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**HUA MEDICINE**

**華領醫藥**

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

**(stock code: 2552)**

## **POSITIVE PROFIT ALERT**

This announcement is made by Hua Medicine (the “**Company**” together with its subsidiaries the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited management accounts of the Group for the six months ended June 30, 2025 (the “**Current Reporting Period**”) and information currently available to the Group, the Group expects to record a profit of approximately RMB1,184.1 million for the Current Reporting Period as compared with a loss for the period of approximately RMB142.0 million for the corresponding period in 2024.

Reference is made to (i) the “Important events after the Reporting Period” of the 2024 annual report of the Company published 24 April 2025 (the “**2024 Annual Report**”) which stated that upon the termination of the exclusive promotion service agreement with Bayer on January 1, 2025, the unamortized contract liabilities amounting to RMB1,243.5 million were released to profit or loss, and recognized as a gain by the Group and (ii) the second item under “Business and financial highlights” of the 2024 Annual Report which stated that the Company assumed full responsibility for commercialization of HuaTangNing (华堂宁®) in mainland China. In this respect, the Company recruited a pharmaceutical sales executive with over 20 years of diabetes commercialization experience in China to lead our sales and marketing efforts.

In addition to the recognition of the remaining unamortized contract liabilities associated with the now terminated exclusive promotion service agreement with Bayer noted above, the expected improvement in profitability is due to the successful transition of commercialization responsibility for HuaTangNing (华堂宁®) in China and the increase in manufacturing efficiencies leading to improved gross profit margins. For the six months ended June 30, 2025, Hua Medicine sold approximately 1,764,000 packs of HuaTangNing (华堂宁®), representing approximately RMB217.4 million in net sales. During the same period in 2024, approximately 846,000 packs of HuaTangNing (华堂宁®) were sold, representing approximately RMB102.7 million in net sales. The difference represents a 111.8% increase in sales over a period during which the price per pack remained the same, which demonstrates that the transition of commercialization responsibility has been smooth and reinvigorated. Gross profit for the six months ended June 30, 2025 is expected to amount to approximately RMB117.8 million, while a gross profit of RMB47.8 million was reported in the same period in 2024. The expected significant increase in gross profit was attributable to increase in sales and improvement in gross margin. The Company will report an increase in gross margin to approximately 54.2% for the six months ended June 30, 2025 from 46.5% for the corresponding period in 2024. This was mainly due to increase in manufacturing efficiency and production volume that lead to corresponding reduction in unit production costs.

The Company is still in the process of finalising interim results of the Group for the Current Reporting Period and the information contained in this announcement represents preliminary statistics and a preliminary assessment based on the management accounts of the Group which has not been audited or reviewed by the Company's auditor. Shareholders and potential investors are advised to refer to the interim results announcement of the Company for the Current Reporting Period to be published in August 2025.

By Order of the Board

**Dr. Li Chen**

*Chief Executive Officer and Executive Director*

Hong Kong, 28 July, 2025

*As of the date of this announcement, the Board of Directors comprises Dr. Li Chen and Mr. George Chien Cheng Lin and Dr. Yi Zhang as executive Directors; Mr. Robert Taylor Nelsen as non-executive Director; and Mr. William Robert Keller, Mr. Yiu Wa Alec Tsui and Mr. Yiu Leung Andy Cheung as independent non-executive Directors.*