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**CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED**

**中國神威藥業集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2877)**

**2025 ANNUAL RESULTS ANNOUNCEMENT  
AND  
DECLARATION OF 2026 FIRST INTERIM DIVIDEND**

The board of directors (the “Board”) of China Shineway Pharmaceutical Group Limited (the “Company” or “Shineway”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2025 as follows:

**FINANCIAL HIGHLIGHTS**

For the year ended 31 December 2025, the operating results of the Group were as follows:

- Turnover amounted to RMB3,135,419,000, a decrease of 17.0% as compared to last year;
- Gross profit margin was 72.3% as compared to 75.0% of last year;
- Profit for the year amounted to RMB949,948,000, an increase of 13.1% as compared to last year;
- Earnings per share amounted to RMB126 cents; and
- Declared 2026 first interim dividend of RMB43 cents per share.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2025 marks the final year of the period of the “14th Five-Year Plan” strategic plan of the Group. The Traditional Chinese Medicine (“TCM”) industry has entered a new development phase characterized by structural optimization, survival-of-the-fittest competition, and a return to fundamental value. Amidst profound industry transformation, we face both long-term development opportunities and short-term challenges. Factors such as medical insurance cost control, volume-based procurement price reductions, shrinking demand, consumption downgrading and rising production costs are currently reshaping the industry landscape. Concurrently, terminal channels like medical institutions and retail pharmacies have actively adjusted their inventories and significantly reduced their procurement. Under intense market competition, the market demand for TCM products has entered a period of deep adjustment. For the full year of 2025, the Group’s sales revenue decreased substantially by 17.0% to RMB3,135 million. Both gross profit margin and operating profit margin declined. However, earnings per share increased by 13.5% over the previous year to RMB126 cents.

Facing this severe industry environment and complex market situation, all Shineway personnel have risen against the odds and demonstrated sharp determination to overcome difficulties. We have pursued pragmatic progress in key areas including marketing innovation, lean production, technological research and development (“R&D”), and cost reduction with efficiency enhancement. We have accelerated the development of new channels, optimized product mix, controlled costs and expenses, and strengthened regional and product competitiveness. Our goal remains steadfast to achieve a performance rebound and return to a growth trajectory in this new cycle of standardized industry development.

In 2025, the Group successfully won the bid for eight key products in centralized procurement of the National Procurement Alliance of Proprietary Chinese Medicine. These tendered products cover treatment areas such as cardio-cerebrovascular diseases, respiratory system diseases, and digestive system diseases. They are among the most commonly used medicines in clinical practice and included in medical insurance and essential drug lists. Following this successful bid for centralized procurement, the tendered products are now more in line with the disbursement requirements of DRG / DIP, which catered to providing high-quality and reasonably-priced medication options for more patients. This would further boost future terminal market demand and market coverage rate of the Group’s products and create greater market sales potential.

During the year, under the multiple policy influences of the full-scale implementation of national unified standards, the normalization of provincial-level centralized procurement, and continued medical insurance cost control, the TCM formula granules industry bade farewell to high growth and entered a period of deep adjustment characterized by volume and price pressures, structural realignment and intensified competition. The overall industry saw a sales decline during the year and the Group’s revenue from TCM formula granules also decreased by 14.4%. However, as the industry landscape gradually stabilizes, and with relentless efforts from the sales team of the Group to deeply cultivate target provinces nationwide, control costs and enhance regional and product competitiveness, the TCM formula granules business of the Group is positioned to regain growth momentum.

In the field of research and development, the Group's "Research and Application Project on Hebei's Characteristic Chinese Medicinal Herb Hawthorn Leaf and Its Formula Granules" was awarded the Third Prize of the Hebei Provincial Science and Technology Progress Award. This project, which has undergone more than a decade of in-depth research, has achieved remarkable results in areas such as the establishment of a quality evaluation system for hawthorn leaves, fundamental research on the substances in formula granules, the formulation of quality standards, and industrial upgrading. It has resolved the challenges of unclear fundamental substance information in hawthorn leaf formula granules and the lack of quality control standards, and also completed the research and formulation of Hebei provincial local standards, filling a gap in this field.

Simultaneously, the Group has submitted the production permit application for its exclusive innovative medication "JC Capsule". The R&D team of the Group is also currently processing the production permit application for "Sailuotong Capsule". Furthermore, three classic prescriptions independently developed by the Group – "Shaoyao Gancao Decoction Granules", "Pipa Qingfei Yin Granules" and "Shengxian Decoction Granules" – were approved for market launch by the National Medical Products Administration during the year. Together with the previously approved "Yiguan Jian Granule", this achievement represents the "four consecutive wins" of the Group in the field of classic prescription R&D in Hebei Province, with the Group continuously leading the transformation of classic prescriptions.

Currently, the Group has initiated research and development projects for over 100 classic prescriptions and innovative TCM medications. To ensure the effective transformation of "good prescriptions" into "effective medicines", the classic prescription R&D process of the Group starts at the source of herbs. We conduct nationwide resource assessments, select premium and authentic herbs, and employ advanced extraction, concentration, drying, granulation and other preparation processes and technologies. We have established a comprehensive quality control system covering the entire process from raw materials to decoction pieces to finished preparations, ensuring stable, controllable and traceable product quality, thereby accelerating the transformation of ancient classic prescriptions into new medications. In the future, the Group will intensify R&D efforts in classic prescriptions and innovative TCM medications, accelerate the transition of innovative achievements from the "laboratory" to the "production line", focus on clinical value, accelerate innovation and upgrades, and continue to promote the inheritance, innovation and development of TCM, thereby persistently contributing to the high-quality development of TCM.

As a critical task for the beginning of the "15th Five-Year Plan" strategy, the Group will make comprehensive and systematic deployments in 2026 centered around six core objectives of "driving change through innovation, strengthening foundation with refined management, empowering the enterprise with digital intelligence, enhancing quality and efficiency, serving the frontline and achieving breakthroughs through pragmatic action". All employees of the Group will drive transformation through innovation, solidify the development foundation through meticulous management, enhance core competitiveness through digital intelligence upgrades, promote high-quality development through quality and efficiency improvements, earnestly serve the frontline, solve development challenges through pragmatic actions, and strive to create a new chapter in the enterprise's development.

On behalf of the Board, I would like to once again extend my deepest gratitude to all management teams and employees for their hard work and dedication to the Group as well as their efforts in protecting the health of the broader population under extremely challenging circumstances in the past year. They worked tirelessly, actively shouldered the responsibility of ensuring supply to society, and accomplished tasks with determined action. During the “15th Five-Year Plan” period, the Group will unite the strength of all its members to embark on a new chapter of development. Let us continue to work together in the coming year to contribute to the health of society and its people.

**Li Zhenjiang**

*Chairman of the Board*

Hong Kong, 27 March 2026

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results Overview

In 2025, under the impact of five major factors: stricter cost controls under medical insurance policies, lowering of centralized procurement prices, shrinking demand, consumption downgrading, and rising production costs, the TCM industry entered a period of deep adjustment and value reshaping, with an overall decline in industry sales. The majority of the Group's products recorded significant declines in revenue during the year, with overall sales revenue decreasing by 17.0% year-on-year to RMB3,135,419,000. Meanwhile, both gross profit margin and operating profit margin also declined.

During the year, the Group's gross profit margin declined from 75.0% last year to 72.3%, which was primarily due to increased procurement costs of raw materials for the products, coupled with the impact of centralized procurement on drug prices.

In 2025, the overall sales revenue and gross profit margin of the national pharmaceutical market declined. Affected by the broader pharmaceutical industry environment, Shineway recorded decreases in both sales and profit, and the Group's operating profit for 2025 also decreased as compared to 2024. However, as the Group implemented measures to control expenses, improve quality, and lower costs while enhancing efficiency and strictly managed operating expenses, selling and distribution costs and administrative expenses respectively declined significantly year-on-year. Coupled with an increase in other non-operating income, net profit rose by 13.1% year-on-year to RMB949,948,000. Earnings per share amounted to RMB126 cents.

After considering the dividend policy, the Board has decided to declare the first interim dividend for 2026 amounting to RMB43 cents per share (in lieu of a final dividend). Together with the 2025 second interim dividend amounting to RMB11 cents per share paid in September 2025, the total dividend relating to the profit for the financial year 2025 was RMB54 cents per share, representing a dividend payout ratio of 42.9%.

### *Sales Overview (By Dosage Form)*

The overall sales of the Group decreased significantly in 2025. The table below illustrates the sales of each dosage form in 2025 as compared to last year:

	Year-on-year rates of change in 2025			RMB'000	
	First half	Second half	Full year	Full year sales	Percentage of sales
Injections	<u>-27.4%</u>	<u>-7.8%</u>	<u>-19.8%</u>	<u>1,016,469</u>	<u>32.4%</u>
Soft capsules	-24.7%	5.8%	-12.0%	435,863	13.9%
Granules	-21.0%	-17.8%	-19.4%	542,739	17.3%
TCM formula granules	-12.1%	-16.7%	-14.4%	933,657	29.8%
Others (including pills and tablets etc.)	<u>-8.1%</u>	<u>-26.2%</u>	<u>-17.6%</u>	<u>206,691</u>	<u>6.6%</u>
Oral products	<u>-16.9%</u>	<u>-14.2%</u>	<u>-15.6%</u>	<u>2,118,950</u>	<u>67.6%</u>
Total	<u><u>-20.8%</u></u>	<u><u>-12.3%</u></u>	<u><u>-17.0%</u></u>	<u><u>3,135,419</u></u>	<u><u>100.0%</u></u>

The Group continued to focus on oral products as its key development strategy. In 2025, oral products accounted for 67.6% of total sales, while injection products accounted for 32.4% of total sales.

Total sales of injection products decreased by 19.8% as compared to last year, which was mainly due to the decrease in sales of Qing Kai Ling Injection and Shen Mai Injection by 37.3% and 26.3% respectively as compared to last year. Meanwhile, sales of other injection products such as Shu Xue Ning Injection, Guan Xin Ning Injection and Dan Shen Injection also decreased by 6.3%, 8.4% and 10.4%, respectively.

Total sales of soft capsule products decreased by 12.0% as compared to last year, which was mainly due to the decrease in sales of Wu Fu Xin Nao Qing Soft Capsule, Huo Xiang Zheng Qi Soft Capsule and Qing Kai Ling Soft Capsule by 17.7%, 2.6% and 28.5% respectively as compared to last year. The sales of Qi Huang Tong Mi Soft Capsule and Dan Deng Tong Nao Soft Capsule, the Group's exclusive products, recorded a decrease of 11.2% and 4.6%, respectively, while the sales of Jiang Zhi Tong Luo Soft Capsule increased by 5.4%.

Total sales of granule products decreased by 19.4% as compared to last year, which was mainly due to the decrease in sales of the Group's respiratory system medication, Paracetamol Granule and Pediatric Qing Fei Hua Tan Granule, by 29.9% and 41.4% respectively as compared to last year. On the other hand, the sales of the Group's exclusive products, Huamoyan Granule and Shu Jin Tong Luo Granule decreased by 9.0% and 3.1% respectively.

Sales of TCM formula granules decreased by 14.4% as compared to last year, which was mainly due to the impact of multiple policies which have narrowed the growth potential of the overall market size. In the existing market, as there was an increase in overdue accounts receivable and aging, the Group adopted risk management measures to suspend shipment of goods to hospitals and grass-root healthcare institutions that did not meet the Group's risk management requirements. In addition, certain new manufacturers attempted to capture the grass-root healthcare institutions market through price wars, resulting in a significant decline in the Group's sales of TCM formula granules to grass-root healthcare institutions located in other provinces during the year.

## **Essential Drugs**

Essential drugs refer to those pharmaceutical products that satisfy the basic medication needs for disease prevention and treatment, align with the prevailing national conditions and affordability at the current stage, are available in appropriate dosage forms at reasonable prices, ensure security of supply, and are accessible on an equitable basis.

The PRC has placed all essential drugs on the drug reimbursement list and their reimbursement ratios are higher than that of non-essential drugs. According to national policies, essential drugs shall be prioritized for treatments in medical institutions at all levels and the proportion of usage of essential drugs shall be increased.

The Group regularly manufactured a total of 18 medications which are listed on the National Essential Drugs List, including Qing Kai Ling Injection, Shen Mai Injection, Qing Kai Ling Soft Capsule, Huamoyan Granule, Huo Xiang Zheng Qi Soft Capsule, Compound Licorice Tablet and so on. The overall sales of the Group's routinely manufactured medications included in the National Essential Drugs List decreased by 24.5% to RMB1,017,406,000 in 2025, accounting for 32.4% of the Group's total sales.

In February 2026, 11 departments including the National Health Commission jointly issued the revised Administrative Measures for the National Essential Drugs List. The new measures further refine the full-process mechanism covering catalogue adjustment, supply, utilisation and monitoring, while strengthening coordination with policies relating to hierarchical diagnosis and treatment, centralised procurement and payment. The measures also emphasise that the selection and adjustment of essential drugs should maintain a balanced approach between traditional Chinese medicine and Western medicine, promote their complementary use, and prioritise drugs with clear clinical value, thereby providing an institutional framework for the long-term operation of the essential drugs system.

The essential drugs system serves as the cornerstone of China’s healthcare security framework. As an important component of essential drugs, TCMs play an indispensable role in the management of chronic diseases and the treatment of common and frequently occurring illnesses. With sustained policy support, the proportion of essential drugs equipped by grass-root healthcare institutions remains at a relatively high level, while assessment requirements on the proportion of essential drugs used in secondary and tertiary hospitals continue to tighten. The rigid demand attributes of essential drugs remain unchanged, and sales are expected to recover steadily in the coming year.

### Prescription and Over-The-Counter Medications

By the end of 2025, the overall sales of the Group’s prescription medications and over-the-counter medications (“OTC medications”) accounted for approximately 89.1% and 10.9% of the Group’s total sales respectively. During the year, the overall sales of prescription medications decreased by 16.8% as compared to last year while that of OTC medications recorded a decrease of 19.0%. The table below summarizes the changes in sales of the Group by medicine category and efficacy:

<i>RMB’000</i>	2024 Sales	2025 Sales	Percentage of sales	2025 Changes in sales
TCM formula granules	1,090,116	<b>933,657</b>	29.8%	<b>-14.4%</b>
Respiratory system prescription medications	745,758	<b>475,852</b>	15.2%	<b>-36.2%</b>
Cardio-cerebrovascular injection prescription medications	627,280	<b>537,002</b>	17.1%	<b>-14.4%</b>
Exclusive oral prescription medications	543,922	<b>501,512</b>	16.0%	<b>-7.8%</b>
Other prescription medications	<u>350,254</u>	<u><b>346,646</b></u>	<u>11.0%</u>	<u><b>-1.0%</b></u>
Prescription medications	3,357,330	<b>2,794,669</b>	89.1%	<b>-16.8%</b>
OTC medications	<u>420,713</u>	<u><b>340,750</b></u>	<u>10.9%</u>	<u><b>-19.0%</b></u>
Total	<u><u>3,778,043</u></u>	<u><u><b>3,135,419</b></u></u>	<u><u>100.0%</u></u>	<u><u><b>-17.0%</b></u></u>

## TCM Formula Granules

Against the backdrop of the transition of national standards, the implementation of DRG / DIP payment reforms at hospitals, and the clinical rational drug use management, the consumption of formula granules has been restricted, the space for overall incremental market expansion has narrowed, and the industry has gradually shifted from a phase of “volume-driven growth” to “quality improvement and efficiency enhancement”.

In 2025, multiple inter-provincial alliances and provincial-level centralised procurement programmes for TCM formula granules continued to be implemented, covering major national standard varieties. The average procurement prices for medical institutions recorded notable declines, directly compressing profit margins for enterprises. Against the backdrop of cost control at hospitals and intensified market competition, growth in sales volume was unable to fully offset the impact of price reductions. As a result, growth in the TCM formula granules market has slowed markedly.

The Group’s sales of TCM formula granules decreased by 14.4% to RMB933,657,000 in 2025, accounting for 29.8% of the Group’s total sales.

Currently, a substantial portion of the Group’s TCM formula granule sales continues to be generated from hospitals located in Hebei Province and Yunnan Province, accounting for 89.2% of total TCM formula granule sales, while hospitals in other provinces accounted for 1.4%. During the year, the Group’s sales to grass-root healthcare institutions in Hebei Province, Yunnan Province and other provinces nationwide accounted for 9.4% of total TCM formula granule sales.

During the year, in addition to the change in market landscape, the decline in the Group’s TCM formula granule sales was mainly attributable to overdue trade receivables and the aging of outstanding balances. As part of its risk management measures, the Group temporarily suspended shipments to hospitals and grass-root healthcare institutions with long overdue receivables that were approaching or exceeding their credit limits. In addition, following the liberalisation of the TCM formula granules market, the number of manufacturers has increased. Some new market entrants attempted to capture market share in grass-root healthcare institutions through price wars, which also led to a decrease in the Group’s sales of TCM formula granules to grass-root healthcare institutions in other provinces during the year.

As regulatory authorities continue to refine requirements for the production, testing and traceability of TCM formula granules, manufacturers are required to increase investment in areas such as raw material cultivation, processing techniques, quality testing and capacity upgrades. The expansion of national standard varieties and the upgrading of production standards have further raised entry barriers and operating costs for the industry. Smaller manufacturers are therefore facing increasing survival pressure, and a round of industry reshuffling is expected in the near future.

In terms of sales, the Group ranks among the top five listed companies in the national TCM formula granules sector, demonstrating distinct competitive advantages. By leveraging its strengths in channels, production capacity, and branding, the Group continues to gain momentum. As the industry landscape gradually stabilizes, the Group will accelerate channel expansion, optimize product mix, control costs and expenses, and strengthen regional and product varieties competitiveness, which will surely lead to a steady recovery and growth in sales volume.

In 2026, adhering to the major strategy of “consolidating market in Hebei and tapping into national market”, the Group’s TCM formula granules sales team will focus on cost reduction and efficiency enhancement, compliant operations and market expansion, and continuously optimize supply chain management, strengthen technical support, and take measures such as cost reduction and efficiency enhancement. Harnessing favorable policies arising from the cancellation of cross-provincial sales filing requirements for national standard varieties, the Group will spare no effort to expand markets outside Hebei Province. The Group will compete with service in the existing market and with speed in the incremental market, and solve industry development challenges with a down-to-earth spirit. Committed to overcoming market difficulties and seizing development opportunities, the Group strives to write a new chapter for the high-quality development of its formula granules business.

During the year, the Group achieved a remarkable rate of tender of 100% across all product varieties in the centralized procurement project of formula granules in Hebei Province, laying a solid foundation for the Group’s formula granules business in Hebei Province in 2026. Concurrently, by actively implementing the strategic deployment of digital transformation and putting into practice the development philosophy of “pursuing innovation and changes, empowering the enterprise with digital intelligence”, the Group integrated AI technology with business operations, and successfully applied it in the centralized procurement agreements for formula granules in Hebei Province, enabling the Group to complete the signing of tripartite agreements with hundreds of hospitals and take concrete steps to advance digital transformation.

The annual output value of the production capacity of TCM formula granules of the Group at the two major production bases in Shijiazhuang (Hebei Province) and Chuxiong (Yunnan Province) has currently reached RMB5 billion. In the future, the Group will continue to plan for capacity expansion according to the market development situation.

### *Respiratory system prescription medications*

The Group's respiratory system prescription medications recorded total sales of RMB475,852,000, representing a significant decrease of 36.2% as compared to last year and accounting for 15.2% of the Group's overall revenue. Among which, the sales of Qing Kai Ling Injection and Paracetamol Granule during the year recorded a sharp decrease of 37.3% and 29.9% to RMB316,057,000 and RMB120,216,000, respectively.

The significant surge in demand for Qing Kai Ling Injection and the Group's other respiratory system prescription medications, which were widely used as common medications for epidemic prevention, formed a high sales base. In 2025, the prevalence of respiratory diseases remained stable, leading to the disappearance of emergency stockpiling demand and a return to routine market consumption. Terminal channels such as medical institutions and retail pharmacies actively adjusted their inventories and substantially reduced their procurement volume, resulting in a sharp slowdown in the sales of respiratory system medications during the year.

Currently, the respiratory system prescription medication segment operates within a policy environment where development and elimination coexist. The national direction of promoting the revitalization and development of TCM remains unchanged. Policies aimed at enhancing the capacity of TCM services in grass-root medical institutions, promoting the integrated development of Chinese and Western medicine, and optimizing TCM diagnosis and treatment protocols will continue to provide stable clinical application space for respiratory Chinese medicine, especially in areas such as chronic respiratory diseases, children's respiratory diseases, and health conditioning for the elderly and infirm. The Group's respiratory system prescription medications have distinct advantages. As residents' health awareness increases, medication choices are becoming more rational, with brand, efficacy and safety becoming priority considerations for consumers. Consequently, market demand is further concentrating on high-quality products. As a leading enterprise with strong R&D capabilities, brand advantages, and comprehensive channel coverage, the Group is well-positioned to achieve sustained growth in the respiratory system prescription medication segment.

The Group has completed the Phase III clinical trial for its self-developed "JC Capsule" for treating upper respiratory infections during the year. The application form for the production license was submitted in early 2026 and has been accepted. Its production license is expected to be obtained in 2026, which will add a strong new force to the respiratory system prescription medications of the Group.

### *Cardio-cerebrovascular injection prescription medications*

After inclusion of most of the Group's Chinese medicine injections for cardio-cerebrovascular diseases in the national centralized procurement program, followed by the gradual implementation of the "dual-control" policy of regulating both drug prices and total procurement volume across various regions, sales of the Group's cardio-cerebrovascular injection prescription medications recorded a significant year-on-year decline during the year, decreasing by 14.4% to RMB537,002,000 and accounting for 17.1% of the Group's total revenue. Among them, sales of Shen Mai Injection and Shu Xue Ning Injection, which had relatively high sales, decreased by 26.3% and 6.3% to RMB153,191,000 and RMB158,009,000, respectively. While sales of Guan Xin Ning Injection, Dan Shen Injection, and Xiang Dan Injection decreased by 8.4%, 10.4%, and 16.4% to RMB126,884,000, RMB56,610,000, and RMB20,326,000, respectively, during the period.

Cardio-cerebrovascular diseases are among the chronic conditions with the highest incidence and mortality rates among residents in China. Cardio-cerebrovascular injection prescription medications have long played an important role in in-hospital treatment due to their rapid onset of action and suitability for emergency and severe cases as adjunctive therapy.

In 2025, the post-marketing re-evaluation of Chinese medicine injections was formally rolled out nationwide. The National Medical Products Administration, in collaboration with relevant authorities, initiated a systematic re-evaluation of approved Chinese medicine injections. The re-evaluation focuses on three core aspects—safety, efficacy, and quality controllability—and aims to address critical information gaps, including adverse reactions, contraindications, precautions, clinical positioning, applicable patient populations, treatment duration, and compatibility restrictions. At present, the re-evaluation work had entered a substantive stage of implementation. Against the broader backdrop of the revitalization and development of TCM, high-quality Chinese medicine injections that successfully passed the re-evaluation will receive support and encouragement, becoming a core component of the distinctive system for the prevention and treatment of cardio-cerebrovascular diseases in China. As a result, Chinese medicine injections will move toward a more rational, healthier, and more sustainable development model. The Group's Chinese medicine injections are high-technology products with demonstrated clinical value, proven safety and reliability, with the ability to withstand the scrutiny of re-evaluation. Looking ahead, they are well positioned to stand out in the new era of the Chinese medicine injections market.

### *Exclusive oral prescription medications*

In 2025, sales of the Group's exclusive oral prescription medications decreased by 7.8% year-on-year to RMB501,512,000. Among these products, Jiang Zhi Tong Luo Soft Capsule recorded a slight increase of 5.4%, while Huamoyan Granule, Qi Huang Tong Mi Soft Capsule, Dan Deng Tong Nao Soft Capsule and Shu Jin Tong Luo Granule recorded negative growth of 9.0%, 11.2%, 4.6% and 3.1%, respectively, as compared to last year. Sales of the above five exclusive products amounted to RMB54,516,000, RMB259,877,000, RMB74,911,000, RMB45,394,000 and RMB37,798,000, respectively. In addition, sales of the gynecological medication, Xiao Jie An Capsule, decreased by 15.2% year-on-year to RMB8,421,000. Sales of the Group's exclusive oral prescription medications accounted for 16.0% of the Group's total revenue.

The Group's exclusive oral products have been highly recognized by doctors and patients due to their significant clinical efficacy. During the year, the Group's exclusive product Qi Huang Tong Mi Soft Capsule was recommended in the Expert Consensus on Integrated Traditional Chinese and Western Medicine Diagnosis and Treatment of Functional Constipation (2025) (《功能性便秘中西醫結合診療專家共識(2025年)》), compiled by the Professional Committee of Digestive System Diseases of the Chinese Association of Integrative Medicine. Dan Deng Tong Nao Soft Capsule was included in the Guidelines on the Rational Use of Drugs for Cerebrovascular Diseases (《腦血管病合理用藥規範手冊》), jointly compiled by experts from various medical institutions. For details, please refer to the Group's 2025 interim report.

In addition, at the annual academic event of the orthopedic community in China — the “24<sup>th</sup> Orthopedic Academic Conference of the Chinese Medical Association 2025” — tens of thousands of orthopedic experts from China and abroad gathered to discuss the latest research findings and future trends in the field of orthopedics. Centered on the latest treatment concepts for osteoarthritis, participants engaged in in-depth discussions on the positioning and value of the Group's exclusive oral product, Huamoyan Granule, in this area, and reviewed the evolution of osteoarthritis treatment concepts from “joint replacement” to “knee-preserving therapy combined with rehabilitation treatment”. It was pointed out that most patients with osteoarthritis are commonly accompanied by synovial inflammation. During the early and intermediate stages of stepwise treatment, while addressing the underlying causes of the disease, a key focus is to control inflammation, relieve symptoms, delay disease progression, and improve joint function. Subsequently, orthopedic experts introduced a clinical study on the use of Huamoyan Granule for the treatment of osteoarthritis, led by the Third Hospital of Hebei Medical University and conducted with the participation of 22 sub-centers. The experts also shared clinical experience regarding the application of Huamoyan Granule. For osteoarthritis patients accompanied by joint effusion and significant pain, Huamoyan Granule can effectively relieve core symptoms and improve joint function. Over the long term, it may reduce cartilage damage, thereby lowering patients' reliance on non-steroidal anti-inflammatory drugs (NSAIDs). This helps avoid the gastrointestinal and cardiovascular risks associated with prolonged use of Western medicines and improves overall treatment safety as well as patients' quality of life. The participating experts unanimously agreed that Huamoyan Granule not only treat synovitis, but their therapeutic effects have also extended to the broader disease

area of osteoarthritis. Their application in the treatment and long-term management of osteoarthritis reflects the advantages of TCM. Looking ahead, the Group will continue to rely on core products such as Huamoyan Granule to carry out high-level evidence-based medical research, and actively promote the wider adoption and application of integrated Chinese and Western medicine treatment approaches in both the academic and clinical orthopedic communities. Through these efforts, the Group aims to contribute further to improving the overall prevention and treatment of osteoarthritis in China and to support the development of the “Healthy China” initiative.

## **OTC Medications**

The Group has a number of well-received OTC medications, which are made available for people to purchase at more than 300,000 retail pharmacies nationwide and multiple major online pharmacy platforms.

In 2025, the overall sales of OTC medications decreased by 19.0% year-on-year, of which sales of Huo Xiang Zheng Qi Soft Capsule and Qing Kai Ling Soft Capsule decreased by 2.6% and 28.5% to RMB105,210,000 and RMB49,905,000 respectively. Meanwhile, the Group’s series of OTC medications in granule form for treating respiratory diseases in children also recorded a negative growth during the year, with sales of Pediatric Qing Fei Hua Tan Granule down by 41.4% as compared to last year.

The decrease in sales of OTC medications was mainly due to the fact that the public and pharmacies stocked up large quantity of OTC medications after the pandemic had been brought under control. Coupled with the current economic slowdown, which has affected household income and consumer sentiment, this resulted in a decrease in the sales of the Group’s OTC medications in 2025 as measured against the high comparable base of last year.

## **Clinical Trials of New Medications**

By continuously advancing our investment in scientific research resources, the Group initiated diligently selected projects to develop new modern Chinese medicines with unique curative effects. Our research focuses on the development of orally administered medications targeting treatments of chronic diseases, especially in fields where no cures can be provided by Western medicines. In addition, the Group is well-positioned to take advantage of its know-how on modernizing TCM and to accelerate the progress of transforming the Group’s research findings into practical applications and developing innovative TCMs with clinical advantages and characteristics to contribute to people’s health and wellbeing.

Currently, the Group has a number of research projects, which are progressively being put on pharmaceutical and clinical trials. Among them, the exclusive innovative drug “Q-B-Q-F Condensed Pill” is still in the Phase III clinical trial stage. Two exclusive innovative medications, Sailuotong Capsule and JC Capsule, had completed their Phase III clinical trials. The Group’s research and development team has also completed the summary analysis of clinical data and is in the process of submitting the manufacturing permit applications, with the target of obtaining the manufacturing permit by the end of 2026. The manufacturing permit application for JC Capsule has currently been submitted and accepted.

The Group will provide updates on the clinical trials from time to time. Please refer to the interim reports and annual reports announced in previous years for the detailed descriptions and market potential of the above three medications.

The Group's research and development expenses accounted for 3.3% of the total sales revenue during the year. In the future, the Group will continue to focus on modernizing TCMs and developing innovative TCMs with clinical advantages and characteristics in the advantageous fields of TCM such as cardio-cerebrovascular diseases, paediatrics, orthopaedic diseases, gynaecological diseases, and geriatric diseases.

During the year, the Group's "Research and Application Project on Hebei's Characteristic Chinese Medicinal Herb Hawthorn Leaf and Its Formula Granules" stood out in the selection for the Hebei Provincial Science and Technology Progress Award and was honored with the Third Prize. For details, please refer to the Group's 2025 interim report.

### **Ancient Classic Prescriptions**

The Group has persistently committed to promoting the inheritance and innovative development of TCMs, and is currently developing more than 100 new medications developed from ancient classic prescriptions of Chinese medicine. Guided by the national policies, the Group is now accelerating the registration of several new medications developed from classic TCM prescriptions under Class 3.1 of TCM regulations.

During the year, three TCM compound formulas based on ancient classic prescriptions independently developed by the Group were approved for market launch by the National Medical Products Administration. Details are as follows:

1. "Shaoyao Gancuo Decoction Granules" are indicated for nourishing yin and blood, relieving spasms, and alleviating pain. It is used for various conditions characterized by spasmodic pain caused by yin and blood deficiency and poor nourishment of the tendons, with symptoms such as leg cramps and abdominal pain.
2. "Pipa Qingfei Yin Granules" have the effect of clearing heat from the lung meridian and are indicated for wine sores caused by lung heat, manifested as papules on the face and nose, redness, swelling and pain, lesions with sebum exudation or crusting, etc. It plays an important role in the treatment of conditions such as adolescent acne and pimples.
3. "Shengxian Decoction Granules" are indicated for clinical manifestations such as shortness of breath, fatigue, dyspnea, and a deep, slow and weak pulse.

According to evidence-based medical research, the above-mentioned classic prescription products are clinically applicable to various departments in hospitals.

To ensure that classic prescriptions are transformed into high-quality medicines, the Group has implemented stringent quality control at the source of medicinal materials. Through nationwide resource assessments, we select genuine regional herbs, while adopting advanced digital and intelligent technologies and processes for extraction, concentration, drying and granulation. We have established a whole-process quality control system from medicinal materials to decoction pieces, and finally to preparations, thereby ensuring stable quality, safety, and traceability of our products. This has enabled the scientific transformation of classic prescriptions into modern, innovative Chinese medicines.

Currently, the Group has over 100 registered projects under development for classic prescriptions and innovative Chinese medicines, which have now entered a high-yield stage, covering multiple therapeutic areas including the respiratory system, digestive system and gynecology. In 2026, the Group will continue to advance the application for production approvals of various classic prescriptions and innovative Chinese medicines. Concurrently, we will initiate the registration of several new product research and development projects to accelerate the expansion and iteration of our core product pipeline. These efforts are aimed at driving the rapid transformation of innovative achievements from the “laboratory” to the “production line”, creating more Chinese medicines that are tailored to the genetic inheritance and physical characteristics of the Chinese people, thereby safeguarding public health.

The Group will provide updates from time to time on the research and development of new medications from the conversion of classic prescriptions.

### **National Policies Supporting TCM**

In 2025, the government continued to introduce multiple important policies related to the TCM industry, further supporting the high-quality development of the sector and empowering the high-end advancement of the TCM health industry chain. The relevant policies introduced in the first half of the year were summarized in the Group’s 2025 interim report.

In second half of 2025, the State has rolled out a series of top-level designs and special policies around key directions such as quality improvement, industry upgrading, review and approval innovation, supply security, and digital empowerment, continuously supporting the high-quality development of TCM and forming a whole-chain support system covering resources, production, regulation, medical insurance, reserves, and industrial transformation, providing guidance and assurance for the high-quality development of the TCM industry.

In September 2025, the National Medical Products Administration issued the “Special Provisions for Supervision and Administration of Traditional Chinese Medicine Production (《中藥生產監督管理專門規定》)”, which provides unified regulations for all production stages of TCM decoction pieces, TCM formula granules, proprietary TCM, TCM materials, and TCM extracts. The policy emphasizes that market players shall adhere to the development laws of TCM, consolidate their corporate primary responsibilities, strengthen whole-chain quality traceability and risk control in order to promote the transformation of TCM production from being decentralized and extensive to being standardized and refined and define clear compliance bottom lines for the high-quality development of the industry in the future.

In October 2025, the General Office of the National Healthcare Security Administration (國家醫保局辦公室) and the Department of Comprehensive Affairs of the National Administration of Traditional Chinese Medicine (國家中醫藥局綜合司) jointly issued the “Notice on Carrying Out Pilot Work for the Diagnosis-Related Group Payment for Diseases where Traditional Chinese Medicine has Advantages (《關於開展中醫優勢病種按病種付費試點工作的通知》)”, which requires that according to the relevant procedures, Beijing, Hebei, and seven other provinces, as well as nine cities including Tongliao, Inner Mongolia and Shenyang, Liaoning, were selected as pilot areas. The notice requires regions piloting diagnosis-related group payment for diseases where TCM has advantages to further improve the pilot implementation plans, refine work measures, clarify timelines and task assignments, regularly summarize work progress and results, actively and steadily promote pilot work, accumulate experience in healthcare payment reform for TCM, and gradually promote these practices nationwide.

In February 2026, the Ministry of Industry and Information Technology and seven other departments issued the notice of “Implementation Plan for High-quality Development of the Traditional Chinese Medicine Industry (2026 – 2030) 《中藥工業高品質發展實施方案(2026 – 2030年)》”, which is the first five-year plan with quantified implementation in the TCM industry. The plan focuses on six major actions: improving raw material quality and ensuring supply stability, collaborative innovation breakthroughs, enhancing manufacturing capacity, revitalizing ethnic medicines, promoting famous TCM products, and cultivating outstanding enterprises, specifying the construction of high-standard TCM material bases, TCM tradition preservation and innovation centers, unifying national standards for decoction piece preparation and formula granules, promoting smart factories and green production, and cultivating major proprietary TCM varieties and leading enterprises. The goal is to initially establish a modern TCM industry system by 2030, promoting the TCM industry towards high-end, intelligent, and large-scale development.

In the same month, 11 departments including the National Health Commission jointly issued the new version of the “Management Measures for National Essential Drugs List (《國家基本藥物目錄管理辦法》)”. For details, please refer to the relevant content on essential drugs of this announcement.

## **Financial Analysis**

### ***Turnover***

In 2025, the Group recorded a decrease in turnover of 17.0% from last year. Sales of injection products reached approximately RMB1,016,469,000, down approximately 19.8% as compared with 2024. Sales of injection products accounted for approximately 32.4% of the Group's turnover. Sales of soft capsule products were approximately RMB435,863,000, down approximately 12.0% from last year. Soft capsule products accounted for approximately 13.9% of the Group's turnover. Sales of granule products amounted to approximately RMB542,739,000, down approximately 19.4% from last year. Granule products accounted for 17.3% of the Group's turnover. Sales of TCM formula granules were approximately RMB933,657,000, representing a decrease of 14.4% from last year and accounting for 29.8% of the Group's turnover. Sales of the Group's products in other dosage forms were approximately RMB206,691,000, which accounted for approximately 6.6% of the Group's turnover.

The aggregate sales attributable to the largest customer and ten largest customers accounted for 5.2% and 24.5% respectively of the Group's turnover.

### ***Cost of Sales***

Cost of sales of the Group in 2025 was approximately RMB869,212,000, representing approximately 27.7% of total turnover. Direct materials, direct labor and other production costs accounted for approximately 64.7% (2024: 65.7%), 15.7% (2024: 16.2%) and 19.6% (2024: 18.1%) of total cost of sales respectively.

### ***Gross Margin***

In 2025, average gross margins of injection products, soft capsule products, granule products and TCM formula granule products were approximately 70.3% (2024: 75.4%), 78.2% (2024: 78.6%), 78.4% (2024: 77.5%) and 70.0% (2024: 72.9%) respectively. Overall gross margin of the Group was 72.3% (2024: 75.0%).

### ***Other Income***

Other income mainly included enterprise development funds of RMB167,917,000 (2024: RMB174,094,000). The enterprise development funds mainly represented enterprise development funds for research and development and investments in relevant regions in the PRC received by the Group.

### ***Investment Income***

Investment income mainly included interest income from bank deposits and structured deposits totaling RMB216,360,000 (2024: RMB176,718,000) and income from investments in financial products of RMB176,953,000 (2024: RMB12,636,000) respectively.

### ***Other Gains and Losses***

In 2025, other gains and losses mainly comprised net exchange gains arising from the change in exchange rate between Renminbi and Hong Kong dollars/Australian dollars of approximately RMB31,164,000 (2024: net exchange losses of RMB55,440,000).

### ***Impairment Losses on Financial Assets***

In 2025, respective impairment of RMB35,994,000 (2024: RMB7,506,000) and reversal of impairment of RMB259,000 (2024: RMB894,000) for trade receivables and trade receivables backed by bank bills were accounted for after the expected credit risk of financial assets assessment by the Group's management.

### ***Selling and Distribution Costs***

Selling and distribution costs comprised advertising expenses, distribution and promotion expenses, wages of salespersons and other market promotion and development expenses. The overall distribution costs decreased by approximately 27.0% in 2025, the selling and distribution costs to turnover ratio decreased by approximately 5.1 percentage points, as compared with that of last year and accounted for approximately 37.2% of the Group's turnover in 2025 (2024: 42.3%). The decrease was mainly due to the fact that the Group strengthened its cost control policy, resulting in (i) a decrease in market development expenses, sale management expenses and market promotion expenses; and (ii) reduced headcount and payroll of sales persons as compared with that of last year.

### ***Administrative Expenses and Research and Development Costs***

In 2025, administrative expenses decreased by 4.0% as compared to last year, representing approximately 8.9% (2024: 7.7%) of the Group's turnover. The decrease in administrative expenses was mainly attributable to the fact that the Group strengthened its cost control policy. Administrative expenses mainly comprised (i) salaries of management staff and (ii) depreciation expenses of non-productive fixed assets and amortization expenses of intangible assets, which accounted for 3.0% and 1.4% of the Group's total turnover in 2025 respectively. Research and development expenses increased by approximately 2.6% from last year, which accounted for approximately 3.3% (2024: 2.7%) of the Group's turnover in 2025.

### ***Income Tax Rates***

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and the Regulation on the Implementation of the EIT Law, the enterprise income tax rate of the PRC subsidiaries is 25%.

Certain subsidiaries which are operating in Western China have been granted tax concession by the local tax bureau and enjoyed a PRC EIT concessionary rate of 15.0% (2024: 15.0%). Certain subsidiaries which were recognised as High and New-tech Enterprises have been granted tax concessions by the local tax bureau and enjoyed a PRC EIT concessionary rate of 15.0% for 2024 and 2025. In addition, a subsidiary which is operating in agricultural products business has been granted tax exemption by the local tax bureau.

In 2025, the effective tax rate of the Group was 25.2% (2024: 26.7%).

### ***Profit for the Year***

The Group's profit attributable to shareholders of the Company for 2025 was RMB949,948,000, up approximately 13.1% from 2024. The increase in profit was mainly attributable to the Group's effort in strengthening its cost control and the increased non-operating income.

### ***Liquidity and Financial Resources***

As at 31 December 2025, the current ratio was 3.7 (2024: 3.5) and the debt-to-equity ratio was 4.0% (2024: 4.4%).

The directors of the Company (the "Directors") believe that the financial position of the Group is healthy, with sufficient financial resources to meet the requirement of its future development.

### ***Property, Plant and Equipment***

As at 31 December 2025, property, plant and equipment amounted to approximately RMB1,248,527,000, which increased by approximately 2.4% as compared to last year. During 2025, the Group commenced various warehouse and logistics center projects and workshop modification projects in Shijiazhuang, which amounted to approximately RMB148,304,000 in total. The Group also had new additions to leased/owned properties, owned plant and machineries, office equipment and motor vehicles of approximately RMB33,921,000 in total during the year. Besides, following the adoption of IFRS 16, property, plant and equipment had included the leasehold land, leased properties, leased motor vehicles and leased machineries, which had respective net book values of RMB157,530,000, RMB2,849,000, RMB1,214,000 and RMB2,808,000 as at 31 December 2025.

The depreciation expense of property, plant and equipment expenses for the year amounted to RMB143,268,000 (2024: RMB144,722,000).

## ***Intangible Assets***

Intangible assets represented patents and production licenses with finite useful lives. During the year, the amortisation expense of intangible assets was approximately RMB7,601,000.

## ***Goodwill***

Goodwill is comprised of the Group's acquisition of the remaining 20% equity interests of Shineway Pharmaceutical Sales Company Limited in 2005, the acquisition of 100% equity interests of Shineway Pharmaceutical (Zhangjiakou) Co., Ltd and Shineway Pharmaceutical (Sichuan) Company Limited in 2010, the acquisition of 100% equity interest of Shineway Pharmaceutical Group (Shandong) Company Limited in 2014, the acquisition of 100% equity interest of Yunnan Shineway Spirin Pharmaceutical Company Limited in 2015 and the acquisition of 100% equity interest of Shineway Pharmaceutical (Kunming) Company Limited (formerly known as Yunnan Liangfang Pharmaceutical Co., Ltd.) in 2021.

## **EVENTS AFTER THE REPORTING DATE OF 31 DECEMBER 2025**

The Board is not aware of any other important event requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of this announcement.

## **DIVIDENDS**

The Board did not recommend the payment of any final dividend for the year ended 31 December 2025 and resolved to declare the first interim dividend of RMB43 cents per share amounting to RMB324,822,000 in respect of the year ending 31 December 2026 which is calculated on the basis of 827,000,000 shares issued less 71,600,000 shares held for share award scheme as at 31 December 2025, which will be paid on 19 May 2026 to the shareholders whose names appear on the Company's register of members on 7 May 2026.

The above interim dividend will be payable in cash in Hong Kong dollars and will be converted from Renminbi at the telegraphic transfer exchange rates quoted by bank at 10:00 a.m. on 27 March 2026 (RMB1=HK\$1.132). Accordingly, the amount payable on 19 May 2026 will be HK\$0.487 per share.

## RESULTS

The Company is pleased to present the audited consolidated results of the Company and its subsidiaries for the year ended 31 December 2025 with comparative figures as follows:

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

FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024
	NOTES	RMB'000	RMB'000
Revenue	3	3,135,419	3,778,043
Cost of sales		<u>(869,212)</u>	<u>(946,294)</u>
Gross profit		2,266,207	2,831,749
Other income		178,245	182,426
Investment income	4	393,313	189,354
Other gains and losses		21,326	(55,920)
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets		(35,735)	(6,612)
Selling and distribution costs		(1,165,616)	(1,597,305)
Administrative expenses		(279,687)	(291,320)
Research and development costs		(103,102)	(100,522)
Finance costs		<u>(5,685)</u>	<u>(6,129)</u>
Profit before taxation	5	1,269,266	1,145,721
Taxation	6	<u>(319,318)</u>	<u>(305,669)</u>
Profit and total comprehensive income for the year		<u>949,948</u>	<u>840,052</u>
Earnings per share	8		
– Basic (RMB)		<u>126 cents</u>	<u>111 cents</u>
– Diluted (RMB)		<u>126 cents</u>	<u>111 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		1,248,527	1,219,402
Intangible assets		15,722	23,323
Goodwill		165,956	165,956
Deferred tax assets		42,697	34,326
		<u>1,472,902</u>	<u>1,443,007</u>
Current assets			
Inventories		691,298	813,190
Trade receivables	9	805,933	908,115
Trade receivables backed by bank bills	9	194,154	293,762
Prepayments, deposits and other receivables		47,161	93,283
Financial assets at fair value through profit or loss		376,640	350,020
Bank balances and cash		7,189,047	6,140,153
		<u>9,304,233</u>	<u>8,598,523</u>
Current liabilities			
Trade payables	10	340,026	367,046
Trade payables backed by bank bills	10	–	35,918
Other payables and accrued expenses		1,540,266	1,508,955
Contract liabilities		148,006	26,437
Bank borrowings		325,051	330,000
Lease liabilities		9,064	8,271
Amounts due to related companies		13,784	13,784
Deferred income		73,857	75,315
Tax payable		60,217	84,270
		<u>2,510,271</u>	<u>2,449,996</u>
Net current assets		<u>6,793,962</u>	<u>6,148,527</u>
Total assets less current liabilities		<u>8,266,864</u>	<u>7,591,534</u>

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Non-current liabilities		
Lease liabilities	<b>787</b>	8,256
Deferred tax liabilities	<b>98,021</b>	34,521
Deferred income	<b>106,242</b>	81,853
	<u><b>205,050</b></u>	<u>124,630</u>
Net assets	<u><b>8,061,814</b></u>	<u>7,466,904</u>
Capital and reserves		
Share capital	<b>87,662</b>	87,662
Reserves	<b>7,974,152</b>	7,379,242
Total equity	<u><b>8,061,814</b></u>	<u>7,466,904</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. GENERAL INFORMATION

The Company is a listed company registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 14 August 2002 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The immediate holding and ultimate holding company of the Company is Forway Investment Limited, a company incorporated in the British Virgin Islands (“BVI”) with limited liability, with Hong Kong business license (No.72321145).

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are engaged in research and development, manufacturing and trading of Chinese pharmaceutical products.

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

#### **Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	<i>Lack of Exchangeability</i>
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The application of the amendments to an IFRS Accounting Standard in the current year has 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 <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referring Nature-dependent Electricity <sup>2</sup>
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> 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 *Presentation and Disclosure in Financial Statements*, 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 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) 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. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

### 3. REVENUE AND SEGMENT INFORMATION

#### Operating segments

The Group is engaged in a single segment in research and development, manufacturing and trading of Chinese pharmaceutical products. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the chairman of the board of directors of the Group, being the chief operating decision maker (the “CODM”), for the purpose of resources allocation and performance assessment. The information reported to the CODM is further categorised into different locations within the PRC, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as they share similar economic characteristics.

#### Revenue from major products

The following is an analysis of the Group’s revenue from its major products:

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Injections	1,016,469	1,267,983
Soft capsules	435,863	495,307
Granules	542,739	673,651
Traditional Chinese medicine formula granules	933,657	1,090,116
Others (including pills and tablets etc.)	<u>206,691</u>	<u>250,986</u>
	<u><b>3,135,419</b></u>	<u><b>3,778,043</b></u>

The Group sells pharmaceutical products to the wholesale market and directly to customers. Revenue is recognised at a point in time when control of the products has transferred to customers, being at the point the products are delivered to the customer. The normal credit term is six months to one year upon delivery while certain customers make advanced payment before delivery. Only products with quality defects are allowed to be returned to the Group within a specified period of time upon receipt by the customers.

Contracts with customers with unsatisfied performance obligations have original expected duration of one year or less. As permitted under IFRS 15 “Revenue from Contracts with Customers”, the aggregate amount of transaction price allocated to these unsatisfied contracts is not disclosed.

## Geographical information

Sales of the Group to external customers were substantially made in the PRC including Hong Kong.

All non-current assets of the Group excluding deferred tax assets are located in the PRC including Hong Kong.

## Information about major customers

For each of the years ended 31 December 2025 and 2024, there was no customer with revenue accounted for more than 10% of the Group's total revenue.

## 4. INVESTMENT INCOME

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank deposits	<b>211,980</b>	170,007
Interest on structured deposits (note)	<b>4,380</b>	6,711
Investment income from financial products (note)	<b>176,953</b>	12,636
	<b>393,313</b>	189,354

*Note:* The structured deposits and financial products are measured at fair value through profit or loss. The redemption amounts (including the return) of such products are linked to the performance of underlying financial products. The investment income represents the differences between initial investment amounts and redemptions amounts, inclusive of both realised and unrealised changes.

## 5. PROFIT BEFORE TAXATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments	13,486	14,122
Other staff costs	305,694	361,943
Other staff's pension costs	<u>18,705</u>	<u>15,759</u>
	337,885	391,824
Less: Capitalised in inventories	<u>(110,821)</u>	<u>(139,526)</u>
	<u>227,064</u>	<u>252,298</u>
Depreciation of property, plant and equipment	143,268	144,722
Amortisation of intangible assets	<u>7,601</u>	<u>9,467</u>
Total depreciation and amortisation	150,869	154,189
Less: Capitalised in inventories	<u>(79,985)</u>	<u>(85,454)</u>
	<u>70,884</u>	<u>68,735</u>
Auditor's remuneration	2,180	2,349
Cost of inventories recognised as an expense (including write-down of inventory amounting to RMB19,818,000 (2024: nil)) (included in cost of sales)	869,212	946,294
Gains on disposal of property, plant and equipment (included in other gains and losses)	4,831	91
Gains on disposal of subsidiaries (included in other gains and losses)	-	(3,919)
Net exchange (gains) losses (included in other gains and losses)	(31,164)	55,440
Enterprise development funds (included in other income) (note)	<u>(167,917)</u>	<u>(174,094)</u>

*Note:* The Enterprise development funds represent the amounts received from the local government by the subsidiaries of the Company.

During the year ended 31 December 2025, Enterprise development funds of (a) RMB152,267,000 (2024: RMB162,415,000) represent incentives received in relation to engagement of the subsidiaries of the Company in business development, the grants of which were unconditional, approved and received during the year; and (b) RMB15,650,000 (2024: RMB11,679,000) represent recognition of deferred income upon completion of related research activities and development projects.

## 6. TAXATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The charge comprises:		
PRC Enterprise Income Tax (“EIT”):		
Current tax	188,241	207,155
Underprovision in prior years	5,662	17,601
Withholding tax on distributed profits	<u>70,286</u>	<u>81,752</u>
	264,189	306,508
Deferred tax	<u>55,129</u>	<u>(839)</u>
	<u><b>319,318</b></u>	<u><b>305,669</b></u>

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Certain subsidiaries which are operating in Western China have been granted tax concession by the local tax bureau and are entitled to concessionary rate of 15% for PRC EIT for both years. Certain subsidiaries which are recognised as High and New-tech Enterprise have been granted tax concessions by the local tax bureau and are entitled to concessionary rate of 15% for PRC EIT for both years. In addition, a subsidiary which is operating in agricultural products business has been granted tax exemption by the local tax bureau.

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). In March 2023, the State Taxation Administration and the Ministry of Finance announced that the Super Deduction is available to all types of PRC enterprises from 1 January 2023 onwards. The Group made its best estimate for the Super Deduction to be claimed for the Group’s PRC subsidiaries in ascertaining their assessable profits for the years ended 31 December 2025 and 2024.

According to a joint circular of the State Taxation Administration, Cai Shui 2011 No. 1, 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 tax 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. Those immediate holding company of the Group’s PRC subsidiaries were entitled to 5% withholding tax rate during the years ended 31 December 2025 and 2024.

The taxation charge for the year can be reconciled to the profit before taxation as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before taxation	<b><u>1,269,266</u></b>	<u>1,145,721</u>
Tax at the applicable tax rate of 25% (2024: 25%)	<b>317,317</b>	286,430
Tax effect of expenses not deductible for tax purposes	<b>41,198</b>	43,714
Tax effect on concessionary policy on research and development expenses (note)	<b>(15,353)</b>	–
Tax effect of income not taxable for tax purposes	<b>(8,068)</b>	(22,144)
Tax effect of tax losses not recognised	<b>10,011</b>	22,679
Income tax on concessionary rates	<b>(124,177)</b>	(129,649)
Utilisation of deductible temporary differences previously not recognised	<b>(38,799)</b>	–
Withholding tax on distributed profits of subsidiaries operating in the PRC	<b>70,286</b>	81,752
Withholding tax on undistributed profits of subsidiaries operating in the PRC	<b>61,241</b>	5,286
Underprovision in prior years	<b><u>5,662</u></b>	<u>17,601</u>
Taxation charge for the year	<b><u>319,318</u></b>	<u>305,669</u>

*Note:* It represents additional 100% tax deduction in respect of qualifying research and development expenses incurred for the year ended 31 December 2025.

## 7. DIVIDENDS

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Dividends recognised as distributions during the year:		
– 2024 first interim dividend of RMB43 cents per share	–	324,822
– 2024 second interim dividend of RMB11 cents per share	–	83,094
– 2025 first interim dividend of RMB36 cents per share	<b>271,944</b>	–
– 2025 second interim dividend of RMB11 cents per share	<b><u>83,094</u></b>	<u>–</u>
	<b><u>355,038</u></b>	<u>407,916</u>
Dividends declared subsequent to the reporting period:		
– 2025 first interim dividend of RMB36 cents per share	–	271,944
– 2026 first interim dividend of RMB43 cents per share	<b><u>324,822</u></b>	<u>–</u>
	<b><u>324,822</u></b>	<u>271,944</u>

The 2026 first interim dividend of RMB43 cents per share, in the amount of an aggregate of RMB324,822,000, has been declared by the directors of the Company on 27 March 2026 and will be paid out on 19 May 2026, to the shareholders of the Company whose names appear on the register of members of the Company on 7 May 2026. The aggregate amount of RMB324,822,000 (2024: RMB271,944,000) has been calculated on the basis of 827,000,000 (2024: 827,000,000) shares in issue less 71,600,000 (2024: 71,600,000) shares held for share award scheme as at 31 December 2025.

## 8. EARNINGS PER SHARE

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

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<b><u>949,948</u></b>	<u>840,052</u>
	<b>Number of shares</b>	
	<b>2025</b>	2024
Weighted average number of ordinary shares in issue less shares held for share award scheme for the purpose of calculation of basic earnings per share	<b><u>755,400,000</u></b>	<u>755,400,000</u>

No diluted earnings per share for both 2025 and 2024 were presented as there were no potential ordinary shares issued for both 2025 and 2024.

## 9. TRADE RECEIVABLES AND TRADE RECEIVABLES BACKED BY BANK BILLS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	879,072	945,260
Less: Allowance for expected credit loss (“ECL”)	<u>(73,139)</u>	<u>(37,145)</u>
	<u>805,933</u>	<u>908,115</u>
Trade receivables backed by bank bills	195,595	295,462
Less: Allowance for ECL	<u>(1,441)</u>	<u>(1,700)</u>
	<u>194,154</u>	<u>293,762</u>
	<u><u>1,000,087</u></u>	<u><u>1,201,877</u></u>

The trade receivables and trade receivables backed by bank bills are from contracts with customers.

As at 1 January 2024, trade receivables and trade receivables backed by bank bills, net of allowance of ECL, amounted to RMB758,205,000 and RMB502,162,000, respectively.

The Group allows a credit period normally ranging from six months to one year to its trade customers. The following is an aged analysis of trade receivables and trade receivables backed by bank bills, net of allowance for ECL, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 6 months	595,702	853,487
Over 6 months but less than 1 year	202,798	202,754
Over 1 year but less than 2 years	135,707	119,971
More than 2 years	<u>65,880</u>	<u>25,665</u>
	<u><u>1,000,087</u></u>	<u><u>1,201,877</u></u>

## 10. TRADE PAYABLES AND TRADE PAYABLES BACKED BY BANK BILLS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	340,026	367,046
Trade payables backed by bank bills ( <i>Note</i> )	<u>—</u>	<u>35,918</u>
	<u><b>340,026</b></u>	<u><b>402,964</b></u>

*Note:* These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the Group is obliged to make payments on due dates of the bills.

An aged analysis of the Group's trade payables presented based on invoice date at the end of the reporting period is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 6 months	288,149	367,950
Over 6 months but less than 1 year	31,477	25,369
Over 1 year but less than 2 years	16,893	7,500
Over 2 years but less than 3 years	1,515	620
Over 3 years	<u>1,992</u>	<u>1,525</u>
	<u><b>340,026</b></u>	<u><b>402,964</b></u>

The average credit period taken for trade purchase ranges from two months to six months.

## **OTHER INFORMATION**

### **ANNUAL GENERAL MEETING**

The forthcoming Annual General Meeting (the “AGM”) of the Company will be held on 28 May 2026 and the Notice of AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in due course.

### **CLOSURE OF SHARE TRANSFER REGISTRATION**

The register of members of the Company will be closed from Wednesday, 6 May 2026 to Thursday, 7 May 2026 (both days inclusive) for the purpose of determining Shareholders’ entitlement to the 2026 first interim dividend, during which period no transfer of shares will be registered. In order to qualify for the first interim dividend for the year ending 31 December 2026, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 5 May 2026.

The register of members of the Company will be closed from Tuesday, 19 May 2026 to Thursday, 28 May 2026, both days inclusive, for the purpose of determining Shareholders’ eligibility to attend, act and vote at the AGM of the Company, during which period no transfer of shares will be registered. In order to determine the entitlement to attend, act and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 18 May 2026.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2025, the Company and any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company.

The Company did not hold or sell any treasury shares during the year ended 31 December 2025.

### **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

Throughout the year ended 31 December 2025, the Company has applied and complied with the code provisions in the Corporate Governance Code (the “CG Code”)\* set out in Part 2 of Appendix C1 to the Listing Rules, except for code provision C.2.1 as described below.

\* *The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code (version up to 30 June 2025).*

The code provision C.2.1 stipulates that the roles of chairman of the Board (the “Chairman”) and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly established and set out in writing. The Company does not use the title “Chief Executive Officer”. The duty of the chief executive officer has been assumed by the president of the Company (the “President”).

Mr. Li Zhenjiang has been both the Chairman and the President. His responsibilities are clearly 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 President 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 structure from time to time and shall consider any appropriate adjustments should new circumstances arise.

## **COMPLIANCE WITH MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group’s senior management and also persons who are likely to be in possession of inside information of the Group. Having made specific enquiry with the Directors, all Directors confirmed that, in respect of the year ended 31 December 2025, they had complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the audited financial results of the Group for the year ended 31 December 2025.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

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 ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 27 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PUBLICATION OF FURTHER INFORMATION**

The annual report of the Company inclusive of the Directors' Report and Audited Consolidated Financial Statements for the year ended 31 December 2025 and Corporate Governance Report will be published on the Company's website ([www.shineway.com.hk](http://www.shineway.com.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) in due course.

By Order of the Board  
**China Shineway Pharmaceutical Group Limited**  
**Li Zhenjiang**  
*Chairman*

Hong Kong, 27 March 2026

*As at the date of this announcement, the executive Directors are Mr. Li Zhenjiang, Ms. Xin Yunxia and Mr. Li Huimin; the non-executive Director is Mr. Zhou Wencheng and the independent non-executive Directors are Mr. Liu Shun Fai, Mr. Yew Yat On and Ms. Wang Guihua.*