</u>	<u>42,852</u>
Provision of marketing and promotion services	<u>5,237</u>	<u>7,302</u>
	<u>93,945</u>	<u>50,154</u>

The Group recognises the marketing and promotion fee from its customers at the time when the ultimate users placed orders to the Group's customers and it is highly probable that a significant reversal in the cumulative revenue recognised will not occur, this is also the time when the services were completed and the Group has the enforceable right for payment.

4. SEGMENT INFORMATION

The Group is principally engaged in the distribution and trading of pharmaceutical and related products and the provision of marketing and promotion services in the PRC and the management has organised the Group on the basis of these two types of business activities. Information reported to the chief operating decision maker (the "CODM"), being the executive directors of the Company, for the purposes of resources allocation and assessment of segment performance focuses on types of business activities.

Specifically, the Group's reportable and operating segments are as follows:

- (i) Distribution and trading of pharmaceutical and related products – distribution and trading of drugs and chemical reagents for pharmaceutical; and
- (ii) Provision of marketing and promotion services – provision of marketing and promotion services of drugs and chemical reagents for pharmaceutical.

Segment profit represents the gross profit attributable to each segment after deducting impairment loss on trade and other receivables attributable to each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

4. SEGMENT INFORMATION (Cont'd)

Segment information about these reportable and operating segments is presented below.

Year ended 31 December 2024

	Distribution and trading of pharmaceutical and related products <i>HK\$'000</i>	Provision of marketing and promotion services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE			
External sales and segment revenue	<u>88,708</u>	<u>5,237</u>	<u>93,945</u>
RESULT			
Segment (loss) profit (<i>Note</i>)	<u>(12,079)</u>	<u>4,745</u>	(7,334)
Other income, gains and losses, net			2,052
Selling and distribution expenses			(15,877)
Administrative expenses			(14,724)
Finance cost			(102)
Fair value gain on financial assets at fair value through profit or loss ("FVTPL")			<u>3,925</u>
Loss before taxation			<u>(32,060)</u>
Included in arriving at segment (loss) profit:			
Impairment loss on trade and other receivables	(5,886)	174	(5,712)
Impairment loss on inventories	<u>(13,114)</u>	<u>–</u>	<u>(13,114)</u>

4. SEGMENT INFORMATION (Cont'd)

Year ended 31 December 2023

	Distribution and trading of pharmaceutical and related products <i>HK\$'000</i>	Provision of marketing and promotion services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE			
External sales and segment revenue	<u>42,852</u>	<u>7,302</u>	<u>50,154</u>
RESULT			
Segment profit (<i>Note</i>)	<u>1,529</u>	<u>5,744</u>	7,273
Other income, gains and losses, net			(1,310)
Selling and distribution expenses			(14,067)
Administrative expenses			(14,629)
Finance cost			(32)
Fair value gain on financial asset at FVTPL			<u>423</u>
Loss before taxation			<u>(22,342)</u>
Included in arriving at segment profit			
Impairment loss on trade and other receivables	(2,863)	(1,204)	(4,067)
Impairment loss on inventories	<u>(1,601)</u>	<u>–</u>	<u>(1,601)</u>

Note: The segment (loss) profit included the impact of impairment loss on trade and other receivables and impairment loss on inventories.

Information of assets and liabilities for operating segments is not provided to CODM for their review. Therefore, no analysis of the Group's assets and liabilities by reportable and operating segments is presented.

Geographical information

The Group's operations are located in the PRC (country of domicile). The geographical location of the Group's non-current assets is substantially situated in the PRC.

All of the Group's revenue from external customers is attributed to the Group entities' country of domicile (i.e. in the PRC).

4. SEGMENT INFORMATION (Cont'd)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A ¹	13,327	15,125
Customer B ¹	N/A³	11,454
Customer C ¹	13,379	N/A ³
Customer D ²	40,897	N/A ³
	<u>40,897</u>	<u>27,079</u>

¹ The revenue was derived from the distribution and trading of pharmaceutical products.

² The revenue was derived from the distribution and trading of pharmaceutical related products and provision of marketing and promotion services.

³ The customer did not contribute over 10% of the total revenue of the Group in the corresponding year.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	1,971	2,968
Penalty	–	(568)
Others	49	(510)
Dividend income from equity instruments at fair value through other comprehensive income (“FVTOCI”)	561	716
Net exchange loss	(671)	(570)
Gain on disposal of property, plant and equipment	142	482
Impairment loss on intangible asset	–	(2,795)
Impairment loss on prepayments for a distribution right	–	(1,033)
	<u>2,052</u>	<u>(1,310)</u>

6. INCOME TAX CREDIT

	2024 HK\$'000	2023 HK\$'000
Current tax:		
PRC Enterprise Income Tax (“EIT”)	73	–
Deferred tax	(1,120)	(172)
	<u>(1,047)</u>	<u>(172)</u>

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in those jurisdictions.

The Directors 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.

7. LOSS FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Loss for the year has been arrived at after charging (crediting):		
Directors’ emoluments, including contributions to retirement benefits scheme and equity-settled share-based payment expenses	3,083	3,080
Other staff’s salaries, bonus and other benefits	5,105	4,490
Contributions to retirement benefits scheme, excluding directors	531	493
Total staff costs	<u>8,719</u>	<u>8,063</u>
Depreciation of property, plant and equipment	1,701	3,017
Depreciation of right-of-use assets	1,610	1,415
Amortisation of prepayment for a distribution right	3,493	3,557
Amortisation of an intangible asset	–	1,778
Auditor’s remuneration	1,350	1,500
Legal and professional fees (included in administrative expenses)	2,328	2,883
Gain on disposal of property, plant and equipment	(142)	(482)
Impairment loss on trade and other receivables	5,712	4,067
Impairment loss on inventories	13,114	1,601
Fair value gain on financial assets at FVTPL	(3,925)	(423)
Cost of inventories recognised as an expense (excluded impairment loss on inventories)	<u>82,147</u>	<u>36,859</u>

8. DIVIDENDS

No dividend was paid or proposed for holders of ordinary shares of the Company during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(31,013)</u>	<u>(22,170)</u>
Number of ordinary shares		
	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>1,671,847</u>	<u>1,671,847</u>

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in decrease in loss per share for the year ended 31 December 2024 and 2023.

10. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	104,704	94,399
Less: allowance for credit loss	<u>(44,311)</u>	<u>(39,347)</u>
Trade receivables (net of allowance for credit loss)	60,393	55,052
Other prepayments	1,600	3,087
Other deposits	247	144
Prepayments to a supplier	42,547	43,477
Deposits paid to suppliers (net of allowance for credit loss)	131,391	133,783
Value-added tax recoverable	5,143	5,831
Others	<u>135</u>	<u>302</u>
	<u>241,456</u>	<u>241,676</u>
Current portion	241,456	240,219
Non-current portion	<u>–</u>	<u>1,457</u>
	<u>241,456</u>	<u>241,676</u>

10. TRADE AND OTHER RECEIVABLES (Cont'd)

The Group allows a credit period ranging from 0 to 365 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for credit losses presented based on the dates of goods delivery notes, which approximated the respective revenue recognition dates, at the end of the reporting period.

	2024 HK\$'000	2023 HK\$'000
Trade receivables:		
0–30 days	24,550	26,740
31–60 days	7,253	427
61–90 days	1,474	62
91–180 days	1,274	2,094
181–365 days	4,200	6,772
Over 365 days	21,642	18,957
	<u>60,393</u>	<u>55,052</u>

Prepayments and deposits paid to suppliers represent the prepayments and deposits paid to its suppliers as a condition of acquiring the distribution rights of specific products and as securing for purchase of products. The Group was required to make prepayments and deposits to certain suppliers to secure regular supply of products. The amount of prepayments to suppliers varied with the terms of supplier contracts entered into with different suppliers, which was determined based on the amount of goods purchased from the suppliers. The amounts of deposits required vary on a case by case basis. The deposits paid will be refunded upon expiry of contracts.

11. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables (<i>note (i)</i>)	21,613	342
Deposits received from customers	637	872
Contract liabilities	30	50
Accruals	3,887	4,003
	<u>26,167</u>	<u>5,267</u>

Note:

- (i) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date or issue date is as follows:

	2024 HK\$'000	2023 HK\$'000
Trade payables:		
0–30 days	10,286	342
31–60 days	4,114	–
61–90 days	5,431	–
Over 90 days	1,782	–
	<u>21,613</u>	<u>342</u>

The trade payables are non-interest-bearing. The trade payables are normally settled on terms of 180 days upon receipt of suppliers' invoices.

12. SHARE CAPITAL OF THE COMPANY

The movements of share capital of the Company are as follows:

	Number of shares '000	Amount HK\$'000
Ordinary shares		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>3,000,000</u>	<u>150,000</u>
Issued and full paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>1,671,847</u>	<u>83,592</u>

All ordinary shares issued during the years ended 31 December 2024 and 2023 rank *pari passu* with the then existing ordinary shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Chinese government has implemented a series of policies to reform its healthcare system, such as the volume-based procurement (帶量採購), which was officially initiated in 11 cities in the PRC in 2018, and the expansion of the volume-based procurement nationwide since 2019. The first, second and third batches of the national volume-based procurement were successfully implemented during the years 2019 to 2020. The fourth, fifth, sixth, seventh, eighth, ninth batches and tenth batches were completed in February 2021, June 2021, November 2021, July 2022, March 2023, November 2023 and December 2024, respectively. The Group expects that the drug pricing pressure and loss of market share will continue, which may result in further loss of sales and drop in the average profit margin of the Group's products.

Facing the market challenges, the Group has been actively tightening the cooperation with suppliers and end customers (e.g. hospitals) to improve our sales and marketing capabilities and make efforts to expand its distribution network in the PRC so as to minimise the impact of unfavourable external factors on the Group.

For the Year, the total revenue of the Group was approximately HK\$93.9 million, representing an increase of approximately 87.1% as compared to FY 2023. The increase in revenue was mainly attributable to (i) the Group having launched a product of chemical reagents for pharmaceutical in the PRC in 2024, which generated a slightly lower gross profit due to the Group being in its initial phase of launching this product and (ii) partially offset by the decrease in the demand for the Group's major product under the second generation of Cephalosporins (二代頭孢產品) (1.0g) ("**Product**") during the Year due to the continuously adverse impact from the further strengthened policy on the adoption of stratified and categorised management of antibacterial drugs in various regions in mainland China. As a result, the demand for the Product has declined during the Year.

During the Year, the Group recorded a net loss of approximately HK\$31.0 million for the Year (2023: loss of approximately HK\$22.2 million), representing an increase of approximately 39.6% as compared to FY 2023. The increase was primarily due to (i) the impairment loss on inventories of approximately HK\$13.1 million due to the slow-moving inventories that were close to their expiry date (FY 2023: impairment loss of approximately HK\$1.6 million); and (ii) partially offset by the fair value gain on financial assets at fair value through profit or loss of approximately HK\$3.9 million provided for the Year (FY 2023: fair value gain of approximately HK\$0.4 million).

FUTURE PROSPECTS

(i) Industry Outlook

The PRC pharmaceutical industry is facing many challenges as a result of the release of a series of policies by the Chinese government to reform its healthcare system, such as the volume-based procurement (帶量採購), which was officially initiated in 11 cities in the PRC in 2018, and the expansion of the volume-based procurement nationwide since 2019. The first, second and third batches of the national volume-based procurement were successfully implemented during the years 2019 to 2020. The fourth, fifth, sixth, seventh, eighth and ninth batches were completed in February 2021, June 2021, November 2021, July 2022, March 2023 and November 2023, respectively. The fourth batch of the volume-based procurement involved 45 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 52% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 96% as compared to its original bidding price. The fifth batch of the volume-based procurement involved 62 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 56% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 98% as compared to its original bidding price. The sixth batch of the volume-based procurement involved 42 varieties of insulin products, and the average price of the shortlisted varieties was reduced by approximately 49% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 74% as compared to its original bidding price. The seventh batch of the volume-based procurement involved 60 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 48% as compared to the average original bidding prices. The eighth batch of the volume-based procurement (“**8th Batch**”) was completed in March 2023. The 8th Batch involved 39 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 56% as compared to the average original bidding prices. The ninth batch of the volume-based procurement (“**9th Batch**”) was completed in November 2023. The 9th Batch involved 41 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 58% as compared to the average original bidding prices.

The renewal batch of the volume-based procurement for insulin products was completed in April 2024. This renewal batch involved 6 varieties of insulin products, with the average price being 3.8% lower than that of the sixth batch of the volume-based procurement for insulin products. Moreover, the tenth batch of the volume-based procurement (“**10th Batch**”) was completed in December 2024. The 10th Batch involved 385 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced over 60% as compared to the average original bidding prices.

It is expected that the national volume-based procurement will continue in the future, and the scope of drugs under such procurement scheme will become wider and the downward pressure of the price of drugs is anticipated. The above-mentioned policies may put the pharmaceutical distribution and trading enterprises in the PRC, including the Group, in a challenging position and may affect the profitability of these companies in the future.

(ii) Growth Strategies

(a) *Continue to diversify the existing product portfolio*

The Group intends to seek to acquire distribution rights of new products to enhance its product portfolio. Looking ahead to 2025, the Group will continue to enhance its product portfolio, distribution channels, marketing, and promotion strategy in order to achieve a better and sustainable long-term development.

(b) *Continue to enhance and expand the sales and marketing capabilities*

In order to strengthen its competitive advantages over its competitors in the PRC, the Group will continue to enhance its local distribution network and sales and marketing capabilities. In addition, the Group has been exploring different opportunities to enhance its distribution capabilities.

(c) *Focus on long term growth*

As a long-term business strategy, the Group intends to focus on its core businesses of the distribution and trading of pharmaceutical and related products and the provision of marketing and promotion services in respect of pharmaceutical products in the PRC by reallocating its resources to the future development of these businesses. Besides, the Group will continue to seek potential merger and acquisition opportunities to bring higher return for its shareholders.

BUSINESS REVIEW

The Group is principally engaged in the distribution and trading of pharmaceutical and related products and the provision of marketing and promotion services in the PRC. The Group will continue to participate in the distribution of the prescription drug market in the PRC with its unremitting efforts in business development.

The table below sets out the revenue and gross profit margin of the Group (by segment) for the Year and FY 2023 respectively.

	Revenue contributed from each business segment				Gross profit margin	
	2023		2024		2023	2024
	HK\$'000	%	HK\$'000	%	%	%
(1) <i>Distribution and trading of pharmaceutical and related products</i>	42,852	85.4	88,708	94.4	14.0	7.4
(2) <i>Provision of marketing and promotion services</i>	<u>7,302</u>	<u>14.6</u>	<u>5,237</u>	<u>5.6</u>	N/A	N/A
Total	<u><u>50,154</u></u>	<u><u>100.0</u></u>	<u><u>93,945</u></u>	<u><u>100.0</u></u>		

(1) Distribution and Trading of Pharmaceutical and related Products

This segment generated revenue of approximately HK\$88.7 million for the Year (FY 2023: approximately HK\$42.9 million), representing an increase of approximately 106.8% as compared to FY 2023. The increase in revenue in this segment was primarily attributable to (i) the Group having launched a product of chemical reagents for pharmaceutical in the PRC in 2024, which generated a slightly lower gross profit due to the Group being in its initial phase of launching this product and (ii) partially offset by the decrease in the demand for the Product during the Year due to the continuously adverse impact from the further strengthened policy on the adoption of stratified and categorised management of antibacterial drugs in various regions in mainland China. As a result, the demand for the Product has declined during the Year.

(2) Provision of Marketing and Promotion Services

This segment generated revenue of approximately HK\$5.2 million for the Year (FY 2023: approximately HK\$7.3 million), representing a decrease of approximately 28.8% as compared to FY 2023. Under the implementation of the “Two-Invoice” System (兩票制) in the PRC since 2017, the Group has started to develop its business of the provision of marketing and promotion services in respect of pharmaceutical products in the PRC. The Group’s marketing and promotion model involves formulating marketing and promotion strategies and conducting academic promotion programs of the Group’s products in return for service income from the suppliers. The revenue generated by this segment was decreased for the Year as compared to that for FY 2023.

FINANCIAL REVIEW

Revenue

The total revenue for the Year was approximately HK\$93.9 million, representing an increase of approximately 87.1% from approximately HK\$50.2 million for FY 2023. The increase in revenue was primarily attributable to (i) the Group having launched a product of chemical reagents for pharmaceutical in the PRC in 2024, which generated a slightly lower gross profit due to the Group being in its initial phase of launching this product and (ii) partially offset by the decrease in the demand for the Product during the Year due to the continuously adverse impact from the further strengthened policy on the adoption of stratified and categorised management of antibacterial drugs in various regions in mainland China. As a result, the demand for the Product has declined during the Year.

Cost of Sales

The cost of sales for the Year was approximately HK\$82.5 million, representing an increase of approximately 121.8% from approximately HK\$37.2 million for FY 2023. The increase in cost of sales was in line with the increase in sales volume of the chemical reagents product for pharmaceutical during the Year.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately HK\$1.4 million, or approximately 10.9%, from approximately HK\$12.9 million for FY 2023 to approximately HK\$11.5 million for the Year. The decrease in gross profit of the Group for the Year was mainly attributable to (i) the Group having launched a product of chemical reagents for pharmaceutical in the PRC in 2024, which generated a slightly lower gross profit due to the Group being in its initial phase of launching this product and (ii) the decrease in sales volume of the Product when compared to FY 2023. The Group’s gross profit margin for the Year was approximately 12.2%, which has decreased by 13.6 percentage points when compared to that for FY 2023.

Other Income, Gains and Losses, Net

The net other gain for the Year were approximately HK\$2.1 million (2023: loss of approximately HK\$1.3 million). Such change was primarily attributable to the absence of the impairment loss on intangible asset (2023: impairment loss of approximately HK\$2.8 million) and the impairment loss on prepayments for a distribution right during the Year (2023: approximately HK\$1.0 million).

Selling and Distribution Expenses

Selling and distribution expenses for the Year were approximately HK\$15.9 million, representing an increase of 12.8% from approximately HK\$14.1 million for FY 2023. The increase in selling and distribution expenses was primarily attributable to the increase in the marketing service fee and delivery expenses in line with the increase in distribution and trading of pharmaceutical and related products.

Administrative Expenses

Administrative expenses for the Year were approximately HK\$14.7 million, representing a slight increase of approximately 0.7% from approximately HK\$14.6 million for FY 2023. The administrative expenses was relatively stable for the Year as compared to that for FY 2023.

Impairment Loss on Trade and Other Receivables

The Group has provided for impairment loss on trade and other receivables of approximately HK\$5.7 million (2023: impairment loss of HK\$4.1 million) during the Year based on the provision matrix.

Impairment Loss on Inventories

The Group has provided for impairment loss on inventories of approximately HK\$13.1 million (2023: approximately HK\$1.6 million) in respect of the slow-moving inventories which were close to their expiry date.

Impairment Loss on Intangible Asset and Prepayment for a Distribution Right

The Group has not provided for impairment losses on intangible asset and prepayment for a distribution right during the Year. For FY 2023, the Group has provided for impairment losses on intangible asset and prepayment for a distribution right of approximately HK\$2.8 million and HK\$1.0 million respectively in respect of the decrease of the value based on the management's assessment.

Income Tax Credit

Income tax credit for the Year was approximately HK\$1.0 million (2023: approximately HK\$0.2 million). The increase in income tax credit was primarily due to the decrease in deferred tax for tax purposes.

Loss for the Year

Loss for the Year was approximately HK\$31.0 million, representing an increase of approximately 39.6% from approximately HK\$22.2 million for FY 2023.

The Group recorded an increase in net loss for the Year of approximately 39.6% as compared to FY 2023 primarily due to (i) the impairment loss on inventories of approximately HK\$13.1 million due to the slow-moving inventories that were close to their expiry date (FY 2023: impairment loss of approximately HK\$1.6 million); and (ii) partially offset by the fair value gain on financial assets at fair value through profit or loss of approximately HK\$3.9 million provided for the Year (FY 2023: fair value gain of approximately HK\$0.4 million).

Equity Instruments at Fair Value through Other Comprehensive income

The Group's equity instruments at fair value through other comprehensive income ("FVTOCI") comprise (i) equity instruments at FVTOCI listed in Hong Kong which have been determined based on the quoted market prices available on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") and (ii) equity instruments at FVTOCI for unlisted investments in companies incorporated in Hong Kong with limited liability and stated at fair value based on valuations prepared by independent valuers.

(i) *Equity instruments at FVTOCI listed in Hong Kong*

Town Health International Medical Group Limited

As at 31 December 2024, the Group's securities investment in the shares ("**TH Shares**") of Town Health International Medical Group Limited ("**Town Health**") (a company whose shares being listed on the Main Board of the Stock Exchange with stock code: 3886) had a fair value of approximately HK\$28.8 million and an investment amount of approximately HK\$142.0 million. As at 31 December 2024, the fair value of the Group's investment in Town Health accounted for approximately 5.7% of the Group's total assets. The Group recognised a fair value loss of approximately HK\$9.4 million on its investment in the TH Shares for the Year. The Group received dividend income from Town Health of approximately HK\$141,000 for the Year (2023: approximately HK\$141,000). During the Year, the Group did not dispose of any of its holding in TH Shares.

As at 31 December 2024 and the date of this announcement, the Group held 117,602,000 TH Shares, representing approximately 1.74% of the total issued share capital of Town Health. Town Health and its subsidiaries are principally engaged in the provision of medical and dental services in Hong Kong, managing healthcare networks and the provision of third party medical network administrator services in Hong Kong, the provision of medical and dental services in the PRC, the provision of hospital management services and related services, and leasing properties. According to the announcement of interim results of Town Health for the six months ended 30 June 2024, in 1989, Town Health established its first medical centre in Sha Tin to serve residents in the community. In 2024, Town Health reached an important milestone of its 35th anniversary. At the important milestone, Town Health has adopted a new logo that better highlights the core values and corporate commitment, demonstrating Town Health's original intention and enthusiasm to provide quality healthcare services. The new logo is based on the design concept of caring and sense of responsibility. It presents a simple "house" shape. The house is constructed from the initial "T" and "h" of the English name "Town Health", and "T" and "h" also form the Chinese character "仁 (benevolence)", implying doctors' benevolence and excellent medical skills. The new corporate colours, i.e. blue and lake green, are fresh and calm, and inject vitality into Town Health's corporate image. Town Health has expanded from a community medical centre to the present industry leader with its business extending into multiple areas of healthcare, which is all due to the trust and support of every shareholder, customer and business partner. With a new image, Town Health will provide high-quality healthcare services from primary care to high-end cross-specialty services, to meet a full range of needs of customers from prevention, outpatient, diagnosis and surgery to rehabilitation and nursing. Looking ahead, Town Health will continue to support the government's primary healthcare development strategy and proactively participate in government-funded and public-private partnership programmes for primary healthcare. Meanwhile, Town Health seeks to integrate the healthcare resources of various business segments in Hong Kong and the Mainland China to establish a full-cycle, integrated and one-stop healthcare service ecosystem in the Guangdong-Hong Kong-Macao Greater Bay Area.

Jiangxi Rimag Group Co., Ltd.

As at 31 December 2024, the Group's securities investment listed in Hong Kong (other than the TH Shares) had a fair value of approximately HK\$60.6 million. During the Year, the Group acquired shares of Jiangxi Rimag Group Co., Ltd. ("**Jiangxi Rimag Group**") as a cornerstone investor. These shares are classified as equity securities listed in Hong Kong and were acquired at a cost of approximately HK\$12.0 million as disclosed in the sub-section headed "Material Acquisitions or Disposals and Significant Investments" in the section headed "Management Discussion and Analysis" in this announcement. As at 31 December 2024, the Group held 801,000 shares of Jiangxi Rimag Group, representing approximately 0.32% of the total issued share capital of Jiangxi Rimag Group with a fair value of approximately HK\$56.9 million. As at 31 December 2024, the fair value of the Group's investment in Jiangxi Rimag Group accounted for approximately 11.3% of the Group's total assets. The Group recognised a fair value gain of approximately HK\$44.9

million on its investment in Jiangxi Rimag Group for the Year. This fair value gain was recognised in other comprehensive income or loss for the Year as part of the Group's investment in Jiangxi Rimag Group. No dividend income was received from Jiangxi Rimag Group during the Year, and the Group did not dispose of any of its holdings in Jiangxi Rimag Group.

The Group did not dispose of any equity securities listed in Hong Kong during the Year. Due to an increase in the fair value of certain listed securities investments, a fair value gain (partially offset by the fair value loss on the TH Shares) of approximately HK\$34.3 million was recognised under the FVTOCI (non-recycling reserve) during the Year. The Group will continue to monitor its investments cautiously in view of recent uncertain market conditions.

(ii) Equity instruments at FVTOCI for unlisted investments

China Nvwa Pharmaceutical Group Limited

During the Year, the Group acquired 16% of the issued share capital of China Nvwa Pharmaceutical Group Limited (“**Target Company**”). These shares are classified as equity instruments at FVTOCI for unlisted investments and were acquired at a cost of approximately HK\$17.3 million as disclosed in the sub-section headed “Material Acquisitions or Disposals and Significant Investments” in the section headed “Management Discussion and Analysis” in this announcement. As at 31 December 2024 and the date of this announcement, the Group held 16 shares of Target Company, representing approximately 16% of the total issued share capital of Target Company with a fair value of approximately HK\$12.9 million. The Group recognised a fair value loss of approximately HK\$4.4 million on its investment in the Target Company for the Year. This fair value loss was recognised in other comprehensive income or loss for the Year as part of the Group's investment in the Target Company. No dividend income was received from the Target Company during the Year, and the Group did not dispose of any of its holdings in the Target Company.

Financial Asset At FVTPL

The Group's financial assets at FVTPL include investment in 嵊州新銳萬馬實業有限公司 (in English, for identification purpose only, Shengzhou Xin Rui Wan Ma Enterprises Co., Ltd.) (“**Shengzhou Xin Rui Wan Ma**”) and investment in 嵊州新銳萬霖企業管理有限公司 (in English, for identification purpose only, Shengzhou Xinrui Wanlin Enterprise Management Co., Ltd.) (“**Shengzhou Xinrui Wanlin**”).

As at 31 December 2024 and the date of this announcement, the Group held approximately 39% equity interest in Shengzhou Xin Rui Wan Ma with a fair value of approximately HK\$29.9 million. As at 31 December 2024, the fair value of the Group's investment in Shengzhou Xin Rui Wan Ma accounted for approximately 5.9% of the Group's total assets. During the Year, Shengzhou Xin Rui Wan Ma repaid shareholder loans to its shareholders as repayment of by way of capital distribution, and the Group received the shareholder loan repayment as capital distribution refund of approximately HK\$10.7 million. The Group recognised a fair value gain of approximately HK\$4.1 million on its investment in the Shengzhou Xin Rui Wan Ma for the Year. This fair value gain or loss was recognised in profit or loss for the Year as part of the Group's investment in Shengzhou Xin Rui Wan Ma. No dividend income was received from Shengzhou Xin Rui Wan Ma during the Year, and the Group did not dispose of any of its holdings in Shengzhou Xin Rui Wan Ma.

The purpose of Shengzhou Xin Rui Wan Ma is to engage in a project which involves the investment and construction of a healthcare industrial park in Shengzhou, Zhejiang Province, the PRC (“**Project**”). The Project includes the acquisition of the land use right of a project land by public tender and the construction, development and operation of the related facilities and buildings thereon. During the Year, Shengzhou Xin Rui Wan Ma was constructing and developing a healthcare industrial park in Shengzhou, Zhejiang Province, PRC.

The Group considered that the investment of Shengzhou Xin Rui Wan Ma undertaking the Project presents a good opportunity for the Group to utilise its available funds for a return and to expand investment portfolio with quality assets and to broaden the Group's strategic cooperation opportunities with other stakeholders in the PRC healthcare industry.

Please refer to the announcements of the Company dated 11 July 2022, 26 July 2022 and 16 January 2023 for further details of the cooperation agreement and the supplemental cooperation agreement in relation to Shengzhou Xin Rui Wan Ma.

During the Year, the Group has an investment in Shengzhou Xinrui Wanlin of approximately RMB13.26 million as disclosed in the sub-section headed “Material Acquisitions or Disposals and Significant Investments” in the section headed “Management Discussion and Analysis” in this announcement.

The Group will continue to monitor its investments cautiously in view of recent uncertain market conditions.

Liquidity, Financial Resources and Capital Structure

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, various reserves and retained profits.

During the Year, the long-term funding and working capital required by the Group were primarily derived from the income generated from its core business operations. The Group's liquidity position was well-managed in the Year.

The Group's cash and cash equivalents amounted to approximately HK\$64.3 million in total as at 31 December 2024 (2023: approximately HK\$104.0 million), among which approximately 13.6% (2023: approximately 6.3%) were denominated in Hong Kong dollars, approximately 86.4% (2023: approximately 93.7%) were denominated in Renminbi. The Group did not have any bank loan nor any other borrowing as at 31 December 2024 (31 December 2023: nil).

The Group's gearing ratio (defined as total bank and other borrowings divided by total equity) was zero as at 31 December 2024 (2023: zero).

The Group's financial resources are sufficient to support its business operations. The Group will also consider other financing activities when appropriate business opportunities arise under favourable market conditions.

Foreign Currency Risk

The Group carries out its business in the PRC and most of the transactions are denominated in Renminbi. However, the Group has foreign currency bank balances in Hong Kong dollars which expose the Group to foreign currency risk. To mitigate the foreign currency risk, the Group continuously assesses and monitors the exposure of the exchange rate fluctuations. During the Year, the Directors did not consider it necessary to adopt a foreign currency hedging policy as the potential impact on the profit or loss of the Group due to the exchange rate fluctuations was immaterial.

Employee Information

As at 31 December 2024, the Group had 29 employees (2023: 23) with staff costs for the Year including Directors' emolument, amounting to approximately HK\$8.7 million (2023: approximately HK\$8.1 million). The Group's remuneration policy is based on the positions, duties and performance of the employees. The employees' remunerations vary according to their positions, which include salaries, overtime allowances, bonuses and/or various subsidies. The Group offers comprehensive and competitive remuneration and benefits packages to all its employees. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations.

The Group also provides other employee benefits including a provident fund scheme for its employees in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485, the Laws of Hong Kong), and participates in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities.

Material Acquisitions or Disposals and Significant Investments

Acquisition of 16% of the issued share capital of China Nvwa Pharmaceutical Group Limited (“Target Company”)

On 16 May 2024, Major Bright Holdings Limited (“**Major Bright**”), an indirect wholly-owned subsidiary of the Company, as the purchaser, and Mr. U Man Iong (“**Vendor**”), a third party independent of the Company and its connected persons, as the vendor, entered into the sale and purchase agreement in relation to the acquisition of 16 ordinary shares (“**Sale Shares**”) of the Target Company at the consideration of HK\$17,280,000. The Sale Shares represent 16% of the issued share capital of the Target Company. The Target Company and its subsidiaries (collectively, the “**Target Group**”) are principally engaged in the manufacture, sales and distribution of pharmaceutical products in the PRC.

Immediately after completion of the acquisition, the Group holds 16% equity interest in the Target Company. The Directors consider that the Group does not have control nor significant influence over the Target Company since the Group does not have the right to appoint any director of the board of the Target Company. The Directors have elected to designate this investment in equity instrument at fair value through other comprehensive income as they believe that this investment is held for long-term purpose and realising the performance potential in the long-run.

The acquisition was approved by the shareholders of the Company at a special general meeting held on 16 July 2024. All the conditions precedent set out in the sale and purchase agreement were fulfilled and completion of the acquisition took place on 31 July 2024.

Details of the acquisition are disclosed in the Company’s announcements dated 16 May 2024 and 16 July 2024, and the Company’s circular dated 21 June 2024.

Cooperation agreement and increase in capital contribution of Shengzhou Xinrui Wanlin

On 24 May 2024, 浙江新銳生物藥業有限公司 (in English, for identification purpose only, Zhejiang Xinrui Biopharmaceutical Co., Ltd.) (“**Zhejiang Xinrui Biopharmaceutical**”), an indirect wholly-owned subsidiary of the Company, 浙江萬馬產業發展集團有限公司 (in English, for identification purpose only, Zhejiang Wanma Industrial Development Group Co., Ltd.) (“**Partner A**”) and 杭州觀聖管理諮詢有限公司 (in English, for identification purpose only, Hangzhou Guansheng Management Consulting Co., Ltd.) (“**Partner B**”) entered into the cooperation agreement (“**Cooperation Agreement**”) in respect of, among others, the increase in capital contribution and operation and management of the affairs of Shengzhou Xinrui Wanlin.

Shengzhou Xinrui Wanlin was established in the PRC with limited liability on 18 March 2024 with an initial registered capital of RMB1.00 million and owned as to 40%, 39% and 21% by Partner A, Zhejiang Xinrui Biopharmaceutical and Partner B respectively. Pursuant to the Cooperation Agreement, the registered capital of Shengzhou Xinrui Wanlin would be increased to RMB34.00 million, and Partner A, Zhejiang Xinrui Biopharmaceutical and Partner B should make further capital contribution to Shengzhou Xinrui Wanlin in proportion to their respective shareholding. In this connection, Zhejiang Xinrui Biopharmaceutical would contribute an additional capital contribution of RMB12.87 million, and the total capital contribution to be made by Zhejiang Xinrui Biopharmaceutical would be RMB13.26 million. Partner A would contribute an additional capital contribution of RMB13.20 million, and the total capital contribution to be made by Partner A would be RMB13.60 million. Partner B would contribute an additional capital contribution of RMB6.93 million, and the total capital contribution to be made by Partner B would be RMB7.14 million. After such additional capital contribution, the shareholding of Partner A, Zhejiang Xinrui Biopharmaceutical and Partner B in Shengzhou Xinrui Wanlin would remain the same.

Shengzhou Xinrui Wanlin would engage in the project which involves the development of a healthy food industrial park (“**Industrial Park**”) in Shengzhou, Zhejiang Province, the PRC. The project includes the acquisition of the land use right of a parcel of land located in Shengzhou, Zhejiang Province, the PRC with site area of approximately 26,028 m² (“**Project Land**”) by public tender and the development and operation of the related facilities and buildings thereon.

The Industrial Park is targeted at enterprises in the healthy food industry and designed to be a multifunctional site integrating production, offices and living facilities for enterprises and their employees.

The Industrial Park is expected to participate in various aspects of the industrial chain by bringing together composite functions such as production, logistics, research and development, offices, research bases, training, business and leisure, catering and entertainment, inspection and quality control, and procurement and trade, forming a sustainable business district in Shengzhou, Zhejiang Province, the PRC.

Shengzhou Xinrui Wanlin would operate and manage the Industrial Park, and is expected to commence soliciting potential customers in 2025 for the sale and lease of the facilities and buildings in the Industrial Park. The facilities and buildings will be held by the Target Company for sale, investment (through renting out) and/or self-use, depending on the market demand for such facilities and buildings upon completion of the development. On 9 July 2024, the process of the abovementioned public tender was completed. Shengzhou Xinrui Wanlin was the successful bidder of the Project Land and the final bid price was RMB14.7 million.

The Group’s investment in Shengzhou Xinrui Wanlin would be recognised as a financial asset at fair value through profit or loss of the Company.

Please refer to the announcements of the Company dated 24 May 2024 and 9 July 2024 for further details of the Cooperation Agreement.

Cornerstone investment in Jiangxi Rimag Group

On 28 May 2024, China New Rich Medicine Holding Co. Limited (“**China New Rich**”) (a wholly-owned subsidiary of the Company), as investor, entered into a cornerstone investment agreement (“**Cornerstone Investment Agreement**”) with Jiangxi Rimag Group, CITIC Securities (Hong Kong) Limited and CLSA Limited, pursuant to which China New Rich had agreed to subscribe for the overseas listed foreign shares in the share capital of Jiangxi Rimag Group with nominal value of RMB1.00 each (“**Jiangxi Rimag H Shares**”) at the offer price of the Jiangxi Rimag H Shares to be subscribed for and traded in HK\$ and were to be listed on the Stock Exchange pursuant to the global offering of the Jiangxi Rimag H Shares, up to a maximum of HK\$12,000,000 (excluding the applicable brokerage and levies which China New Rich would pay in respect of such shares).

China New Rich, as a cornerstone investor, was allotted and issued with 801,000 Jiangxi Rimag H shares upon listing of Jiangxi Rimag. All such Jiangxi Rimag H Shares are subject to a lock-up period ending on 6 June 2025.

Please refer to the announcement of the Company dated 30 May 2024 for further details of the cornerstone investment in Jiangxi Rimag Group.

Save as disclosed above, the Group did not make any significant investments and material acquisitions or disposals during the Year and up to the date of this announcement.

Capital Structure

The capital of the Company comprises ordinary shares. As at 31 December 2024, the Group had shareholders’ equity of approximately HK\$471.0 million (2023: approximately HK\$480.3 million).

Pledge of Assets

As at 31 December 2024, the Group had no charges on its assets.

As at 31 December 2023, the Group pledged the buildings and right-of-use assets with an aggregate carrying amount of approximately HK\$12.5 million to secure general banking facilities granted to the Group.

Future Plans for Material Investments

The Group may consider the possibility of disposing of the business or assets in respect of its non-core business currently held by the Group in the coming future.

Litigation

On 17 November 2020, the Company was served a sealed copy of a petition dated 16 November 2020 filed in the High Court of the Hong Kong Special Administrative Region (“**Court**”) by the Securities and Futures Commission (“**SFC**”) pursuant to section 214 of the Securities and Futures Ordinance (“**SFO**”) (“**Petition**”). The Petition named three respondents. Apart from the Company, the other two parties named as respondents by the Petition are two former Directors, namely, Mr. Zhou Ling (“**1st Respondent**”) and Mr. Dai Haidong (“**2nd Respondent**”). The 1st Respondent and the 2nd Respondent retired and resigned from their positions as executive Directors on 27 June 2018 and 5 November 2015 respectively.

Pursuant to the Petition, the SFC alleged that, during the period from 2015 to 2018, each of the 1st Respondent and the 2nd Respondent has been wholly or partly responsible for the business or affairs of the Company having been conducted in a manner (i) involving misfeasance or other misconduct towards it or its members or any part of its members; (ii) resulting in its members or any part of its members not having been given all the information with respect to its business or affairs that they might reasonably expect; and/or (iii) unfairly prejudicial to its members or any part of its members. In particular, the SFC alleged that, *inter alia*,

- (1) the 1st Respondent and the 2nd Respondent had breached their duties as directors of the Company in relation to the Group’s acquisition of 50% interest in Saike International (details of such acquisition were disclosed in the announcements of the Company dated 14 February 2015, 20 March 2015, 26 June 2015 and 16 July 2015);
- (2) the 1st Respondent had made a secret profit in the sum of HK\$26 million out of the Group’s acquisition of 15% interest in Eternal Charm International Limited (now known as WinHealth International Company Limited) (details of such acquisition were disclosed in the announcements of the Company dated 5 December 2016 and 14 March 2017); and
- (3) the 1st Respondent was responsible for misfeasance and/or misconduct which was unfairly prejudicial to the members or any part of the members of the Company, comprising various artificial transactions involving dealings in a number of pharmaceutical products.

In the Petition, the SFC applies for, *inter alia*, an order that the 1st Respondent do pay to the Company the sum of HK\$26 million with interest thereon at such rate and for such period as the Court thinks fit. No order or relief is sought against the Company in the Petition. The Petition was fixed to be heard on 11 May 2021.

On 4 May 2021, the SFC, the Company, the 1st Respondent and the 2nd Respondent made a joint application by way of consent summons (“**Consent Summons**”) in respect of the vacation of the hearing date fixed for the Petition. On 5 May 2021, the Court made an order in terms of the Consent Summons as amended, among other things, that the hearing date of the Petition scheduled to be held on 11 May 2021 be vacated and leave be granted to the parties to fix a case management conference on a date in consultation with counsel’s diaries. Details of the Petition are disclosed in the Company’s announcements dated 18 November 2020 and 10 May 2021. The said case management conference was subsequently fixed on 24 August 2022. At the said case management conference held on 24 August 2022, it was ordered that, among other things, a second case management conference was fixed to be held on 2 December 2022. The case was subsequently heard in July 2024.

The Company was excused by the Court from the hearing. On 23 July 2024, the Court made an order to, among other things, grant leave to other parties to the proceedings to file and serve certain documents.

On 13 September 2024, the Court handed down the judgment (“**Judgment**”) of the Petition, pursuant to which, *inter alia*, a costs order nisi (“**Costs Order Nisi**”) was made that, *inter alia*, (i) the SFC should pay the Company 75% of the costs of and occasioned by the Petition including all costs reserved, to be taxed if not agreed; and (ii) the 1st Respondent and the 2nd Respondent should pay the Company 25% of the costs of and occasioned by the Petition including all costs reserved, to be taxed if not agreed (“**Costs Awarded to the Company**”). No order was made against the Company in the Judgment.

On 27 September 2024, the 1st Respondent and the 2nd Respondent filed a summons for an application to vary the Costs Order Nisi (“**Application to Vary Costs Order Nisi**”).

On 10 October 2024, the SFC filed a notice of appeal in respect of the Judgment for an order that, *inter alia*, (i) the Judgment in respect of certain transactions be set aside; and (ii) certain matters pleaded in the Petition and the reliefs relating to such matters be remitted to the Court of First Instance for retrial and/or reconsideration (“**Appeal**”). A notice of setting down an appeal in respect of the Appeal was filed by the SFC on the same day to notify the parties that the Appeal had been set down in the list of appeals.

On 20 November 2024, the Application to Vary Costs Order Nisi was heard and the Court made an order to vary the Costs Order Nisi, yet the Costs Awarded to the Company remained unchanged.

On 10 December 2024, the Petitioner filed a supplementary notice of appeal, setting forth further or alternative grounds of appeal in respect of the Appeal.

As at the date of this announcement, the Appeal is still ongoing.

As at 31 December 2024 and the date of this report, save as disclosed above, so far as was known to the Directors, no member of the Group was involved in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

CORPORATE GOVERNANCE

The Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate its business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to its shareholders and creditors. In this regard, a corporate governance committee of the Board (“**Corporate Governance Committee**”) has been established with primary responsibility of developing and reviewing the Company’s policies and practices on corporate governance and making recommendations to the Board.

The Company has adopted the code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (“**CG Code**”) as its own code of corporate governance.

During the Year, the Company had complied with the code provisions of the then prevailing CG Code for the Year with the exception of code provisions C.2.1, details of which would be explained below.

Ms. Wang Qiuqin, an executive Director and the chief executive officer of the Company (“**Chief Executive Officer**”), was also appointed as the chairman of the Board (“**Chairman**”). As Ms. Wang Qiuqin is performing both the roles of the Chairman and the Chief Executive Officer, this constitutes a deviation from Code Provision C.2.1 of the CG Code which requires that the roles of the chairman and chief executive should be separate and should not be performed by the same individual.

The Board believes that vesting both the roles of the Chairman and the Chief Executive Officer in the same person gains the benefit of ensuring consistent leadership within the Group. The balance of power and authority for such arrangement are not impaired as all major decisions are made in consultation with the Board members and the senior management of the Company. Nevertheless, the Group will review the structure from time to time in light of the prevailing circumstances and may look for suitable candidate to take up the role of the Chairman and will make announcement as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Year.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events affecting the Group after 31 December 2024 and up to the date of this announcement.

SCOPE OF WORK OF MOORE CPA LIMITED

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

REVIEW BY AUDIT COMMITTEE

The annual results of the Company for the Year have been reviewed by the audit committee of the Board.

On behalf of the Board
New Ray Medicine International Holding Limited
Wang Qiuqin
Chairman & Executive Director

Hong Kong, 25 March 2025

As of the date of this announcement, the executive Directors are Ms. Wang Qiuqin, Mr. Chu Xueping and Ms. Zhou Wan; and the independent non-executive Directors are Mr. Leung Chi Kin, Ms. Li Sin Ming, Ivy and Mr. Sy Lai Yin, Sunny.