

2025 INTERIM REPORT

Joincare 

【Mission】 For the Health For the Future

【Vision】 Diligently make high-quality and innovative drugs

【Core Values】 Putting people first, Valuing workmanship and quality,
Pursuing innovation and truth, Promoting cooperation and sharing

Important Notice

I The Board of Directors (the “Board”), the Board of Supervisors and directors, supervisors and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report (the “Report”), and that there are no false representations, misleading statements or material omissions contained in the Report, and severally and jointly accept responsibility.

II All the directors of the Company attended the Board meeting.

III The interim report of the Company is unaudited.

IV Mr. Zhu Baoguo (朱保国), the person-in-charge of the Company, Mr. Qiu Qingfeng (邱庆丰), the person-in-charge of the Company's accounting work, and Ms. Guo Chenlu (郭琛璐), the person-in-charge of the accounting department (the head of the accounting department), declare that they hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in the Report.

V Profit distribution plan or plan for conversion of capital reserve to share capital approved by the Board during the Reporting Period

Not applicable

VI Risk declaration for the forward-looking statements

☒Applicable ☐N/A

The Report contains forward-looking statements which involve the future plans, development strategies, etc. of the Company, yet do not constitute substantive undertakings of the Company to investors. Investors should exercise caution prior to making investment decisions.

VII Whether there is non-operating use of funds by the controlling shareholder and their related parties

No

VIII Whether there is a violation of the prescribed decision-making procedures to provide external guarantees

No

IX Whether more than half of directors cannot warrant the truthfulness, accuracy and completeness of the Report disclosed by the Company

No

X Significant risk warnings

There is no exceptionally significant risk that will have a material impact on the production and operation of the Company during the Reporting Period. In this Report, the Company has elaborated on the risks and countermeasures that the Company may face in the course of production and operation, including industry policy risk, market risk, risk of safety and environmental protection, risk in price and supply of raw materials and R&D risk. For more information, please refer to “Potential risks” section in Chapter 3 Management Discussion and Analysis.

XI Others

☐Applicable ☒N/A

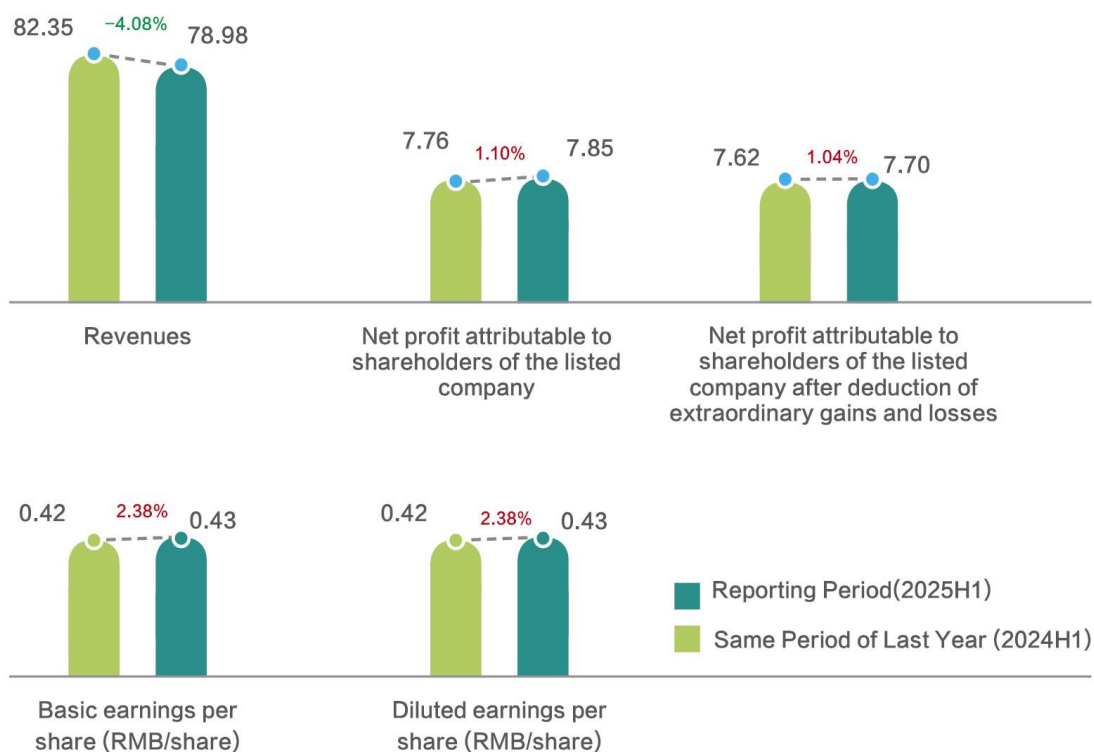
Table of Contents

Important Notice.....	2
Financial Highlights.....	5
Chapter 1 Definitions.....	6
Chapter 2 Company Profile and Major Financial Indicators.....	8
Chapter 3 Management Discussion and Analysis	12
Chapter 4 Corporate Governance, Environmental and Social.....	42
Chapter 5 Major Events.....	47
Chapter 6 Changes in Equity and Shareholders.....	65
Chapter 7 Information on Bonds.....	70
Chapter 8 Financial statements	71

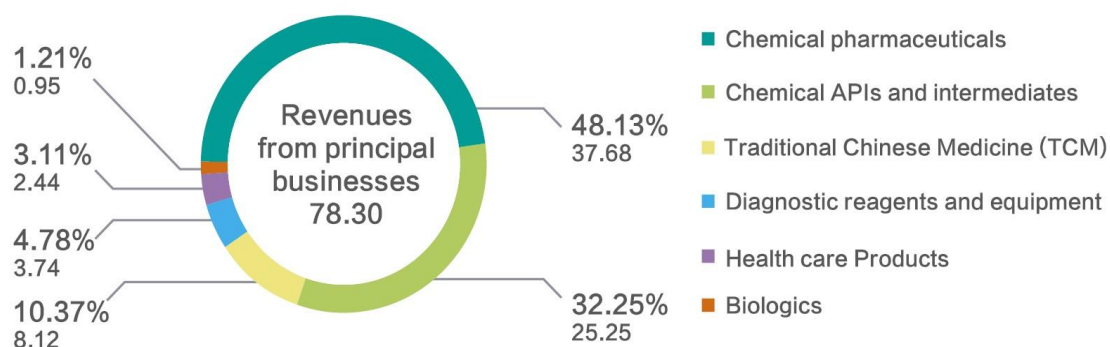
List of documents available for inspection	The Financial Statements signed and sealed by the person-in-charge of the Company, the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department)
	The original copies of all documents and announcements of the Company which have been disclosed to the public on the website designated by CSRC (China Securities Regulatory Commission) during the Reporting Period

Financial Highlights

Major Financial indicators (RMB100 Million)



Principal Businesses (RMB 100 million)



Chapter 1 Definitions

In this Report, unless the context otherwise requires, the following expressions shall have the following meanings:

Definitions of common terms		
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
Baiyeyuan or the Controlling Shareholder	Refers to	Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)
Company, the Company, Group or the Group	Refers to	Joincare Pharmaceutical Group Industry Co., Ltd.* (健康元药业集团股份有限公司)
COPD	Refers to	Chronic Obstructive Pulmonary Disease
HAP	Refers to	Hospital-Acquired Pneumonia
VAP	Refers to	Ventilator-Associated Pneumonia
BD	Refers to	Business Development
GMP	Refers to	Good Manufacturing Practice
GSP	Refers to	Good Supply Practice
DTC	Refers to	Direct-to-Consumers
IND	Refers to	Investigational New Drug Application
NDA	Refers to	New Drug Application
ICH	Refers to	International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
PIC/S	Refers to	Pharmaceutical Inspection Co-operation Scheme
Livzon Group	Refers to	Livzon Pharmaceutical Group Inc. *(丽珠医药集团股份有限公司)
Haibin Pharma	Refers to	Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海滨制药有限公司)
Joincare Haibin	Refers to	Joincare Haibin Pharmaceutical Co., Ltd.* (健康元海滨药业有限公司)
Xinxiang Haibin	Refers to	Xinxiang Haibin Pharmaceutical Co., Ltd. * (新乡海滨药业有限公司)
Taitai Pharmaceutical	Refers to	Shenzhen Taitai Pharmaceutical Co., Ltd. * (深圳太太药业有限公司)
Jiaozuo Joincare	Refers to	Jiaozuo Joincare Bio Technological Co., Ltd.* (焦作健康元生物制品有限公司)
Topsino	Refers to	Topsino Industries Limited * (天诚实业有限公司)
Shanghai Frontier	Refers to	Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. *(上海方予健康医药科技有限公司)
Health China	Refers to	Health Pharmaceuticals (China) Limited* (健康药业(中国)有限公司)
Livzon MAB	Refers to	Livzon MABPharm Inc. * (珠海市丽珠单抗生物技术有限公司)
Livzon Diagnostics	Refers to	Zhuhai Livzon Diagnostics Inc. * (珠海丽珠试剂股份有限公司)
Fuzhou Fuxing	Refers to	Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.* (丽珠集团福州福兴医药有限公司)

Livzon Xinbeijiang	Refers to	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.*(丽珠集团新北江制药股份有限公司)
Ningxia Pharma	Refers to	Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.*(丽珠集团(宁夏)制药有限公司)
Gutian Fuxing	Refers to	Gutian Fuxing Pharmaceutical Co., Ltd. *(古田福兴医药有限公司)
Livzon Hecheng	Refers to	Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. *(珠海保税区丽珠合成制药有限公司)
Livzon Limin	Refers to	Livzon Group Limin Pharmaceutical Manufacturing Factory *(丽珠集团利民制药厂)
Livzon Pharmaceutical Factory	Refers to	Livzon Group Livzon Pharmaceutical Factory *(丽珠集团丽珠制药厂)
Jiaozuo Hecheng	Refers to	Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.*(焦作丽珠合成制药有限公司)
Shanghai Livzon	Refers to	Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. *(上海丽珠制药有限公司)
Sichuan Guangda	Refers to	Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. *(四川光大制药有限公司)
Jinguan Electric Power	Refers to	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. *(焦作金冠嘉华电力有限公司)
LivzonBio	Refers to	Zhuhai Livzon Biotechnology Co., Ltd.*(珠海市丽珠生物医药科技有限公司)
Grant Thornton	Refers to	Grant Thornton Zhitong Certified Public Accountants LLP
Reporting Period	Refers to	From 1 January 2025 to 30 June 2025
End of the Reporting Period	Refers to	30 June 2025
Currency or unit	Refers to	RMB unless otherwise specified

*For identification purpose only

Chapter 2 Company Profile and Major Financial Indicators

I Company profile

Chinese name of the Company	健康元药业集团股份有限公司
Abbreviation of the Chinese name	健康元
English name of the Company	Joincare Pharmaceutical Group Industry Co., Ltd.
Abbreviation of the English name	Joincare
Legal representative of the Company	Zhu Baoguo (朱保国)

II Contact persons and contact details

	Board Secretary	Representative of Securities Affairs
Name	Zhu Yifan (朱一帆)	Li Hongtao (李洪涛), Luo Xiao (罗逍)
Address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Telephone	0755-86252656, 0755-86252388	0755-86252656, 0755-86252388
Fax	0755-86252165	0755-86252165
E-mail	zhuyifan@joincare.com	lihongtao@joincare.com luoxiao@joincare.com

III Introduction of the Company's basic information

Registered address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Historical changes in registered address	<p>Registered at B5, Hengfeng Industrial City, Hezhou Community, Huangtian Village, Xin'an Town, Bao'an County on 18 December 1992</p> <p>Changed its registered address to 4-5/F, Dongpeng Building, Shangmeilin Industrial Area, Futian District, Shenzhen on 25 May 1994</p> <p>Changed its registered address to 24/F, Block B, Fujian Building, Caitian South Road, Futian District, Shenzhen on 4 July 1995</p> <p>Changed its registered address to 23/F, Diwang Building, Shun Hing Square, No. 333, Shennan East Road, Shenzhen on 20 June 1997</p> <p>Changed its registered address to Taitai Pharmaceutical Industrial Building, the 5th Industrial Area, Nanshan District, Shenzhen on 22 September 2000</p> <p>Changed its registered address to 23/F, Diwang Building, Shun Hing Square, No. 5002, Shennan East Road, Luohu District, Shenzhen on 4 June 2003</p> <p>Changed its registered address to Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen on 29 January 2008</p> <p>Changed its registered address to Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen on 27 November 2012</p>
Office address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Postal code of Office address	518057
Website	http://www.joincare.com
E-mail	joincare@joincare.com

IV Introduction of changes in information disclosure and places for inspection

Name of designated newspapers for information disclosure by the Company	<i>China Securities Journal, Securities Times, Securities Daily, and Shanghai Securities News</i>
Website for publication of the interim report	http://www.sse.com.cn
Place for inspection of the interim report of the Company	Office address of the Company

V Company Stock Profile

Class of stock	Listed on	Stock Abbreviation	Stock code	Stock abbreviation prior to change
A Share	Shanghai Stock Exchange	健康元	600380	太太药业, S健康元
GDR	SIX Swiss Exchange	Joincare Pharmaceutical Group Industry Co., Ltd.	JCARE	/

VI Other relevant information

☐Applicable ☒N/A

VII Principal accounting data and financial indicators of the Company**(I) Principal accounting data**

Unit: Yuan Currency: RMB

Principal accounting data	Reporting Period (From January to June)	Same Period of Last Year	Increase/decrease for the Reporting Period as compared to the same period last year (%)
Revenues	7,898,328,250.41	8,234,634,099.45	-4.08
Total profit	2,072,742,025.46	1,982,029,350.87	4.58
Net profit attributable to Shareholders of the listed company	784,939,913.34	776,424,466.87	1.10
Net profit attributable to Shareholders of the listed company after deducting the extraordinary gain or loss	769,813,117.30	761,906,569.72	1.04
Net cash flow from operating activities	1,926,356,658.10	1,737,299,772.25	10.88
	End of the Reporting Period	End of the Last Year	Increase/decrease as at the end of the Reporting Period as compared to the end of last year (%)
Net assets attributable to Shareholders of the listed company	14,645,400,560.24	14,534,719,589.34	0.76
Total assets	35,552,215,282.00	35,718,129,456.13	-0.46

(II) Principal Financial Indicators

Principal Financial Indicators	Reporting Period (From January to June)	Same Period of Last Year	Increase/decrease for the Reporting Period as compared to the same period last year (%)
Basic earnings per share (RMB/share)	0.43	0.42	2.38
Diluted earnings per share (RMB/share)	0.43	0.42	2.38
Basic earnings per share after deducting the extraordinary gain or loss (RMB/share)	0.42	0.41	2.44
Weighted average return on net assets (%)	5.38	5.50	Decreased by 0.12 percentage points
Weighted average return on net assets after deducting the extraordinary gain or loss (%)	5.28	5.39	Decreased by 0.11 percentage points

Description of principal accounting data and financial indicators of the Company

☐Applicable ☒N/A

VIII Differences in accounting data under domestic and foreign accounting standards

☐Applicable ☒N/A

IX Items and amounts of extraordinary gains and losses

☒Applicable ☐N/A

Unit Yuan Currency: RMB

Items of Extraordinary Gains and Losses	Amounts	Notes (If applicable)
Gain or loss on disposal of non-current assets (including the reversal of previously recognized asset impairment provisions).	-2,579,460.77	Gains from disposal of non-current assets
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable policies and standards of the country)	68,439,040.16	Government grants through the profit and loss for the Period
Excluding effective hedging activities related to the company's ordinary operating business, this refers to gains and losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as gains and losses from the disposal of financial assets and financial liabilities.	-7,751,339.88	Gains and losses arising from changes in fair value of financial assets/liabilities held for trading, and investment gains from holding and disposal of financial assets/liabilities held for trading
Other non-operating income and expenditure apart from the above items	-7,062,692.26	Other non-operating income and non-operating expenses apart from the above items
Less: Income tax effect	11,889,356.58	Effect of the above items on income tax

Effect of minority interests (after tax)	24,029,394.63	The portion of the above items to which minority shareholders are entitled
Total	15,126,796.04	

For the items not listed in the “Explanatory Announcement No.1 for Public Company Information Disclosures-Extraordinary Gains or Losses” that the company identifies as non-recurring gains and losses, especially those with significant amounts, as well as the extraordinary gain or loss items as illustrated in the “Explanatory Announcement No.1 for Public Company Information Disclosures-Extraordinary Gains or Losses” which has been defined as its recurring gain or loss items, the reasons for such classification should be explained.

☐Applicable ☒N/A

X Companies with equity incentive plans or employee stock ownership plans may choose to disclose net profit after deducting the impact of share-based payments.

☐Applicable ☒N/A

XI Others

☐Applicable ☒N/A

Chapter 3 Management Discussion and Analysis

I Description of the industry in which the Company operates and principal businesses of the Company during the Reporting Period

(I) Principal businesses and products of the Company

The Company is primarily engaged in the R&D, production and sales of pharmaceutical products and health care products. The business scope of the Company covers chemical pharmaceuticals, biologics, chemical active pharmaceutical ingredients (APIs) and intermediates, traditional Chinese medicine (TCM), diagnostic reagents and equipment, health care products, etc. The enriched product series and mix provide larger market and growth opportunities for the Company. Main products of the Company are as follows:

Chemical pharmaceuticals

1. Respiratory



Tobramycin
Inhalation Solution
(健可妥)



Levosalbutamol
Hydrochloride Nebulizer
Solution
(丽舒同)



Budesonide
Suspension for
Inhalation
(雾舒)



Salmeterol Xinafoate and
Fluticasone Propionate
Powder for Inhalation
(健可畅)

2. Gastroenterology



Ilaprazole
Enteric-Coated
Tablets
(壹丽安)



Ilaprazole Sodium
for Injection
(壹丽安)



Bismuth
Potassium
Citrate Capsules
(丽珠得乐)



Bismuth Potassium Citrate Tablets/
Metronidazole Tablets/Clarithromycin Tablets
(丽珠维三联)

3. Assisted reproduction



Leuporelin Acetate
Microspheres for Injection
(贝依)



Urofollitropin for
Injection (丽申宝)

4. Psychiatry



Fluvoxamine Maleate
Tablets (瑞必乐)



Perospirone
Hydrochloride
Tablets (康尔汀)

5. Anti-infection



Voriconazole for
Injection (丽福康)



Meropenem for
Injection (倍能)



Diagnostic reagents and equipment



Health care products and OTC



Biologics



(II) Business model of the Company

As a fully integrated pharmaceutical group encompassing research and development, manufacturing, sales, and services, the Company has, through years of development, established a comprehensive end-to-end system covering the entire value chain. Main business models of the Company are as follows:

1. R&D

The Company adopts a multi-pronged R&D model that integrates independent innovation, external licensing, and collaborative development. In terms of in-house innovation, the Company has established

a multi-tiered R&D system covering a wide range of areas including chemical formulations and biopharmaceuticals. Based on its proprietary technology platforms, the Company has developed a clearly defined R&D pipeline focused on key therapeutic areas such as respiratory diseases and tumor immunology. In terms of collaborative innovation, the Company actively engages in domestic and international scientific partnerships through commissioned or joint development. It also pursues technology transfer and in-licensing of strategic new technologies and products to facilitate industrial transformation, strengthen its position in core therapeutic areas, and expand into emerging markets.

2. Procurement

The Company exercises strict control over procurement efficiency, quality, and cost, and has established long-term, stable partnerships with multiple suppliers. Each manufacturing subsidiary procures raw and auxiliary materials, as well as packaging materials, in accordance with its production schedule. The Company has implemented stringent quality standards and procurement policies, requiring all subsidiaries to conduct procurement in compliance with GMP standards. It has entered into long-term strategic partnerships with bulk material suppliers, ensuring a balance between quality assurance and cost control. An internal evaluation system and pricing database have been established to monitor market dynamics in real time. The Company practices a procurement approach based on both quality and price comparisons to ensure procurement transparency and efficiency.

3. Production

The Company organizes production based on market demand. The sales department conducts market research and formulates sales plans. Production quantities and specifications are then determined by taking into account inventory levels and production capacity. Procurement is arranged in accordance with the production plan and raw material availability, and all plans are subject to management review and approval before execution. The Company strictly adheres to GMP requirements and has established a comprehensive quality management system, including the implementation of a Qualified Person (QP) system. A rigorous Quality Assurance (QA) framework has been put in place to ensure compliance with national standards and alignment with international certifications. Regular GMP self-inspections, internal and external ISO 9001 audits, and third-party audits are conducted to ensure continuous improvement. The Company applies internationally advanced GMP management practices, with robust quality control across supplier selection, production processes, product release, and post-market surveillance—ensuring the efficiency and integrity of the entire quality system.

4. Sales

(1) Drug formulation products

The Company's Chemical pharmaceuticals, Biologics, and traditional Chinese medicine formulations are primarily sold to end customers such as hospitals, clinics, and retail pharmacies. In line with common practices in the pharmaceutical industry, the Company primarily conducts sales through pharmaceutical distribution enterprises. Distributors are selected and centrally managed based on criteria such as distribution capabilities, market familiarity, financial strength, credit history, and operational scale. All selected partners must hold valid pharmaceutical distribution licenses and certifications of compliance

with Good Supply Practice (GSP) standards. The typical sales process is as follows: end customers place purchase orders with distribution enterprises, which then submit orders to the Company based on their inventory levels, distribution agreements, and contractual terms. The Company delivers products to the distributors and recognizes revenue accordingly.

(2) APIs and intermediates

The Company's API products are primarily supplied to large-scale manufacturing enterprises. The Marketing and Sales Department holds market analysis meetings every one to two weeks to assess price trends based on current sales performance. Product pricing is determined through a comprehensive evaluation of market dynamics, production costs, and inventory levels, and is implemented upon approval by the management team. In terms of sales strategy, the Company primarily adopts a direct sales model in the domestic market, supplemented by distributor sales. For international markets, direct sales remain the main approach, while distributor partnerships are employed in higher-risk regions to mitigate potential operational challenges.

(3) Diagnostic reagents and equipment

The Company's diagnostic reagents and equipment include both self-manufactured and imported products. End customers primarily consist of hospitals, Centers for Disease Control and Prevention (CDCs), and public health authorities. These products are marketed through a combination of direct sales and distribution via pharmaceutical circulation enterprises.

(4) Health care products

The Company adheres to a user-centric, brand-driven growth model and has established a new brand marketing system alongside a comprehensive omni-channel sales network.

Online, the Company operates DTC (Direct-to-Consumer) sales primarily through flagship stores on platforms such as Douyin, Tmall, and JD.com, enabling direct engagement with end users.

Offline, in the retail pharmacy channel, the Company leverages its commercial partners' distribution networks and terminal coverage. It currently collaborates with 83 first-tier commercial distributors and nearly 4,000 key account (KA) pharmacy chains, reaching a total of 400,000 end-user outlets.

In the new retail channel, the Company distributes products to supermarkets and convenience stores through 38 distributors and 4 directly managed accounts (Walmart, Sam's Club, Sinopec Easy Joy and Zhongwan Petroleum). Our products have entered national supermarket chains such as Sam's Club, Walmart, Rainbow, RT-Mart, Yonghui, CR Vanguard, and Ole, as well as national convenience store chains including Lawson, FamilyMart, 7-Eleven, and Easy Joy, covering more than 6,600 end-user outlets.

(III) Analysis of industry development

In the first half of 2025, driven by both policy and market forces, China's pharmaceutical innovation sector underwent multi-dimensional and in-depth structural changes, with innovative drug development entering a period of accelerated growth in both quality and efficiency. At the policy level, the issuance of the Several Measures to Support the High-Quality Development of Innovative Drugs has provided strong support, injecting systemic momentum into the sector through initiatives such as guiding R&D with

medical insurance data, focusing national science and technology programs on key areas, and improving a diversified payment system.

1. R&D output enters a period of rapid growth, with continuous expansion in breadth and depth. From January to May 2025, the National Medical Products Administration approved more than 20 Class 1 innovative drugs, a record high for the same period in the past five years. These drugs cover multiple therapeutic areas including oncology, metabolic diseases, and autoimmune diseases, marking a transition of China's innovative drug R&D from single-point breakthroughs to multi-field collaborative output.

2. Industry's Internationalisation achieves a leap forward, with significantly enhanced global competitiveness. In the first half of the year, the total value of overseas licensing deals exceeded USD 66 billion, hitting a historical high. This growth is reflected not only in the scale of transactions, but also in the diversification of cooperation models and breakthroughs in technology exports. Chinese pharmaceutical companies have established a global R&D and commercialisation network through licensing, joint R&D, equity cooperation, and other multi-layered arrangements, forming a deeply collaborative innovation ecosystem with multinational pharmaceutical companies, and further enhancing their influence in the global pharmaceutical innovation landscape.

3. Real-world studies become a key link in innovation transformation, making R&D models more scientific and efficient. The value transformation of real-world data in innovative drugs has accelerated significantly. By integrating efficacy, safety, and usage pattern data from clinical settings, these studies not only precisely validate the clinical value of innovative drugs, but also effectively shorten the R&D cycle, driving efficient translation from laboratory to clinic and serving as a core lever for improving R&D quality and efficiency.

4. The payment system continues to improve, safeguarding the realisation of innovation value. Deepened medical insurance reform has achieved notable breakthroughs: the latest catalogue includes 38 "global FIC" innovative drugs, while the commercial health insurance innovative drug catalogue has expanded in parallel. Pilot measures such as price confidentiality mechanisms linked with medical insurance, and special case-by-case payment negotiations, have built a more flexible payment ecosystem, providing a solid foundation for accessibility and sustainable commercialisation of innovative drugs.

Collectively, these trends confirm that China is accelerating its transformation from a major pharmaceutical producer to a powerhouse in pharmaceutical innovation. Domestic innovative drugs have shifted from following to, in some cases, leading, playing an increasingly pivotal role in reshaping the global pharmaceutical industry landscape.

(IV) Industry status of the Company

Thanks to years of development, the Company has become an integrated pharmaceutical enterprise covering multiple areas including chemical pharmaceuticals, chemical APIs and intermediates, traditional Chinese medicine, diagnostic reagents and equipment as well as health care products. Chemical drug formulation products are the largest revenue generator of the Company, among which drugs for

gastroenterology and gonadotropic hormones are traditional competitive products of the Company, with key products securing long-term leading positions in national drug formulation market segments.

The Company, leveraging its robust R&D capabilities, ranked Top 50 in “China's comprehensive strength in drug R&D in 2025”.

(V) Performance drivers in the Reporting Period

During the reporting period, notwithstanding changes in the market environment and the continued intensification of industry competition, the Company's overall performance remained on a steady growth trajectory, fully demonstrating its strong operational resilience and risk resistance, and benefiting from the active implementation of the Company's core strategies across all business segments.

1. In the Chemical pharmaceuticals segment, following the inclusion of certain generic products in volume-based procurement, market competition further intensified, resulting in a decline in revenues for this segment. In response, the Company resolutely implemented its “innovation-driven” strategy, regarding this as an opportunity to deepen its transformation towards innovation, with a focus on clinical needs and the technological frontier. Efforts were made to enhance innovation capabilities, break through homogenised competition, and accumulate stronger momentum for achieving breakthrough development in the field of innovation in the future.

2. In the APIs and intermediates segment, although impacted by price fluctuations of certain individual products and intensified market competition, the segment maintained overall stable performance, underpinned by the Company's deep strategic presence in the APIs sector and prudent operations. Building upon this foundation, the Company continued to advance its internationalisation strategy, actively promoting capacity expansion both domestically and overseas, steadily increasing its market share and penetration in the global APIs market, and laying a solid foundation for the segment's long-term development.

3. The health care products segment delivered outstanding results. Despite a relatively high base in the same period of the previous year, it achieved a growth rate of 35% during the reporting period, fully reflecting its exceptional market expansion capabilities and broad development prospects.

Explanation of newly added significant non-principal businesses during the reporting period

☐ Applicable ☒ Not applicable

II Discussion and analysis of business conditions

1. Main business conditions during the Reporting Period

(1) Steady Overall Performance with Synergistic Momentum Across Core Segments

During the Reporting Period, the Company maintained a steady growth trajectory, with its core business segments working in synergy and demonstrating strong resilience amid market fluctuations. Livzon Group, as our foundation of business and development, continued to deliver stable performance, supported by its mature product portfolio and long-established channel advantages, thereby providing a

solid underpinning for the Company's overall operations. Livzon MAB's operational improvements continued to take effect, with streamlined business operations and cost-efficiency initiatives narrowing losses. The impact of losses on net profit attributable to the parent narrowed by RMB62 million year-on-year, further consolidating its development foundation and providing robust assurance for the stability of the Company's performance.

In the chemical pharmaceuticals segment, sales in the respiratory therapeutic area experienced a decline, primarily due to the ongoing impact of volume-based procurement policies and intensified market competition. In response, the Company actively implemented countermeasures: on the one hand, by expanding the market penetration of Tobramycin Inhalation Solution, which recorded a year-on-year sales increase of 112% in the first half, demonstrating strong growth momentum; on the other hand, by accelerating innovative drug R&D and advancing product portfolio optimization, thereby accumulating long-term potential to enhance core competitiveness.

Meanwhile, the health care products segment delivered an outstanding performance. Leveraging precise market positioning and effective marketing strategies, it achieved a further 35% increase in sales on a high base from last year, becoming a key driver of performance and highlighting the positive effects of a diversified business portfolio.

The API segment also maintained stable operations, with core products sustaining strong competitiveness. Prices of the key product 7-ACA remained at a favorable level, while Meropenem APIs, after experiencing earlier market volatility, stabilized and began to recover. By deepening cooperation with strategic customers, optimizing capacity allocation and supply chain management, and actively expanding overseas markets along with advancing multiple API registration filings, the Company further consolidated its leading market position and built momentum for a rebound in performance.

(2) Multiple Breakthroughs in R&D Innovation with Visible Pipeline Achievements Across Therapeutic Areas

During the Reporting Period, the Company achieved multiple breakthroughs in R&D innovation, with pipeline development across therapeutic areas further enhanced and results progressively materializing.

In the **respiratory therapeutic area**, R&D advanced smoothly with continuous deepening of innovative efforts. To date, the Company has established a forward-looking portfolio of more than ten Category I innovative drugs, particularly building a comprehensive target coverage network in anti-inflammatory therapies for COPD, thereby forming a differentiated competitive advantage. Among them, marapetsavir capsules for influenza treatment have entered the new drug application stage for production, while the pediatric formulation, Pixavir Marboxil dry suspension, obtained IND approval and is advancing steadily through Phase I clinical study. The layered pipeline strategy of these two formulations is expected to address influenza treatment needs across all age groups. In chronic respiratory diseases, the Phase II trial of TSLP monoclonal antibody is progressing steadily as scheduled and remains among the leading domestic studies; moreover, the world's first-in-class PREP inhibitor successfully completed Phase I

studies and is advancing into Phase II studies. The advancement of these innovative pipelines is expected to offer patients with respiratory diseases broader treatment options.

Other therapeutic areas also recorded positive progress:

- **Autoimmune diseases:** The recombinant anti-human IL-17A/F humanized monoclonal antibody injection basically completed a Phase III clinical study in moderate-to-severe psoriasis, with head-to-head results demonstrating superiority over Secukinumab.

- **Metabolism:** The small nucleic acid drug LZHN2408 for the treatment of gout received clinical trial approval and initiated Phase I study; Semaglutide Injection for diabetes indication is under regulatory review for market launch approval, while its obesity indication has progressed into the late stage of Phase III trials.

- **Psychiatry and Neurology:** Aripiprazole microspheres for injection was approved for launching, becoming the world's first long-acting sustained-release microsphere formulation for schizophrenia, providing a new clinical treatment option. Paliperidone palmitate injection and aripiprazole microcrystalline injection, both long-acting microsuspension products, were submitted for launching approval. Meanwhile, NS-041 tablets for epilepsy entered Phase II clinical study, gradually forming a Psychiatry & Neurology product cluster and strengthening the market foundation in this field.

- **Assisted reproduction:** Progesterone injection was approved for market launch, while the launching application for Recombinant Human Follitropin Alfa Solution for Injection is progressing in an orderly manner, further completing the full-chain assisted reproduction solution and providing patients with more comprehensive therapeutic support.

- **Gastroenterology:** JP-1366 tablets completed Phase III clinical trial and have been submitted for production (market launch) approval, while its injection is currently advancing to Phase I clinical trials., consolidating the Company's strategic positioning in this area.

- **Pain management:** The non-opioid innovative NAV 1.8 inhibitor completed Phase I trials and is advancing into Phase II studies. Designed to avoid the addictive risks of traditional opioids, this novel mechanism offers a safer clinical option for pain treatment and carries significant clinical value.

- **Cardiovascular and cerebrovascular diseases:** The anticoagulant H001 capsule completed patient enrollment in its Phase II clinical trials.

(3) Accelerated Internationalization with a Global Industrial Footprint Taking Shape

In terms of overseas capacity expansion, the Company's first overseas API plant has officially commenced construction in Jakarta, Indonesia. Leveraging local geographical advantages and industrial resources, the plant will focus on producing differentiated APIs in compliance with international standards, further strengthening the Company's global supply chain system, enhancing its supply responsiveness to Southeast Asian and global markets, and laying a solid foundation for the globalization of its API business.

Significant progress has also been made in the internationalization of finished dosage forms. The Joincare Haibin manufacturing site successfully passed GMP inspections conducted by drug regulatory authorities in the Philippines and Malaysia. In particular, the site completed a compliance inspection under the latest PIC/S standards, creating favorable conditions for product entry into the Malaysian market.

Through the mutual recognition mechanism of international regulatory frameworks, the Company has effectively reduced registration costs and shortened approval timelines for entering multiple overseas markets.

In terms of market presence, registration activities for multiple products in the Philippines, Malaysia, the European Union, and other regions are proceeding as planned. The Company's subsidiary in the Philippines has obtained a local FDA operating license, providing critical support for the expansion of sales in Southeast Asia. Its Dutch subsidiary has successfully obtained both manufacturing and import licenses, marking the establishment of the Company's overseas operational system in Europe and serving as a strategic foothold for entering the high-end EU market. At the same time, the Company is pursuing the acquisition of Imexpharm Corporation in Vietnam, aiming to strengthen its distribution network and market penetration in Southeast Asia. Relevant matters are actively progressing, and the Company will continue to advance its globalization strategy in a steady manner, creating favorable conditions for the implementation of its long-term strategic objectives.

2.Business plans in the second half of 2025

In the second half of 2025, the major tasks in various business segments of the Company are set out as follows:

(1) R&D Center

R&D innovation is the core driving force of the Company's development. The Company will continue to deepen the R&D of innovative drugs, focusing on its core strengths in the respiratory, anti-infective, gastroenterology, assisted reproduction, and psychiatry fields, so as to consolidate its leading position in the industry and build a differentiated pipeline mix. First, the Company will concentrate resources on key products and accelerate the R&D and marketing progress of core projects such as Pixavir Marboxil, TSLP monoclonal antibody, NAV1.8 inhibitor, PREP inhibitor, and PDE4 inhibitor. Second, the Company will promote the deep integration of AI into the entire R&D process, from multi-omics data mining in target discovery, molecular structure optimisation in compound design, to intelligent patient recruitment and data monitoring in clinical trials, further advancing the application of CADD and AIDD technologies to achieve simultaneous improvements in R&D efficiency and innovation quality. Third, the Company will adhere to a "self-development + BD" dual-track strategy, strengthening its independent R&D capabilities while broadening innovation sources through strategic cooperation, technology introduction, and project acquisition to improve pipeline layout; at the same time, it will accelerate the overseas registration of key products, build a global commercialisation network, and promote the realisation of the international value of its innovation achievements.

(2) Production Center

Adhere to production, The Company is continuing to advance the transformation and upgrading of its intelligent manufacturing, focusing on optimising the entire production chain and implementing systematic measures to strengthen its development foundation. In terms of standardisation and intelligent construction, the Company has established a comprehensive standard system covering the entire process

from raw material procurement and production processing to finished product inspection, while simultaneously upgrading intelligent production equipment and production lines. This enables automation, precision, and traceability in production, providing a solid safeguard for product quality stability. With respect to safety and quality control, the Company strictly implements the production safety responsibility system, enhances employee safety awareness through strengthened training, and continuously improves its quality management system, thereby safeguarding safety and quality across all dimensions. To further enhance efficiency and cost advantages, on the one hand, the Company optimises production processes and improves equipment utilisation to reduce costs and increase efficiency; on the other hand, it applies AI data analytics to build a production operation platform, enabling real-time collection of key data such as equipment operation and energy consumption, and uses intelligent algorithms to optimise scheduling, thereby effectively improving production and operational efficiency. In addition, adhering to the concept of green and sustainable development, the Company continuously improves its environmental protection standards, monitors environmental information, and implements energy-saving and emission-reduction measures. The Company also actively promotes international certification of its products to ensure that export products strictly comply with international standards such as ICH and PIC/S, thereby laying a solid foundation for smooth entry into the global market.

(3) Sales Center

In the prescription drug marketing sector, the Company will place optimisation of product structure at the core and systematically advance a series of active measures to fully tap market potential. The most critical of these is the promotion of the marketing and sales of Pixavir Marboxil. As the Company's first patented innovative drug in recent years, marpatisavir will, on the one hand, be promoted through intensified publicity and multi-channel communication of its product value, and on the other hand, through the active exploration of out-of-hospital sales channels to precisely meet market demand during the influenza season, striving to achieve a breakthrough in the market. At the same time, refined operations will be carried out separately by product line. The innovative drug segment will focus on academic-driven promotion and deep clinical penetration to continuously enhance professional influence; the generic drug segment will focus on channel penetration and coverage of primary markets, accelerating the transformation to "precision operations." In addition, the Company will deepen the empowerment of AI technology across the entire sales process, relying on intelligent management systems to strengthen dynamic business monitoring, customer relationship management, and market trend analysis, thereby providing precise data support for decision-making. Adhering to a patient-centred approach, the Company will promote digital construction across multiple scenarios such as chronic disease management and primary healthcare, building an integrated diagnosis-and-treatment and full-course disease management data loop, continuously improving disease management efficiency and effectively increasing patient benefits.

In the marketing and promotion of APIs and intermediates, the Company anchors industry opportunities with a global perspective, expanding development space through coordinated efforts in international and domestic markets. In the international market, strategic cooperation will serve as the core

link, with continued deepening of the scope and depth of cooperation with global core customers. Through precise customer development and refined relationship management, the Company will continuously expand its high-quality customer base, while fully demonstrating its core strengths and brand accumulation in technology R&D and quality control, jointly building a long-term, stable, and mutually beneficial collaborative ecosystem with strategic partners. Leveraging close cooperation with world-class enterprises, the Company's brand reputation in the global market will continue to improve; at the same time, close attention will be paid to exchange rate fluctuations and market changes, with timely adjustments to sales strategies to ensure the steady advancement of international business. Meanwhile, domestic market expansion will also progress steadily. The Company will closely monitor industry development trends, actively seize opportunities arising from national policies, and proactively explore new business breakthroughs. By developing new customers and new markets to increase coverage, while continuously optimising cost control and product quality, the Company will lay a solid foundation for stable profitability and long-term development.

In the marketing of health care products and OTC drugs, the Company will focus on "brand upgrading and enhancement of user value" to stimulate growth momentum from multiple dimensions. 1) It will expand business growth by linking online and offline channels to penetrate the brand into consumers' minds: offline, by advancing organisational structure reform to inject new vitality into market expansion; online, by developing diversified channels and deepening digital marketing, leveraging sales events at consumption peaks to drive product sales, while expanding cooperation with key opinion leaders (KOLs) to break through existing circles, optimising the internal business loop, and introducing brand livestreaming and influencer livestreaming to accelerate the establishment of an all-domain traffic matrix. 2) Brand building will be strengthened to enhance market penetration: through deep collaboration with offline chain enterprises, constructing a sell-through system, adopting innovative means to facilitate product circulation, strengthening professional capability building, and enhancing brand exposure and sales performance through co-branding initiatives. 3) User operations will be focused on to consolidate the business foundation: improving user experience, building a service system to enhance user stickiness, and concurrently optimising core business processes, advancing organisational restructuring, and enhancing talent capabilities to safeguard strategy implementation and drive sustainable business growth

(4) Functions and strategies

The key priorities in the Company's functional areas are as follows: First, to continuously improve and enhance the corporate governance system, establishing systematic management in internal control, risk management, and compliance, and comprehensively advancing lean management to achieve cost reduction and efficiency enhancement. Second, to further strengthen talent and system development, adhering to the parallel implementation of the OKR and KPI target management systems, with quarterly dynamic tracking and adjustment, and ensuring interdepartmental collaboration in supporting R&D, production, and sales. Third, to deepen the empowerment of AI technology, actively applying AI tools to optimise various workflows in functional areas, enhance organisational operational efficiency and management precision, and comprehensively improve organisational effectiveness through technology-

driven initiatives. Fourth, to promote corporate culture development, optimise the working environment and facilities, strengthen cultural promotion and implementation, and enhance corporate cohesion and unity. Fifth, to solidly fulfil corporate social responsibility, taking ESG system development as the entry point, improving the full-dimensional indicator system for environmental management, social responsibility, and corporate governance, and implementing social responsibility practices through green operations, public welfare projects, and employee volunteer services. The ESG philosophy will be deeply integrated with business development, enhancing overall competitiveness through responsible corporate conduct, with the ultimate goal of delivering long-term returns to shareholders and contributing sustainable value to society, thereby achieving high-quality development.

Material changes in business conditions of the Company during the Reporting Period and matters occurred during the Reporting Period that had and are expected to have significant impacts on business conditions of the Company

☐Applicable ☒N/A

III Analysis of core competitive strengths during the Reporting Period

☒Applicable ☐N/A

1. Strategic Leadership: The Driving Force Behind Steady Progress

As a long-term value creator in the healthcare and pharmaceutical industry, Joincare has demonstrated strong resilience and sustainable growth. Since the strategic integration with Livzon Group in 2002, the Company has maintained a compound annual revenue growth rate of 15.4% over 22 years, navigating through multiple industry cycles and macro challenges such as the global financial crisis, the COVID-19 pandemic, and volume-based procurement reform. This resilience is rooted in the management's keen foresight into industry transformations and unwavering strategic discipline.

Accurate strategic foresight has been one of Joincare's key advantages. In 2013, anticipating the immense potential of the respiratory disease market driven by an aging population, the Company made a decisive move to enter the field. After six years of dedicated research and development, Joincare overcame significant technological barriers in high-end inhalation formulations. Following the market launch of its first product in 2019, sales of respiratory products grew 22-fold over four years, firmly establishing Joincare as a pioneer and leader in China's respiratory sector.

Thanks to its forward-looking strategy, Joincare has established strong competitive advantages in fields such as respiratory, gastroenterology, and assisted reproduction.

In the respiratory field, Joincare has taken a first-mover advantage with an early and diverse product portfolio, having successfully launched 10 products. The company has broken the long-standing monopoly of multinational pharmaceutical companies and established itself in the top tier of market share. In addition, by closely aligning with clinical needs, Joincare has built a pipeline of over 10 Class 1 innovative drug candidates, laying a solid foundation for long-term growth.

In the gastroenterology field, Ilaprazole, as a domestically developed innovative PPI, has stood out in the market with its remarkable efficacy advantages, securing a leading position. The company's in-development Potassium Ion Competitive Acid Blocker (P-CAB) product holds strong growth potential, laying a solid foundation for technological advancement and market expansion in this area.

In the assisted reproduction field, the company has established a comprehensive product portfolio, with its flagship products maintaining a leading position in their respective sub-markets for consecutive years. Leveraging the strengths of its microsphere formulation technology platform, the company has strategically planned for long-acting formulations, and its pipeline projects are progressing steadily, providing strong support for sustained development in this field.

Artificial intelligence (AI) is another core strategic focus. Joincare is deploying AI to empower pharmaceutical innovation, achieving full-chain digital transformation across four key areas: R&D, production and quality control, precision marketing, and functional management—further solidifying its competitive advantages. In R&D, the Company utilizes world-class AI models such as DeepSeek to build an intelligent R&D system covering key phases from disease target identification and drug discovery to pharmaceutical research, clinical trials, and post-marketing surveillance, injecting powerful momentum into new drug development.

2. Organizational Execution: The High-Efficiency Engine Driving Strategy Implementation

Organizational execution is the key enabler of Joincare's strategic implementation. The Company has built a young, dynamic, and highly capable management team covering core functions across R&D, manufacturing, sales, and marketing. Joincare places a strong emphasis on organizational synergy and has established efficient communication and collaboration mechanisms. These systems foster close coordination and seamless integration among departments, breaking down information silos, minimizing communication losses, and significantly improving the scientific rigor of decision-making and the effectiveness of execution—thus laying a solid organizational foundation for the realization of strategic goals.

From 2022 to 2024, a critical phase of transformation, Joincare achieved a major leap forward across several therapeutic areas, particularly in respiratory, pain management, gastrointestinal, and neuropsychiatric fields by successfully transitioning from a generic-drug-focused model to one centered on innovative drug development. By leveraging sharp market insight and precise identification of industry trends and unmet needs, and building upon strong R&D capabilities, the Company rapidly established an innovative pipeline of over 20 drug candidates targeting key indications such as asthma, chronic obstructive pulmonary disease (COPD), depression, and gout.

This rapid strategic pivot from generics to innovation and its efficient execution reflect Joincare's outstanding organizational capabilities. Through highly coordinated teamwork and precise resource allocation, the Company has successfully developed a wide-reaching innovative drug pipeline, driving innovation-led growth and steadily advancing toward higher strategic goals.

3. Brand Equity: The Power of Quality and Ecosystem Development

In an increasingly competitive healthcare market, Joincare has remained deeply focused on building brand equity. With forward-looking strategic vision and strong execution, the Company has cultivated a unique and powerful brand ecosystem.

Taita (太太) and Eagle's(鹰牌), two national brands under Joincare with more than 30 years of heritage, represent the Company's strong brand foundation. Leveraging these well-established brands, the Company has advanced a dual-engine strategy of quality heritage + digital innovation. From 2023 to 2024, refined and professional digital operations provided strong momentum for the sustained and rapid growth of the health supplement business.

In the API segment, Joincare and its subsidiary Livzon Group have deeply integrated advanced intelligent manufacturing systems across their production bases in Zhuhai, Jiaozuo, and other locations. This enables precise digital and automated control over the entire production process. Through stringent quality assurance, the Company has earned the trust of global pharmaceutical giants such as Pfizer, Eli Lilly, and Teva, establishing long-term and stable partnerships. Today, Joincare's high-quality and reliable API products are exported to over 60 countries and regions worldwide, positioning the Company as a benchmark of Intelligent Manufacturing in China in the high-end API sector and a model of innovation and quality leadership in the industry.

In the prescription drug segment, the Company is actively advancing its digital marketing strategy by building a user-centered digital ecosystem. Through its professional platform Respiratory Experts' View, Joincare collaborates with leading medical experts to share academic insights and strengthen communication with physicians and patients. This initiative has significantly enhanced the professionalism and credibility of the brand. Meanwhile, by harnessing big data analytics and AI technologies, the Company accurately identifies market demand and user preferences, formulates targeted strategies, and has successfully established an efficient "physician-patient-company" service loop. As a result, Joincare's brand awareness and reputation continue to rank among the industry leaders.

4. End-to-End Operational Strength: Three Decades of Integrated R&D, Manufacturing, and Commercial Excellence

Over the past 30 years, Joincare has built a fully integrated value chain centered around research and development, manufacturing, and commercialization—forming a robust competitive edge and demonstrating remarkable resilience and integrated capabilities.

In R&D, the Company has developed advanced technology platforms through years of dedication to innovative drugs and high-barrier complex formulations. These platforms empower the Company to overcome technical challenges in drug development and manufacturing. In particular, Joincare has achieved multiple national "firsts" in complex formulation technologies—such as China's first and only inhaled antibiotic (Tobramycin Inhalation Solution) and the country's first approved generic of Salmeterol Xinafoate-Fluticasone Propionate Powder for Inhalation. These technological achievements have laid a strong foundation for driving forward the Company's innovation strategy.

In manufacturing, Joincare has established 18 modern production bases across China, enabling optimal allocation of manufacturing resources. Among them, Joincare Haibin has become one of the

world's leading inhalation manufacturing sites. Equipped with cutting-edge technologies such as KUKA robotics and highly automated production lines, the facility has significantly improved production efficiency and reduced safety risks. In 2024, the Company further expanded its global footprint by investing in its first overseas facility in Jakarta, Indonesia—strengthening its international supply chain capabilities. Going forward, the Jakarta plant will serve as a strategic hub to drive partnerships in peripheral regions and expand into high-end markets in Europe and the U.S., enhancing the Company's global competitiveness and brand influence.

In commercialization, Joincare possesses world-class capabilities. Its sales network spans all provinces in China and reaches over 80 countries and regions globally. The Company places strong emphasis on academic-driven marketing and has built a specialized commercial team to support refined, targeted market expansion. It also leverages digital tools to support market education and brand building, forming a diversified and robust marketing system. With a well-established distribution network, broad end-user coverage, advanced digital marketing capabilities, and strong brand recognition, Joincare is well-positioned to achieve rapid product sales post-approval and effectively transform R&D outcomes into commercial success.

IV Overview of business operations during the Reporting Period

(I) Analysis of principal businesses

1 Table for analysis of changes in items related to financial statements

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the same period of last year	Change (%)
Revenues	7,898,328,250.41	8,234,634,099.45	-4.08
Operating costs	2,985,132,575.95	3,021,125,884.33	-1.19
Selling expenses	2,016,794,488.84	2,096,637,821.45	-3.81
Administrative expenses	421,890,723.11	445,024,332.82	-5.20
Financial expenses	-221,703,311.54	-123,728,966.13	N/A
R&D expenses	611,153,068.61	714,729,729.75	-14.49
Net cash flow from operating activities	1,926,356,658.10	1,737,299,772.25	10.88
Net cash flow from investing activities	-641,473,685.58	-481,671,263.33	N/A
Net cash flow from financing activities	-1,608,668,997.81	-1,375,832,567.57	N/A

Reasons for changes in financial expenses: Mainly due to an increase in deposit interest income and a decrease in borrowing interest expenses during the Period.

Reasons for changes in net cash flow from investing activities: Mainly due to the increase in structured deposits during the Period.

2 Details of material changes in business type, components or source of profits during the current period

□Applicable √N/A

3 Analysis of revenues and costs

Principal businesses by industry, product and region

Unit: Yuan Currency: RMB

Principal business by industry						
By industry	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin
Pharmaceutical manufacturing industry	7,830,218,720.39	2,934,347,562.81	62.53	-4.20	-1.34	Decreased by 1.09 percentage points
Principal business by product						
	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin
Chemical pharmaceuticals	3,768,397,541.37	835,301,991.09	77.83	-7.51	-0.06	Decreased by 1.65 percentage points
Chemical APIs and intermediates	2,525,232,005.46	1,621,005,352.12	35.81	-4.48	-3.98	Decreased by 0.34 percentage points
TCM products	811,989,019.94	216,941,469.41	73.28	4.29	11.31	Decreased by 1.69 percentage points
Diagnostic reagents and equipment	374,135,046.17	155,981,431.37	58.31	-5.13	18.55	Decreased by 8.33 percentage points
Health care products	243,554,008.45	52,577,327.12	78.41	35.24	0.20	Increased by 7.55 percentage points
Biologics	94,818,856.99	44,399,451.25	53.17	8.31	-27.46	Increased by 23.09 percentage points
Principal business by region						
By region	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin
Domestic	6,349,632,796.55	2,042,425,170.47	67.83	-7.54	-6.84	Decreased by 0.24 percentage points
Overseas	1,480,585,923.84	891,922,392.34	39.76	13.36	14.08	Decreased by 0.38 percentage points

4. Investment in R&D

(1) Table for investment in R&D

Unit: Yuan Currency: RMB

Expensed investment in R&D during the Period	586,393,307.54
Capitalized investment in R&D during the Period	83,891,305.81
Total investment in R&D	670,284,613.35
Total amount of investment in R&D as a percentage of revenues (%)	8.49

(2) Description

As of the date of this report, the Company has established a diversified product portfolio in its core therapeutic areas of respiratory, gastrointestinal, and psychiatry/neurology diseases, and has gradually expanded and strengthened its presence in pain management, cardiovascular and cerebrovascular diseases, and metabolic disorders. The progress of the key products is as follows:

1) Respiratory diseases

Project Name	Indications	R&D Stages				
		Preclinical	Phase I	Phase II	Phase III	NDA Submitted
Pixavir Marboxil Capsules	Influenza A & B					√

Pixavir Marboxil Dry Suspension	Influenza A & B		√			
TSLP mAb	COPD			√		
IL-4R mAb	COPD			√		
PREP Inhibitor	COPD			√		
MABA Inhalation Solution	COPD			√		
GSNOR Inhibitor	Asthma			√		
PDE4 Inhibitor	Asthma, COPD	√				
Next-generation ICS	Asthma, COPD	√				
β-lactamase Inhibitor	HAP/VAP		√			
Innovative polymyxin	HAP/VAP	√				

2) Other disease areas

Therapeutic Area	Project Name	Indications	R&D Stages				NDA/ANDA/BLA Submitted
			Preclinical	Phase I	Phase II	Phase III / BE	
Gastroenterology	JP-1366 Tablets	Reflux esophagitis					√
	JP-1366 for Injection	Peptic ulcer hemorrhage		√			
Pain Management	Meloxicam Nanocrystal Injection	Pain relief/ Analgesia					√
	Nav 1.8 Inhibitor	Acute pain			√		
Psychiatry and Neurology	Aripiprazole Microspheres for Injection	Schizophrenia					Launched
	NS-041 Tablets	Epilepsy Depression	√		√		
Anti-infection	SG1001 Tablets	Invasive fungal infections			√		
Cardiovascular	H001 Capsules	Prevention of VTE after major orthopedic surgery			√		
Metabolism	Semaglutide Injection	Type 2 diabetes					√
		Weight management				√	
	LZHN2408	Hyperuricemia and gout		√			
Autoimmune	Recombinant Anti-human IL-17A/F	Moderate-to-severe psoriasis				√	
	Humanized Monoclonal Antibody injection	Ankylosing spondylitis				√	
Vaccines	Quadrivalent Recombinant Protein	For the prevention of influenza		√			

Therapeutic Area	Project Name	Indications	R&D Stages				
			Preclinical	Phase I	Phase II	Phase III / BE	NDA/ANDA/BLA Submitted
	Influenza Vaccine						

(II) Description of material changes in profits arising from non-principal businesses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Amount	Proportion of total profits	Explanations	Sustainable or not
Investment income	39,541,912.86	1.91%	Mainly due to changes in gains or losses of the associates.	No
Gains from changes in fair value	-6,699,818.51	-0.32%	Mainly due to fluctuations in the market value of securities investments held and changes in forward foreign exchange contracts.	No
Impairment losses of credits	-7,332,423.75	-0.35%	Mainly due to expected credit losses on accounts receivable.	No
Impairment loss of assets	-14,814,061.48	-0.71%	Mainly due to the provision for diminution in value of inventories.	No
Non-operating income	5,194,263.72	0.25%	Mainly due to the transfer of payables no longer required to be paid and income from scrap disposal.	No
Non-operating expenses	13,955,342.84	0.67%	Mainly due to donation expenses	No
Other income	85,396,777.46	4.12%	Mainly due to government subsidies received.	Yes

(III) Analysis of assets and liabilities

√Applicable □N/A

1. Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Item	Ending amount of the period	Ending amount of the period to the total assets (%)	Ending amount of last year	Ending amount of last year to the total assets (%)	Change in the ending amount of the period to that of last year (%)	Explanations
Financial assets held for trading	490,624,181.31	1.38	89,363,055.07	0.25	449.02	Mainly due to the addition of structured deposits during the period.
Non-current assets due within one year	1,068,421,283.81	3.01	556,410,803.22	1.56	92.02	Mainly due to the transfer of cash management products maturing within one year.
Other non-current assets	616,374,207.72	1.73	1,273,057,844.54	3.56	-51.58	Mainly due to the transfer of cash management products maturing within one year to non-current assets due within one year.
Financial liabilities held	8,581.94	0.00002	9,046,554.29	0.03	-99.91	Mainly due to changes in forward foreign exchange

for trading						contracts.
Contract liabilities	97,959,931.37	0.28	142,395,539.21	0.40	-31.21	Mainly due to recognition of revenue for certain advance payments received that met the revenue recognition criteria during the period.
Employee benefits payable	321,316,195.93	0.90	473,571,305.45	1.33	-32.15	Mainly due to the payment of prior year's year-end performance bonuses.
Dividends payable	345,350,501.55	0.97	9,890,041.38	0.03	3,391.90	Mainly due to dividends declared but not yet paid.
Non-current liabilities due within one year	539,276,416.15	1.52	395,975,991.36	1.11	36.19	Mainly due to the reclassification of long-term borrowings maturing within one year.
Other current liabilities	6,492,734.60	0.02	11,841,940.51	0.03	-45.17	Mainly due to recognition of revenue for certain advance payments received that met the revenue recognition criteria during the period, with corresponding output tax transferred.
Capital reserve	1,111,064,590.24	3.13	1,654,383,491.41	4.63	-32.84	Mainly due to the cancellation of repurchased shares, resulting in an offset to the capital reserve.
Treasury shares	-	-	328,221,279.42	0.92	-100.00	Mainly due to the cancellation of all repurchased shares.
Other comprehensive income	-86,345,717.80	-0.24	-41,177,547.42	-0.12	N/A	Mainly due to changes in exchange differences on translation of foreign currency financial statements arising from exchange rate fluctuations.

2. Overseas assets

√Applicable □N/A

(1) Asset size

Among them: Overseas assets were 56.58(Unit: 100 million, Currency: RMB), representing 15.92% of the total assets.

(2) Statement on high proportion of overseas assets

□Applicable √N/A

3. Restrictions on assets entitlements as at the end of the Reporting Period

√Applicable □N/A

Item	Carrying value at the end of the period	Cause for restriction
Other monetary funds	10,356,971.52	Margin for guarantee businesses, such as letters of guarantee
Notes receivable	773,308,187.19	Notes pool business and pledge of notes receivable
Total	783,665,158.71	

4. Others

□Applicable √N/A

(IV) Analysis of investment**1. Overall analysis of equity investments**

√Applicable □N/A

During the Reporting Period, the Company carried out strategic investments according to development plans and schedules as follows:

(1) Major equity investments

√Applicable □N/A

Unit: yuan Currency: RMB

Name of investee	Principal business	Whether the target is primarily engaged in investment business	Investment method	Investment amount	Percentage of shareholding	In the Consolidation scope of the Company or not	Item on the financial statement (if applicable)	Source of funds	Partner (if applicable)
JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD.	Investments	Yes	Capital increase	2,229,160.00	100.00%	Yes	N/A	Own funds	N/A
LivzonBio	R&D, production and sales of pharmaceutical products; pharmaceutical technology development, technical services, technology transfer, technical consulting	No	Capital increase	1,000,000,000.00	53.41%	Yes	N/A	Own funds	Livzon Group
Total	/	/	/	1,002,229,160.00	/	/	/	/	/

(Continued)

Name of investee	Investment period (if any)	Status as of balance sheet date	Expected return (if any)	Impact of gain or loss for the period	Litigation involved or not	Disclosure date (if any)	Disclosure index (if any)
JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD.	Long term	Capital contribution completed		-39,696.42	No		
LivzonBio	Long term	Capital contribution not completed		-52,844,646.36	No	See note 1 for details	See note 1 for details
Total	/	/		-52,884,342.78	/	/	/

Note 1: For details, please refer to the Announcement on the Capital Increase of the Holding Sub-Subsidiary – LivzonBio (Lin 2025-019) disclosed by the Company on 8 April 2025.

(2) Major non-equity investment

☐Applicable ☒N/A

(3) Financial assets measured at fair value

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Type of assets	Amount at the beginning of the period	Gain or loss on change in fair value for the period	Accumulated change in fair value included in equity	Impairment provision for the period	Amount of purchase during the period	Amount of disposal / redemption during the period	Other change	Amount at the end of the period
Shares	129,588,427.30	-16,458,768.85	4,317,880.38	-	-	-	-	117,447,538.83
Funds	513,064,520.58	9,815.15	-4,902,681.08	-	407,603.40	422,631.43	-	508,156,626.62
Derivatives	299,668.02	490,378.70	-	-	-	-	-1,082.90	788,963.82
Others	472,959,182.32	220,784.14	-2,182,515.14	-	2,667,000,000.00	2,235,000,000.00	-	902,997,451.32
Total	1,115,911,798.22	-15,737,790.86	-2,767,315.84	-	2,667,407,603.40	2,235,422,631.43	-1,082.90	1,529,390,580.59

Information on investment in securities

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Type of securities	Securities code	Securities abbreviation	Initial investment cost	Source of fund	Carrying amount at the beginning of the period	Gain or loss on change in fair value for the period	Accumulated change in fair value included in equity	Amount of purchase during the period	Amount of disposal during the period	Profit or loss for the period	Carrying amount at the end of the period	Accounting item
Share	00135	Kunlun Energy	4,243,647.64	Own funds	7,778,736.00	-847,916.00	-	-	-	151,700.00	6,930,820.00	Financial assets held for trading

Fund	206001	Penghua Fund	150,000.00	Own funds	987,629.66	9,815.15	-	-	-	-	997,444.81	Financial assets held for trading
Share	000963	Huadong Medicine	39,851.86	Own funds	11,404,575.20	1,898,565.12	-	-	-	191,174.96	13,303,140.32	Financial assets held for trading
Share	BEAM(US)	Beam Therapeutics, Inc.	31,117,151.47	Own funds	53,810,638.53	-17,509,417.97	-	-	-	-	36,301,220.56	Financial assets held for trading
Share	ELTX(US)	Elicio Therapeutics, Inc.	35,363,302.05	Own funds	4,853,421.34	-	2,633,450.38	-	-	-	7,486,871.72	Other equity instruments investment
Share	CARM(US)	Carisma Therapeutics, Inc.	38,807,266.00	Own funds	2,168,737.48	-	-111,837.54	-	-	-	2,056,899.94	Other equity instruments investment
Share	02480	Luzhu Biotech-B	30,000,000.00	Own funds	49,572,318.75	-	1,796,267.54	-	-	-	51,368,586.29	Other equity instruments investment
Total	/	/	139,721,219.02		130,576,056.96	-16,448,953.70	4,317,880.38	-	-	342,874.96	118,444,983.64	/

Statement of investments in securities

☐Applicable ☒N/A

Information on investment in private equity fund

☒Applicable ☐N/A

The Company had no new private equity funds invested during the reporting period. As at the end of the reporting period, the book balance of private equity funds invested by the Company amounted to approximately RMB507 million.

Information on investment in derivatives

☒Applicable ☐N/A

(1) Derivative investments for hedging purposes during the reporting period.

☒Applicable ☐N/A

Unit: 10,000 Yuan Currency: RMB

Type of derivatives investment	Initial investment amount	Carrying amount at the beginning of the period	Gain or loss on change in fair value for the period	Accumulated change in fair value included in equity	Amount of purchase during the period	Amount of disposal during the period	Carrying amount at the end of the period	Percentage of investment amount to the net assets of the Company at the end of the period(%)
Forward foreign exchange (sell/short)	92,592.04	-874.69	952.84	-	56,108.01	45,442.87	78.04	0.003
Total	92,592.04	-874.69	952.84	-	56,108.01	45,442.87	78.04	0.003
Explanation as to whether there has been a material change in the accounting policy and accounting principles for the Company's derivatives during the Reporting Period as compared with the previous reporting period	No material change							
Explanation of actual gain or loss during the Reporting Period	The gain/loss realized during the Reporting Period was RMB -4.1927 million.							
Explanation of hedging effect	The company's foreign exchange derivative transactions are conducted around the actual foreign exchange receipts and payments of the company. Adhering to the principle of exchange rate neutrality and based on specific operational activities, the company aims to mitigate adverse effects caused by significant exchange rate fluctuations and avoid foreign exchange market risks.							
Source of funds for derivatives investment	Own funds							
Risk analysis of derivatives position held during the Reporting Period and explanation of control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	To effectively manage the uncertainty of exchange rate fluctuations on assets denominated in foreign currency of the Company, foreign exchange forward contracts and other financial derivatives are employed to lock relevant exchange rates for the purpose of hedging. The Company has formulated the <i>Management System for Financial Derivatives Trading</i> (《金融衍生品交易业务管理制度》) in relation to the operation and control of foreign exchange derivatives: 1. Market risk: As changes in the domestic and international economic situation may cause significant fluctuations in exchange rates, the forward foreign exchange trading business faces certain market risks. However, for the unilateral forward exchange settlement or purchase business, the Company has effectively reduced the risks arising from exchange rate fluctuations by studying and judging the foreign exchange rate trends and defining the settlement or sale price through contracts. Control measures: The foreign exchange derivatives trading business shall follow the Company's prudent and sound risk management principles, without carrying out speculative trading. The Company and its subsidiaries will strengthen the research and analysis of exchange rate, pay close attention to changes in the international and domestic market environment in real time, and duly adjust the operation strategy in conjunction with the market situation, so as to avoid the risks arising from exchange rate fluctuations to the maximum extent. 2. Internal control risk: In view of the strong professionalism and high complexity of forward foreign exchange settlement and sale transactions, internal control risk will be incurred if relevant business personnel fail to timely and fully understand the information on derivatives and fail to carry out the operation procedures as required when they conduct the business. Control measures: The Company has formulated relevant systems to control transaction risks by clearly stipulating the basic principles, approval authority, transaction management, internal operation procedures, risk control and information disclosure of foreign exchange derivatives transactions.3. Performance risk: The closedown of a cooperative bank during the contract period							

	<p>may make the Company unable to perform the original foreign exchange contract at the contract price. When selecting cooperative banks to carry out foreign exchange derivatives trading business, the Company will choose large banks with strong strength and sound operation to avoid the default risk caused by their bankruptcy. Control measures: The Company and its subsidiaries will only conduct foreign exchange derivatives business with legally qualified banks and other financial institutions, and will prudently review the terms and conditions of contracts entered into with qualified financial institutions to prevent any legal risk.</p> <p>In order to manage the uncertainty risk caused by price fluctuations of bulk commodities on the purchase cost of raw materials of the Company, financial derivatives such as commodity futures contracts are employed to hedge raw materials. The Company has formulated the <i>Internal Control System for Commodity Futures Hedging Business</i> (《商品期货套期保值业务内部控制制度》) to standardize the management and risk control of commodity futures derivatives: 1. Market risk: the uncertainty of price changes of bulk commodities has led to greater market risk in futures business. Control measures: The Company's futures hedging business shall not carry out speculative trading, the operation principle of prudence and conservation shall be observed, the number of hedging transactions shall be strictly limited, such that it does not exceed the actual number of spot transactions, and the futures position shall not exceed the spot volume for hedging purpose. 2. Operational risk: operational risk arises from imperfect internal process, improper operation, system failure and other factors. Control measures: The Company has formulated the corresponding management system, clearly defined the division of responsibilities and approval process, and established an improved supervisory mechanism, so as to effectively reduce operational risk through risk control of business process, decision-making process and transaction process. 3. Legal risk: The Company's commodity futures hedging business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: In addition to strengthening the knowledge of laws and regulations and market rules in the Company's responsible department, the Company's legal department shall also strictly review various business contracts, agreements and other documents, specify the rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's investment and operation in derivatives have met the requirements of applicable laws and regulations as well as the Company's internal systems.</p>
Change in market price or fair value of the derivatives invested during the Reporting Period, the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives shall be disclosed	The losses arising from change in fair value of the forward foreign exchange contracts, option contracts and commodity futures contracts during the Reporting Period were RMB9.5284 million.
Litigation involved (if applicable)	Not applicable
Disclosure date of the announcement in relation to the approval of investment in derivatives by the Board (if any)	7 April 2025
Disclosure date of the announcement in relation to the approval of investment in derivatives by the general meeting of shareholders (if any)	Not applicable

(2). Derivative investments for speculative purposes during the reporting period.

☐Applicable ☒N/A

(V) Sale of major assets and equity

□Applicable √N/A

(VI) Analysis of major controlled companies and invested companies affecting 10% or more to the Company's net profit

√Applicable □N/A

Unit: 10,000 Yuan

Company	Type	Main products and services	Registered capital	Total assets	Net assets	Revenues	Operating profit	Net profit
Taitai Pharmaceutical	Subsidiary	R&D, production and sale of oral liquids, tablets (hormone-containing), aerosols (including hormone-containing aerosols), inhalation formulations (solution for inhalation) (hormone-containing), nasal sprays (hormone-containing), and dietary supplements	10,000	51,620.09	43,092.95	9,925.88	2,167.64	2,114.03
Haibin Pharma	Subsidiary	Powders for injection (including penicillin-containing powders), tablets, hard capsules, APIs, sterile APIs, inhalation formulations (solution for inhalation), powders for inhalation, pharmaceutical excipients, R&D technical services, and testing technical services	70,000	191,132.52	138,630.73	42,555.48	4,042.91	3,537.21
Xinxiang Haibin	Subsidiary	Manufacturing and sale of pharmaceutical intermediates and APIs (excluding proprietary Chinese medicine or TCM decoction pieces) (excluding hazardous chemicals)	17,000	64,919.11	41,487.03	24,908.43	1,904.06	1,612.13
Joincare Haibin	Subsidiary	R&D, production, storage, transportation and sale of chemical APIs (including intermediates) and pharmaceuticals. Import and export business and domestic trading (excluding State controlled or franchised goods)	50,000	124,035.25	115,466.04	16,573.64	2,315.53	2,135.39
Health China	Subsidiary	Production and sale of self-produced dietary supplements, TCM decoction pieces, and drug products	HKD7,317	24,563.78	14,118.71	13,233.98	2,709.67	1,892.91
Shanghai Frontier	Subsidiary	R&D of new pharmaceutical products, medical devices, and pharmaceutical APIs, etc. and provision of relevant technical consulting, technical services and technology transfer	5,000	25,108.72	22,184.17	10,164.29	6,020.62	5,256.22
Jiaozuo Joincare	Subsidiary	R&D, production and sale of pharmaceuticals, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products	76,000	227,269.47	174,359.83	77,472.19	21,768.39	17,959.84
Topsino	Subsidiary	Investment and trading	HKD89,693	253,154.32	200,024.39	0.00	20,226.08	19,683.07
Livzon Group	Subsidiary	Drug R&D, production, manufacturing and sale	90,410.04	2,417,287.00	1,492,418.84	627,191.26	183,351.83	155,122.12

Notes: 1. The companies listed above are companies where the Company directly or indirectly held 100% equity interest, except for Livzon Group and Shanghai Frontier; financial data thereof are data of individual accounting statements and that attributed to parent companies; as there are transactions between subsidiaries or between a subsidiary and the Company, data of individual financial statements are not separately analyzed.

2. For business conditions of Livzon Group, please refer to the 2025 Interim Report of Livzon Pharmaceutical Group Inc.

Acquisition and disposal of subsidiaries during the Reporting Period

☐ Applicable ☒ Not applicable

Other information

☐ Applicable ☒ Not applicable

(VII) Structured entities controlled by the Company

☐ Applicable ☒ N/A

V. Other matters for disclosure

(I) Potential risks

☒ Applicable ☐ N/A

1. Risks of changes in industrial policies

As a vital component of the national economy, the pharmaceutical industry is closely tied to government policies and regulations. China is continuously deepening its reform of the healthcare system, with relevant policy and regulatory frameworks undergoing further revision and improvement. Key developments—such as the implementation and adjustment of the national reimbursement drug list, refinement of volume-based procurement mechanisms, enhanced support for innovative drugs and clinical trials, and intensified industry-wide compliance inspections—are expected to have a profound impact on the future development of the pharmaceutical sector. These changes also affect the Company's R&D, manufacturing, and commercial operations to varying degrees.

In addition, external policy factors such as geopolitical dynamics and macroeconomic policies may also exert influence on the operational landscape of pharmaceutical enterprises.

Response measures: The Company will pay close attention to industry dynamics and reforms, cope with major changes in policies of the pharmaceutical industry through early planning, transformation and compliance, and further establish and improve its compliant operation mechanism and system. Meanwhile, the Company actively engages in the access to the national reimbursement drug list and negotiation, and continue to increase the coverage of hospitals and sales, to realize the objective of “price for quantity”, so as to reduce the impact of price adjustment on the Company's steady growth. Moreover, the volume-based drug procurement is becoming a regular practice. In response to the potential impact of national volume-based procurement on the Company's performance, Joincare remains committed to strengthening innovation by continuously developing high-value-added innovative drugs that address urgent clinical needs. The Company will further explore and cultivate existing products with strong market potential and technological barriers, while actively advancing post-marketing re-evaluation and consistency evaluation of key products. By continuously optimizing its product portfolio and proactively exploring international markets, the Company strives to enhance its core competitiveness and ensure stable and sustainable business growth.

2. Market risk

With advancement of supply-side structural reform in the pharmaceutical manufacturing industry and two invoice policy in circulation domain, pharmaceutical market structure is deeply changed. With the gradual standardization and centralization of the market, competition in the pharmaceutical industry becomes increasingly fierce. Affected by increasingly stricter drug regulation, policy-based drug price reduction, price cutting during bidding, medical insurance premium control, and minimum procurement commitment of the pharmaceutical industry in current stage, bid winning price of drugs will be further lowered, competition among enterprises in the industry will be intensified, and price war will occur frequently, thus the Company will be at the risk of drug price reduction.

Response measures: The Company will establish a more reasonable market system through strict compliance operation so as to maintain its dominant position and core competitive strengths, and ensure that it can achieve sustainable and steady development and improve its profitability by reinforcing marketing. Meanwhile, the Company will offset the impact of product price reduction by means of price supplement based on quantity, and optimize technical process and reduce production costs through internal exploration and transformation. Moreover, the Company will speed up the R&D and marketing of new products, spread risks of the Company while expanding the range of existing products in segment markets, improve sales and form new profit growth drivers by increasing product varieties in the future.

3. Risk of safety and environmental protection

The Company is an integrated pharmaceutical manufacturing enterprise. During production, it implements relevant chemical synthesis process and uses a large number of acid and alkali and other chemical components, which are inflammable, explosive, toxic, irritant and corrosive, and have hidden hazards of fire, explosion and poisoning, posing certain risks to the production and operation of the Company. As environmental protection policies and regulations have been constantly issued in recent years, environmental protection standards have become more stringent, and the state has strengthened its control over pollutants, risks of environmental protection of the Company are increasing.

Response measures: The Company has always obeyed the safety work concept of “Putting People First” and the guideline of “Safety First, Precaution Crucial and Comprehensive Treatment”. It will strengthen the construction of safe production infrastructure and ensure a sound environment for safe production of the Company through regular internal audit of safety and environment systems as well as employee safety education and training. The Company will carry out discharge after treatment and reaching standards in accordance with environmental protection provisions, actively accept supervision and inspection of environmental protection authorities, and try to reduce emission and increase expenditures in environmental protection by improving production process and promptly updating environmental protection technology.

4. Risk in price and supply of raw materials

There is a larger fluctuation in the supply price of some raw materials of the Company due to changes in material prices, especially the materials of traditional Chinese medicine, causing greater volatility or rise in production costs of the Company. Meanwhile, the quantity and category of raw material suppliers

of the Company are various, thus quality of final products of the Company will be directly affected by the selection of raw material suppliers and the guarantee and control of quality of raw materials.

Response measures: In terms of selection of suppliers, the Company will conduct an open tendering and bidding based on the principle of selecting qualified suppliers, strengthen audit of suppliers, and eliminate the adulteration of adverse suppliers. The Quality Assurance Department and Supply Department of the Company will directly conduct process control of products provided by suppliers of key raw materials and carry out quality inspection and control of final products

5. Risk of Quality Control

The quality of pharmaceutical products is directly linked to public health and safety. Regulatory authorities have placed increasingly stringent requirements on manufacturing quality, placing significant responsibility on pharmaceutical manufacturers. Given that drug production involves numerous stages—including raw material supply, manufacturing processes, process controls, equipment management, production environment, transportation, warehousing, and testing—quality control must be integrated across the entire product lifecycle.

Response measures: The Company enforces rigorous quality control standards and continues to strengthen its long-term quality assurance mechanisms and comprehensive quality management system. It ensures close coordination among R&D, production, and quality management departments, supported by digital systems and end-to-end optimization of Standard Operating Procedures (SOPs). By enhancing the quality management framework and reinforcing engineering controls and risk management in new product processes, the Company aims to improve operational quality and ensure product integrity. In parallel, it continues to implement performance excellence models, introduce advanced international quality concepts and methodologies, and promote the adoption of quality management tools—further aligning its quality systems with global standards.

6. Risk of R&D for new drugs

New drug R&D is characterized by high investment, high risk, and long development cycles. In recent years, the government has frequently introduced policies related to pharmaceutical innovation, with increasingly stringent requirements for the review and approval of new drug applications. These developments bring certain risks to the Company's R&D efforts.

In addition, post-approval commercialization of new drugs is subject to the influence of national regulations, industry policies, market conditions, and competitive intensity. These factors may result in revenues falling short of expectations after product launch, thereby exposing the Company to product development risk.

Response measures: The Company remains focused on innovative drug development, with a strong emphasis on addressing unmet clinical needs. It will continue to invest in innovation as a long-term strategic priority. Moving forward, the Company will further strengthen its R&D innovation system, attract and develop high-caliber talent, and actively engage in collaboration and licensing of overseas innovative drugs. It will also enhance market research and product evaluation, standardize project initiation procedures, and improve risk control mechanisms—channeling resources toward the

breakthrough development of core products. A comprehensive R&D project risk management system will be established to support full-cycle risk assessment and monitoring. This enables timely adjustment of R&D strategies to reduce development risks. At the same time, the Company closely monitors emerging technology trends, actively explores cutting-edge research areas, and strategically plans relevant R&D projects in advance to maintain its technological competitiveness. Moreover, by leveraging the Group's strength in APIs, the Company will also strengthen API-formulation integration to ensure long-term, sustainable development.

(II) Other matters for disclosure

☐Applicable ☒N/A

Chapter 4 Corporate Governance, Environmental and Social

I Changes in directors, supervisors and senior management of the Company

√Applicable □N/A

Name	Position	Change
Huo Jing	Independent Director	Resigned
Shen Xiaoxu	Independent Director	Appointed

Description of changes in directors, supervisors and senior management of the Company

√Applicable □N/A

On April 7, 2025, the Board of Directors of the Company received a written resignation letter from Ms. Huo Jing, an Independent Director. As Ms. Huo had served as an Independent Director of the Company for six years, and pursuant to the *Measures for the Administration of Independent Directors of Listed Companies*, under which the consecutive term of an Independent Director could not exceed six years, she applied to resign from her position as Independent Director of the Company as well as from her positions on the Board's special committees and other related posts.

On April 7, 2025, the Company convened the eighth meeting of the ninth session of the Board of Directors, at which it considered and approved the Proposal on the Nomination of Ms. Shen Xiaoxu as an Independent Director Candidate of the Company. Upon qualification review by the Nomination Committee of the Board, the Board agreed to nominate Ms. Shen Xiaoxu as a candidate for Independent Director of the ninth session of the Board of Directors, with a term commencing from the date of approval by the general meeting of shareholders until the expiry of the ninth session of the Board. This proposal was approved at the 2024 annual general meeting of shareholders held by the Company on June 6, 2025.

II Profit distribution plan and plan for conversion of capital reserve into share capital

Profit distribution plan and plan for conversion of capital reserve into share capital proposed for the first six months of 2025

Distribution or conversion or not	No
Number of bonus shares to be distributed for every ten shares (share)	N/A
Amount to be distributed for every ten shares (RMB) (tax inclusive)	N/A
Number of shares to be converted into share capital for every ten shares (share)	N/A
Description of profit distribution plan and plan for conversion of capital reserve into share capital	
N/A	

III Equity incentive scheme, employee share ownership scheme or other employee incentives of the Company and their effect

(I) Matters related to equity incentive scheme have been disclosed in the Ad Hoc Announcements with no progress or change in subsequent implementation

√Applicable □N/A

Overview	Query index
The first phase of the Phase I Share Ownership Scheme of Medium to Long-term Business Partners expired on August 3, 2025.	For details, please refer to the Indicative Announcement on the Expiry of Phase I Share Ownership Scheme of Medium to Long-term Business Partners Six Months After Its Term Duration (Lin 2025-007) disclosed by the Company on February 6, 2025.

On April 24, 2025, the Company convened the ninth meeting of the ninth session of Board of Directors and the eighth meeting of the ninth session of Supervisory Committee, at which it considered and approved the Proposal on the Cancellation of the Remaining 2022 Share Options Incentive Scheme of the Company. As the Company's performance for 2024 did not meet the performance assessment requirements at the Company level, a total of 16.314 million stock options, comprising the third exercise period portion of the initial grant to all incentive participants and the second exercise period portion of the reserved grant, were cancelled. The interested directors abstained from voting on the relevant proposal, and the Supervisory Committee issued its review opinion on the cancellation. The cancellation of the aforesaid 16.314 million stock options was completed on May 6, 2025.	For details, please refer to the Announcement on the Cancellation of the Remaining Stock Options under the 2022 Share Options Incentive Scheme (Lin 2025-035) disclosed by the Company on April 25, 2025, and the Announcement on the Completion of the Cancellation of the Remaining Stock Options under the 2022 Share Options Incentive Scheme (Lin 2025-039) disclosed on May 7, 2025.
The lock-up period for the Phase II Share Ownership Scheme of Medium to Long-term Business Partners expired on June 7, 2025.	For details, please refer to the Indicative Announcement on the Expiration of the Lock-up Period of Phase II Share Ownership Scheme of Medium to Long-term Business Partners (Lin 2025-049) disclosed by the Company on June 7, 2025.

(II) Incentives not disclosed in the Ad Hoc Announcements or with subsequent progress

Equity incentives

☐Applicable ☒N/A

Others

☐Applicable ☒N/A

Employee share ownership scheme

☐Applicable ☒N/A

Other incentive program

☐Applicable ☒N/A

IV Environmental information of listed companies and their key subsidiaries that are included in the list of enterprises subject to mandatory environmental information disclosure in accordance with the law

☒Applicable ☐N/A

Number of enterprises included in the List of Enterprises Subject to Mandatory Disclosure of Environmental Information		13
No.	Enterprise Name	Index for Accessing the Mandatory Environmental Information Disclosure Report
1	Haibin Pharma	Guangdong Provincial Department of Ecology and Environment Public Website https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=c7ecea5d-5ac9-41c7-9a06-e01c4659be3a
2	Taitai Pharmaceutical	Guangdong Provincial Department of Ecology and Environment Public Website https://gdee.gd.gov.cn/gdeepub/front/dal/ent/list/detail?entId=40dca157-4e8c-4772-8d3a-02e2ab555899
3	Xinxiang Haibin	Henan Enterprise Environmental Information Disclosure System http://222.143.24.250:8247/enpInfo/enpOverview?enterId=914107007648945429001C
4	Jiaozuo Joincare	Henan Enterprise Environmental Information Disclosure System http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91410800775129520A001P
5	Livzon Pharmaceutical Factory	Guangdong Provincial Department of Ecology and Environment Public Website (https://www-

		app.gdeci.cn/gdeepub/front/dal/report/list?entName=%E4%B8%BD%E7%8F%A0%E9%9B%86%E5%9B%A2%E4%B8%BD%E7%8F%A0%E5%88%B6%E8%8D%AF%E5%8E%82&reportType=&areaCode=440400&entType=&reportDateStartStr=&reportDateEndStr=
6	Livzon Limin	Guangdong Provincial Department of Ecology and Environment Public Website (https://www-app.gdeci.cn/gdeepub/front/dal/report/list?entName=%E4%B8%BD%E7%8F%A0%E9%9B%86%E5%9B%A2%E5%88%A9%E6%B0%91%E5%88%B6%E8%8D%AF%E5%8E%82&reportType=&areaCode=440200&entType=&reportDateStartStr=&reportDateEndStr=)
7	Livzon MAB	Guangdong Provincial Department of Ecology and Environment Public Website (https://www-app.gdeci.cn/gdeepub/front/dal/report/list?entName=%E5%8D%95%E6%8A%97&reportType=&areaCode=440400&entType=&reportDateStartStr=&reportDateEndStr=)
8	Livzon Hecheng	Guangdong Provincial Department of Ecology and Environment Public Website (https://www-app.gdeci.cn/gdeepub/front/dal/report/list?entName=%E7%8F%A0%E6%B5%B7%E4%BF%9D%E7%A8%8E%E5%8C%BA%E4%B8%BD%E7%8F%A0%E5%90%88%E6%88%90%E5%88%B6%E8%8D%AF%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&reportType=&areaCode=440400&entType=&reportDateStartStr=&reportDateEndStr=)
9	Livzon Xinbeijiang	Guangdong Provincial Department of Ecology and Environment Public Website (https://www-app.gdeci.cn/gdeepub/front/dal/report/list?entName=%E4%B8%BD%E7%8F%A0%E9%9B%86%E5%9B%A2%E6%96%B0%E5%8C%97%E6%B1%9F%E5%88%B6%E8%8D%AF%E8%82%A1%E4%BB%BD%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&reportType=&areaCode=441800&entType=&reportDateStartStr=&reportDateEndStr=)
10	Livzon Hecheng	Henan Enterprise Environmental Information Disclosure System (http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91410800690586036E001P&reportYear=2025)
11	Shanghai Livzon	Shanghai Enterprise Environmental Information Disclosure System (https://e2.sthj.sh.gov.cn:8081/jsp/view/hjpl/index.jsp)
12	Ningxia Pharmaceutical	Ningxia Enterprise Environmental Information Disclosure System (https://222.75.41.50:10958)
13	Fuzhou Fuxing	Fujian Enterprise Environmental Information Disclosure System (Beta Version) (http://220.160.52.213:10053/idp-province/#/home)

Other Notes

□Applicable √N/A

V Consolidation and expansion of achievements in poverty alleviation and rural revitalization

√Applicable □N/A

1. Industrial revitalization

To promote the sustainable development of the rural economy, the Company has fully implemented the important instructions of the CPC Central Committee and the General Secretary and formulated and implemented the "Astragalus Root (黄芪) Industry Revitalization" plan. Adopting the "Company + Base" and "Company + Professional Cooperative" models, the Company has established self-built and co-built astragalus root planting bases, driving local astragalus root cultivation and processing and developing a regional specialty astragalus root industry based on local conditions. This initiative supports the construction of an ecological traditional Chinese medicine (TCM) base, aiming to establish a long-term pillar industry for prosperity and explore new pathways for rural economic development through the featured astragalus root industry.

The "Astragalus Root Industry Revitalization" plan has been ongoing since 2017. Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源药材有限公司) ("Datong Livzon"), a subsidiary of the Company, has established self-built and co-built astragalus root planting bases covering over 20,000 mu in Hunyuan County, Tianzhen County, and Yanggao County of Datong City, Shanxi Province, as well as Zizhou County and Suide County in Yulin City, Shaanxi Province. Datong Livzon provides regular on-site technical guidance and GAP training for base managers and major planters and conducts practical training on the traceability of TCM materials. Currently, all bases have been incorporated into the Company's TCM GAP production management traceability system, allowing shared traceability resources within the Company. In accordance with the national GAP requirements for Chinese medicinal materials, in the first half of 2025, the Company established a self-owned Astragalus GAP cultivation base of 680 mu in Tianzhen County, Datong City, Shanxi Province.

2. Rural Revitalization Inclusive Chronic Disease Prevention and Control Public Welfare Project

To support rural revitalization and the consolidation and expansion of achievements in poverty alleviation, and to actively respond to the national policies on rural revitalization and common prosperity, Joincare Group has continued to implement the "Inclusive Chronic Disease Prevention and Control Public Welfare Project" (普惠慢病防治公益项目), leveraging its industrial advantages to deliver tangible health benefits to grassroots communities. The program focuses on common chronic diseases, including hypertension, hyperlipidemia, and cardiovascular and cerebrovascular diseases, and has donated treatment medications worth millions of RMB to remote areas, including Pravastatin Capsules (普伐他汀钠胶囊), Amlodipine Besylate Capsules (苯磺酸氨氯地平胶囊), Valsartan Capsules (缬沙坦胶囊), Isosorbide Bononitrate Tablets (单硝酸异山梨酯片) and Bismuth Potassium Citrate Tablets (枸橼酸铋钾片). These medications effectively help alleviate the economic burden of long-term medication for low-income families and address chronic disease medication challenges, while also raising awareness of chronic disease prevention and health management. This initiative effectively prevents "poverty caused by illness" or "returning to poverty due to illness", thereby contributing to the local rural revitalization efforts.

Since late 2018, with the support of local government agencies and relevant authorities at all levels, the "Inclusive Chronic Disease Prevention and Control Public Welfare Project" has been successfully carried out in Chaotian District of Guangyuan City, Songpan County of Aba Tibetan and Qiang Autonomous Prefecture, Jinkouhe District of Leshan City, Jiange County, and Pingwu County in Sichuan Province; Hunyuan County, Guangling County, and Lingqiu County in Datong City, Shanxi Province; Dongxiang County, Tianzhu County, Linze County, Shandan County, Huining County, and Sunan County in Gansu Province; Xianghai National Nature Reserve in Jilin Province; Macun District of Jiaozuo City in Henan Province; Huangshan District of Huangshan City in Anhui Province; Suining County in Hunan Province; Fenyi County in Jiangxi Province; Jiangshan City in Zhejiang Province; Chayu County, Bomi County, and Gaize County in Tibet Autonomous Region; Kashgar City in Xinjiang Uygur Autonomous

Region; Balinzuo Banner and Tuoketuo County in Inner Mongolia; Ziyuan County in Guangxi Zhuang Autonomous Region; and Rongjiang County in Guizhou Province.

As of the end of the reporting period, the Company had entered into a total of 32 agreements under the “Inclusive Chronic Disease Prevention and Control Public Welfare Project” (including 28 agreements covering remote areas in need of assistance), spanning 10 provinces and 4 autonomous regions nationwide, benefiting 31,002 low-income patients with chronic diseases.

Chapter 5 Major Events

I Fulfillment of undertakings

(I) Undertakings fulfilled during the Reporting Period or not yet fulfilled as of the Reporting Period by the parties to the commitment such as de facto controllers, shareholders, related parties, acquirers of the Company and the Company

√Applicable □N/A

Commitment background	Commitment type	Subject	Commitment content	Time of commitment	Whether there is a time limit for fulfillment	Time limit of commitment	Whether commitment is strictly fulfilled in time	Specific reasons for failure in timely fulfillment shall be given	Next plan should be stated in case of failure in timely fulfillment
Commitment related to initial public offering	Settlement of horizontal competition	Baiyeyuan	Please see Note 1 for details	30 April 2001	No	Long-term	Yes	-	-
	Settlement of horizontal competition	Baiyeyuan, de facto controllers and persons acting-in concert, and the Company	Please see Note 2 for details	10 January 2014	No	Long-term	Yes	-	-
Commitment related to seasoned offerings	Others	The Company and de facto controllers	Please see Note 3 for details	8 March 2016	Yes	The date of completion of remedial measures in connection with the non-public offering of Livzon Group	Yes	-	-
	Others	Baiyeyuan and the de facto controller	Please see Note 4 for details	11 May 2017	Yes	The date of completion of remedial measures in connection with rights issue of Joincare	Yes	-	-
	Others	The Company	Please see Note 5 for details	From the date of proceeds for issuance of the Rights issue in place.	Yes	The date of completion of use of proceeds	Yes	-	-
Other commitments made to the minority shareholders of the company	Others	The Company	Please see Note 6 for details	17 December 2008	No	Long-term	Yes	-	-

Note 1: Shenzhen Baiyeyuan Investment Co., Ltd., the controlling shareholder of the Company, undertook that it would not be directly or indirectly engaged in or cause subsidiaries and branches under its control to be engaged in any business or activity constituting horizontal competition with the Company after the founding of the Company, including but not limited to the research, production and sales of any products that were the same as or similar to products under research, production and sales of the Company, and was willing to undertake compensation responsibility for economic losses to the Company arising from violation of the said commitment.

Note 2: Whereas the domestically listed foreign shares of Livzon Group, a controlled subsidiary of the Company, sought listing on the Main Board of the Stock Exchange of Hong Kong Limited, in order to fully ensure smooth completion of the said event and in compliance with relevant requirements of the Stock Exchange of Hong Kong Limited, the controlling shareholders, de facto controller of the Company and the Company entered into relevant undertakings with Livzon Group as follows: 1. The controlling shareholders, de facto controller and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group did not or would not be, directly or indirectly, engaged in any

business that constituted competitive relation or potential competitive relation with drug research, development, production and sale businesses (“Restricted Businesses”) of Livzon Group from time to time. For the avoidance of doubt, the scope of Restricted Businesses did not cover products that were researched, developed, manufactured and sold on the date of relevant letter of undertaking by the controlling shareholders and de facto controller of the Company, the Company and its controlled subsidiaries except for Livzon Group; 2. If any new business opportunity was found to constitute competitive relation with Restricted Businesses, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group would inform Livzon Group in written form immediately and firstly provide Livzon Group with the business opportunity in accordance with reasonable and fair terms and conditions. If Livzon Group gave up the business opportunity, the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group may accept the business opportunity in accordance with the terms and conditions that were not superior to those offered to Livzon Group; 3. If assets and businesses that directly or indirectly constituted competitive relation and potential competitive relation with Restricted Businesses were intended to be transferred, sold, leased, licensed to use or otherwise transferred or allowed to use (these Sales and Transfers), the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group would provide the right of first refusal for Livzon Group under the same condition. If Livzon Group gave up the right of first refusal, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would carry out these Sales and Transfers to a third party in accordance with main terms that were not superior to those offered to Livzon Group; 4. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not be engaged in or involved in any business that might damage the interests of Livzon Group and other shareholders through the relation with shareholders of Livzon Group or the identity of shareholders of Livzon Group; 5. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not or cause its contact persons (except for Livzon Group) to directly or indirectly: (1) induce or attempt to induce any director, senior management or consultant of any member of Livzon Group to terminate his/her employment with or to be an employee or consultant of Livzon Group at any time (whichever is applicable), no matter if relevant acts of the person were against the Employment Contract or Consultancy Agreement (if applicable); (2) Within three years after any person terminated to be the director, senior management or consultant of any member of Livzon Group, employ the person who had or might have any confidentiality information or business secret in relation to Restricted Businesses (except for the director, senior management or consultant of the Company and/or its controlling subsidiaries except for Livzon Group on the date of issuance of relevant letter of undertaking); (3) Recruit or lobby any person carrying out business in any member of Livzon Group, accept orders, or carry out business separately, through any other person or as any person, firm, or manager, advisor, consultant, employee, agent or shareholder of any company (competitor of any member of Livzon Group), or lobby or persuade the person making transaction with Livzon Group or negotiating with Livzon Group on Restricted Businesses to terminate its transaction with Livzon Group or reduce its normal business volume with Livzon Group, or ask for more favorable transaction terms to any member of Livzon Group. 6. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group further undertook that: (1) They would allow and cause relevant contact persons (except for Livzon Group) to allow independent directors of Livzon Group to review if the Company and its controlled subsidiaries except for Livzon Group obeyed the Letter of Undertaking at least once a year; (2) They would provide all the data required for annual review and implementation of the Letter of Undertaking for independent directors of Livzon Group; (3) They would allow Livzon Group to disclose the decision on whether the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group obeyed and implemented the Letter of Undertaking reviewed by independent directors of Livzon Group through the annual report or announcement; (4) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company (and its controlled subsidiaries except for Livzon Group) would provide Livzon Group with the Letter of

Confirmation in relation to compliance with clauses of the Letter of Undertaking every year so as to be included in the annual report of Livzon Group. 7. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, and the Company promise that they would bear corresponding legal responsibility and consequence arising from violation of any clause by the Company (or the Company's controlled subsidiaries except for Livzon Group or its contact persons), starting from the date of issuance of relevant letter of undertaking. 8. The said undertakings would terminate in case of the following circumstances (whichever is earlier): (1) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and any of its controlled subsidiaries were not the controlling shareholders of Livzon Group anymore; (2) Livzon Group terminated the listing of its shares on the Hong Kong Stock Exchange and other overseas stock exchanges (except that shares of Livzon Group stopped to be traded temporarily for any reason).

Note 3: Do not interfere in the operation and management activities of Livzon Group or encroach on the interests of Livzon Group.

Note 4: Pursuant to the Guiding Opinions on Matters Relating to the Dilution of Current Returns as a Result of Initial Public Offering, Refinancing and Major Asset Restructuring (Announcement of CSRC [2015] No. 31), the company shall undertake to adopt specific remedial measures relating to dilution of current returns as a result of the company's initial public offering, refinancing of the listed company, or major asset restructuring and shall fulfill such undertaking. Pursuant to relevant provisions of CSRC, Zhu Baoguo, the de facto controller of Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder: 1. Do not intervene in the operation and management activities or encroach on the interests of the company; 2. If CSRC issued other new regulatory provisions on the remedial measures in relation to returns and the relevant undertakings and the aforesaid undertakings did not conform to such provisions from the date of issuance of the undertaking to the completion of IPO share allotment, the Company/the de facto controller would undertake to issue a supplemental undertaking in accordance with the latest provisions of CSRC; 3. The Company/the de facto controller undertook to practically take the remedial measures in relation to returns formulated by the company and fulfill the undertaking concerning the remedial measures. In case of violation of the undertaking, causing losses to the company or investors, the Company/the de facto controller was willing to assume compensation responsibilities to the company or investors in accordance with law. In case of violation of the said undertakings or rejection to fulfill the said undertakings, as one of the liability subjects relating to the remedial measures concerning returns, it was agreed that relevant punishment shall be imposed on or relevant management measures shall be taken against the Company/the de facto controller by CSRC, the SSE and other securities regulators in accordance with relevant provisions and rules set or issued by them.

Note 5: After the proceeds for issuance of allotment were in place, the Company would use them according to the disclosure in the announcement, and carry out the policies, including deposit in special account, approval by specially-assigned person, and special use of special funds in accordance with management measures for proceeds of the Company. The Board of the Company would regularly check the progress of projects invested with proceeds, issue a special report on deposit and use of proceeds, engage an accounting firm during the annual audit to issue a verification report on deposit and use of proceeds, would be supervised by regulators and sponsors at any time, and would not make major investment, asset purchase or similar financial investment through proceeds in disguise.

Note 6: (1) While transferring tradable shares subject to selling restrictions held by the company in Livzon Group, the company shall strictly obey relevant provisions of Guidelines of Listed Companies on Transfer of Stock Shares Subject to Selling Restrictions ([2008] No. 15); (2) If the Company had shares subject to selling restrictions held by it in Livzon Group that were planned to be sold through the bid trading system of Shenzhen Stock Exchange and reduced more than 5% shares within six months from the first share reduction, the Company would pass the Announcement on Sales disclosed by Livzon Group within two trading days before the first share reduction.

II Non-operating use of funds by the controlling shareholder and their related parties during the reporting period□Applicable ☒N/A**III Information on Illegal guarantees**□Applicable ☒N/A**IV Audit of interim report**□Applicable ☒N/A**V Information on changes and handling of matters related to non-standard audit opinions in the annual report for the previous year**□Applicable ☒N/A**VI Matters related to bankruptcy reorganization**□Applicable ☒N/A**VII Material Litigation and Arbitration Matters**

□During the Reporting Period, the Company had material litigation and arbitration matters.

☒During the Reporting Period, the Company did not have any material litigation or arbitration matters.**VIII Information on punishment and rectification of the listed company and its directors, supervisors, senior management, controlling shareholders, and de facto controllers due to violations of laws and regulations**□Applicable ☒N/A**IX Integrity of the Company and its controlling shareholders and de facto controllers during the Reporting Period**□Applicable ☒N/A**X Substantial related transactions****(I) Related transactions in the ordinary course of business****1. Ad Hoc Announcements without progress or change in subsequent implementation**☒Applicable ☐N/A

Overview	Query index
<p>Pursuant to the “Resolution on Related Transactions in the Ordinary Course of Business of the Controlling Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power” considered and approved at the 8th Meeting of the 9th Session of the Board on 7 April 2025, Jiaozuo Joincare intended to purchase no more than RMB300 million (inclusive) of steam and power from Jinguan Electric Power in 2025 so as to satisfy the demands of Jiaozuo Joincare for steam and power in the process of production and operation. The proposal has been considered and approved at the special meeting of the independent directors of the Company, on which the Supervisory Committee of the Company has also expressed its relevant audit opinion.</p> <p>Both parties referred to the market price to fix a price of the said related transactions. During the Reporting Period, the actual amount of the said related transactions was RMB132.1285 million.</p>	<p>See the Announcement on Resolutions Considered and Approved at the 8th Meeting of the 9th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2025-017) and the Announcement on the Connected Transactions in the Ordinary Course of Jiaozuo Joincare and Jinguan Electric Power (Lin 2025-023) disclosed by the Company on 8 April 2025 for details.</p>

2. Matters that have been disclosed in the Ad Hoc announcements with progress or change in subsequent implementation

□Applicable √N/A

3. Matters that have not been disclosed in the Ad Hoc announcements

□Applicable √N/A

(II) Related transactions relating to assets or equity acquisition and sale**1. Ad Hoc announcements without progress or change in subsequent implementation**

□Applicable √N/A

2. Matters that have been disclosed in the Ad Hoc announcements with progress or change in subsequent implementation

□Applicable √N/A

3. Matters that have not been disclosed in the Ad Hoc announcements

□Applicable √N/A

4. In case of performance agreement, information on performance realization during the Reporting Period shall be disclosed

□Applicable √N/A

(III) Substantial related transactions of joint outbound investment**1. Ad Hoc announcements without progress or change in subsequent implementation**

□Applicable √N/A

2. Matters that have been disclosed in the Ad Hoc announcements with progress or change in subsequent implementation

□Applicable √N/A

3. Matters that have not been disclosed in the Ad Hoc announcements

□Applicable √N/A

(IV) Credits and debts with related parties**1. Ad Hoc announcements without progress or change in subsequent implementation**

□Applicable √N/A

2. Matters that have been disclosed in the Ad Hoc announcements with progress or change in subsequent implementation

□Applicable √N/A

3. Matters that have not been disclosed in the Ad Hoc announcements

√Applicable □N/A

Unit: Yuan Currency: RMB

Related party	Relationship with related party	Provision of funds for related party			Provision of funds for the listed company by related party		
		Balance at the beginning of the period	Amount changed	Balance at the end of the period	Balance at the beginning of the period	Amount changed	Balance at the end of the period
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	Others	6,511,310.14	-1,005,891.91	5,505,418.23	2,568,000.00	-1,353,600.00	1,214,400.00
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Others	53,978.00	-53,978.00	0.00			

Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Others	219,824.98	200,090.14	419,915.12			
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Associated company	1,164,309.54	-82,216.39	1,082,093.15			
Jiaozuo Jinguang Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associated company	15,799,796.87	-15,799,796.87	0.00	0.00	26,399,467.58	26,399,467.58
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	Others	0.00	325,880.00	325,880.00			
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	Others	469,895.78	0.00	469,895.78			
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司及其子公司)	Others				68,563.91	-68,563.91	0.00
Total		24,219,115.31	-16,415,913.03	7,803,202.28	2,636,563.91	24,977,303.67	27,613,867.58
Reason for occurrence of credits and debts with related parties		During the Reporting Period, the Company had normal operating fund transactions with related parties					
Effect of credits and debts with related parties on the operating results and financial position of the Company		The said credits and debts with related parties are operating fund transactions; there was no non-operating use of funds of the Company by shareholders and related parties					

(V) Financial businesses among the Company, related financial companies, financial companies controlled by the Company, and related parties

☐Applicable ☒N/A

(VI) Other substantial related transactions

☐Applicable ☒N/A

(VII) Others

☐Applicable ☒N/A

XI Material contracts and their enforcement**1. Custody, contracting and leasing**

□Applicable √N/A

2. Major guarantees that have been performed and outstanding during the Reporting Period

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

External guarantees of the Company (excluding guarantees to its subsidiaries)													
Guarantor	Relationship between the Guarantor and the listed company	Secured party	Amount of guarantee	Date of guarantee (date of signature of agreement)	Guarantee Start date	Guarantee Start date Guarantee Maturity date	Guarantee type	Fulfilled or not	Overdue or no	Overdue amount	Whether there's a counter-guarantee	Guaranteed for a related party or not	Relationship
Joincare	Headquarter of the Company	Jinguan Electric Power	1,100.00	2024/7/25	2024/7/25	2025/7/25	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2024/8/8	2024/8/8	2025/8/8	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	800.00	2024/8/22	2024/8/22	2025/8/17	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	1,700.00	2024/8/22	2024/8/22	2025/8/22	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	1,400.00	2024/9/6	2024/9/6	2025/9/6	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	4,000.00	2024/9/27	2024/9/27	2025/9/26	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	1,700.00	2024/9/29	2024/9/29	2025/9/19	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	4,800.00	2024/10/16	2024/10/16	2025/10/15	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	4,600.00	2024/10/21	2024/10/21	2025/10/20	Joint liability guarantee	No	No	0	Yes	Yes	Associated company

Joincare	Headquarter of the Company	Jinguan Electric Power	2,300.00	2024/10/25	2024/10/25	2025/10/25	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	1,500.00	2024/10/25	2024/10/25	2025/10/25	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	500.00	2024/11/1	2024/11/1	2025/11/1	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	800.00	2024/11/25	2024/11/25	2025/11/25	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	1,200.00	2024/12/6	2024/12/6	2025/11/30	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	1,800.00	2024/12/17	2024/12/17	2025/12/16	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	6,000.00	2025/1/24	2025/1/24	2025/12/31	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	4,000.00	2025/3/14	2025/3/14	2025/12/31	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	394.09	2025/6/30	2025/6/30	2025/12/26	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Total guaranteed amount occurred during the Reporting Period (excluding guarantees to subsidiaries)							10,394.09						
Total guaranteed amount as of the end of the Reporting Period (A) (excluding guarantees to subsidiaries)							41,594.09						
Guarantee provided by the Company and its subsidiaries to subsidiaries													
Total amount of guarantees to subsidiaries during the Reporting Period							93,859.21						
Total amount of guarantees to subsidiaries as of the end of the Reporting Period (B)							233,996.99						
Total guaranteed amount of the Company (including guarantees to subsidiaries)													
Total guaranteed amount (A+B)						275,591.08							
Percentage of total guaranteed amount in the Company's net assets (%)						11.71							
In which:													

Amount of guarantees provided to shareholders, de facto controllers and their related parties (C)	0.00
Amount of debt guarantee directly or indirectly provided to a guaranteed party with an asset-liability ratio exceeding 70% (D)	136,634.74
Portion of total guaranteed amount exceeding 50% of net assets (E)	0.00
Total guaranteed amount of the above three items (C+D+E)	136,634.74
Statement on the contingent joint liability that might be assumed in connection with outstanding guarantee	N/A
Statement on guarantees	The above connected guarantees are detailed in Note XII5(4) to the Financial Statements of this report.

3. Other material contracts

☐Applicable ☒N/A

XII Progress of Proceeds Usage

☒Applicable ☐N/A

(I) Overall Usage of Proceeds

☒Applicable ☐N/A

Unit: 10,000 Yuan

Sources of proceeds	Paid-in time of proceeds	Total amount of proceeds	Net amount of proceeds after deducting issuance expenses (1)	Total committed investment of proceeds stated in the prospectus or offering memorandum (2)	Total amount of proceeds from over-allotment (3) = (1) - (2)	Total investment amount of proceeds as at the end of the Reporting Period (4)	Including: Total investment amount of proceeds from over-allotment as at the end of the Reporting Period (5)	Progress of cumulative investment as at the end of the Reporting Period (%) (6) = (4)/(1)	Cumulative investment progress of proceeds from over-allotment as at the end of the Reporting Period (%) (7) = (5)/(3)	Investment amount during the year (8)	Percentage of investment amount in the year (%) (9) = (8)/(1)	Total amount of proceeds with change of usage
Others	2018/10/16	171,599.38	166,974.02	166,974.02	0.00	171,655.28	0.00	102.80	N/A	4,865.02	2.91	76,974.02
Others	2022/9/26	USD9,204	USD8,930.00	USD8,930.00	USD0.00	USD250.64	USD0.00	2.81	N/A	USD1.14	0.01	0.00

Other Notes

☐Applicable ☒N/A

(II) Details of Investment Projects with Proceeds

√Applicable □N/A

1、Detailed Usage of Proceeds

√Applicable □N/A

Unit: 10,000 Yuan

Sources of proceeds	Name of project	Nature of project	Whether it is a committed investment project stated in the prospectus or offering memorandum	Whether involving any change in investment direction	Total amount of proceeds commitments for project (1)	Investment amount during the year	Total investment amount of proceeds as at the end of the Reporting Period (2)	Progress of cumulative investment as at the end of the Reporting Period (%) (3)=(2)/(1)	Date when the project reaches intended usable state
Others	Zhuhai Health Industry Base Construction Project	Production and construction	Yes	Yes, the project has been canceled	-	-	-	-	Terminated
Others	Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project	Production and construction	Yes	No	89,610.87	0.00	89,610.87	100.00	December 2023
Others	Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project	Production and construction	No	Yes, this is a new project	15,239.17	0.00	15,239.17	100.00	December 2024
Others	New products R&D project	R&D	No	Yes, this is a new project	60,644.11 ^{Note#2}	4,865.02	65,325.37	107.72	January 2027
Others	Information Platform Construction Project	Others	No	Yes, this is a new project	1,479.87	0.00	1,479.87	100.00	January 2024
Others	Global R&D and Industrialization Plan	R&D	Yes	No	USD 6,251.00	0.00	USD244.36	3.91	N/A
Others	Construction of global product sales and after-sales network and service system	Production and construction	Yes	No	USD 893.00	0.00	USD3.62	0.41	N/A

Others	Replenishment of working capital and other general corporate purposes	Operation management	Yes	No	USD 1,786.00	USD1.14	USD2.66	0.15	N/A
--------	---	----------------------	-----	----	--------------	---------	---------	------	-----

(Continued)

Name of project	Whether the project has been completed	Whether the investment progress was in line with the planned progress	Specific reasons why investment progress fell short of scheduled plan	Benefits generated during the year	Benefits or R&D achievements achieved in the project	Whether there was any significant change in the feasibility of project? If so, please describe details.	Surplus Balance
Zhuhai Health Industry Base Construction Project	Yes	Yes	N/A			Yes ^{Note #1}	
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project	Yes	Yes	N/A	5,244.12	The related respiratory formulation products have already entered production and sales.	No	
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project	Yes	Yes	N/A			No	
New products R&D project	No	Yes	N/A			No	
Information Platform Construction Project	Yes	Yes	N/A			No	
Global R&D and Industrialization Plan	No	Yes	N/A			No	
Construction of global product sales and after-sales network and service system	No	Yes	N/A			No	
Replenishment of working capital and other general corporate purposes	No	Yes	N/A			No	

Note 1:

At the 8th Board of Directors Meeting (8th Session) held on January 24, 2022, and the First Extraordinary General Meeting of 2022 held on February 11, 2022, the company resolved to reallocate the unused raised funds of RMB 735.88 million from the Zhuhai Healthcare Industry Base Construction Project, along with interest income and cash management gains (based on actual past and future occurrences), to the following projects: New Products R&D Project, Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and Information Platform Construction Project. The feasibility of the Zhuhai Healthcare Industry Base Construction Project and its external environment underwent significant changes, as detailed below:

(1) Project Delays

The company completed its public offering in October 2018. Regarding the Zhuhai Healthcare Industry Base Construction Project, the company disclosed in its 2018 annual report, H1 2019 report, and 2019 annual report on the storage and use of raised funds that the project site was not ready for construction due to the incomplete municipal infrastructure (three utilities and one

leveling – roads, water, electricity, and site leveling). As a result, the project could not commence. Furthermore, at the 22nd Meeting of the 7th Board of Directors on April 9, 2020, and the 2019 Annual General Meeting on May 29, 2020, the company approved a postponement of the project commencement date. Similarly, at the 44th Meeting of the 7th Board of Directors on March 29, 2021, and the 2020 Annual General Meeting on May 21, 2021, the company further postponed the project start date to the second half of 2021. As of December 31, 2021, the project site still did not meet the conditions for construction.

(2) Changes in Market Environment and Project Feasibility

Due to market changes, the company adjusted its product development strategy, resulting in changes to the project's feasibility. The Zhuhai Healthcare Industry Base Construction Project was originally planned for the production of health care products, OTC drugs, and a small amount of food products. Among these, health care products were the primary investment focus, accounting for an estimated 70% of projected revenue once the project reached full capacity. The company originally planned to expand production capacity for existing products and add new product lines through this project, aiming for rapid growth in the health care products and OTC drug sectors. However, in recent years, market competition in the domestic health supplement industry has intensified, with many foreign brands entering the Chinese market and capturing a significant market share. While the health care products market continued to grow, competition became increasingly fierce. Additionally, due to regulatory constraints such as national medical insurance policies, health supplement sales in pharmacies declined. Although the OTC drug market maintained steady growth, its contribution to this project was relatively small. From 2018 to the first half of 2021, the company's total revenue from health care supplements and OTC drugs was RMB 327 million, RMB 300 million, RMB 327 million, and RMB 160 million, respectively, showing an overall stable development trend. However, health care products sales exhibited a downward trend, while OTC drug sales saw slight growth. Based on market conditions and the company's business development in these sectors, a reassessment determined that continuing the investment project as originally planned would not yield favorable economic returns.

(3) Reallocation of Products and Production Facilities

Some products originally planned for production at the Zhuhai Healthcare Industry Base have been transferred to other locations, some will continue at existing facilities or through outsourcing, while others have been discontinued. The termination of the original project will not have a significant adverse impact on the company. Over the past three years, the health care products and OTC drug business has remained stable. The respiratory drugs originally planned for production at this base, including Budesonide Inhalation Aerosol, Ipratropium Bromide Aerosol, Budesonide Suspension, and Compound Ipratropium Bromide Solution, were transferred in February 2019 to another investment project, Haibin Pharma Pingshan Pharmaceutical Industrialization Base.

The planned OTC drugs such as Dexamethasone Tablets and Dysmenorrhea Oral Liquid, as well as health care products such as Taita Oral Liquid, Jing Xin Oral Liquid, Sugar-Free American Ginseng Tea, American Ginseng Lozenges, and American Ginseng Beverage, will continue production at existing facilities. A few products, such as Probiotic Powder (a food product), will be outsourced for production. The planned production of Coenzyme Q10 Soft Capsules, Rhaponticum Total Sterol Capsules (pharmaceuticals), and Shenqi Oral Liquid, Dampness-Removing and Spleen-Tonifying Drink (health supplements and food products), has been discontinued.

Based on the company's operational performance over the past three years, a reasonable forecast indicates that existing production facilities are sufficient to sustain the development of its health supplement and OTC drug business.

Note 2: On September 10, 2024, the company convened its 3rd meeting of the 9th Board of Directors and approved the proposal "Regarding the Transfer of Land Use Rights and Buildings by a Wholly Owned Subsidiary, Involving the Transfer of a Raised Fund Investment Project."

The proposal approved the transfer by the company's wholly owned subsidiary, Joincare Pharmaceutical (China) Co., Ltd., of the state-owned construction land use rights for a plot located south of Hubin Road and east of Binhe Road in Sanzao Town, Jinwan District, Zhuhai, with a total area of 94,538 m², along with all above-ground buildings under construction and other attachments, to Zhuhai Yangyi Biopharmaceutical Co., Ltd. for a total price of RMB 79.52 million (tax included).

The transferred asset pertains to the Zhuhai Healthcare Industry Base Construction Project, a fundraising investment project from the company's equity offering. Since a total of RMB 33.86 million in raised funds had been invested in this project, RMB 33.86 million from the transaction proceeds will be reallocated to the New Products R&D Project. Following this adjustment, the planned investment amount for the New Products R&D Project will be increased from RMB 545.88 million to RMB 579.74 million.

On December 30, 2024, the company convened its 7th meeting of the 9th Session of Board of Directors and approved the proposal "Regarding the Completion of Certain Fundraising Investment Projects and the Reallocation of Surplus Raised Funds to Other Investment Projects."

The proposal approved the completion and closure of the Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and the Information Platform Construction Project, both fundraising investment projects from the equity offering. It also approved the reallocation of the remaining funds from these projects, along with surplus funds from the previously completed Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project, totaling RMB 26.70 million plus interest, to the New Products R&D Project.

Following this adjustment, the planned investment amount for the New Products R&D Project increased from RMB 579.7402 million to RMB 606.4411 million.

2、Detailed Usage of over-allotment

☐Applicable ☒N/A

(III) Changes in or termination of investment of proceeds during the Reporting Period

☐Applicable ☒N/A

(IV) Other information on the usage of proceeds during the Reporting Period**1、 Previous investment and replacement of projects invested with proceeds**

☒Applicable ☐N/A

Pursuant to the Proposal on Replacing Self-raised Funds Previously Invested in Projects with Proceeds considered and approved at the 3rd Meeting of the 7th Session of the Board on 29 October 2018, it was agreed that the Company could use the proceeds of RMB215.3282 million to replace self-raised funds previously invested in projects. The replacement with proceeds did not exceed six months from the date of payment of such proceeds, which complied with relevant laws and regulations, and did not affect the normal progress of the projects invested with the proceeds. There was no disguised change in the investment direction of proceeds, nor would it harm the interests of shareholders. Minsheng Securities Co., Ltd., the sponsor of the Company, has issued the Opinions on the Verification of Replacing Self-raised Funds Previously Invested in Projects with Proceeds by Joincare Pharmaceutical Group Industry Co., Ltd.

The companies implementing such projects have completed the replacement of self-raised funds previously invested in projects of RMB215.3282 million with the proceeds in December 2018.

2、 Information on temporary replenishment of working capital with idle proceeds

☐Applicable ☒N/A

3、 Cash management of idle proceeds and investment in relevant products

☐Applicable ☒N/A

4、 Others

☒Applicable ☐N/A

(1) Information on using bank acceptance bills to pay for projects invested with proceeds

Pursuant to the Proposal on the Payment of Projects Invested with Proceeds with Bank Acceptance Bills and the Equal Replacement with Proceeds considered and approved at the 25th Meeting of the 7th Session of the Board on 7 May 2020, it was agreed that during the implementation of projects invested with proceeds, the Company could use bank acceptance bills (or endorsed transfer) to pay for the amount relating to projects invested with the proceeds and could transfer an equal amount of capital from the special account of proceeds to replenish working capital. For details, please refer to the “Announcement on the Payment of Projects Invested with Proceeds with Bank Acceptance Bills and the Equal Replacement with Proceeds of Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2020-054).

As at 30 June 2025, the Company’s cumulative amount of bank acceptance bills used to pay for projects invested with the proceeds was RMB210.9554 million, and the cumulative amount for the equal replacement with the proceeds was RMB210.9554million.

(2) Using letters of credit to pay for projects invested with proceeds and equal replacement with proceeds

Pursuant to the Proposal on the Payment of Projects Invested with Proceeds with Letters of Credit and the Equal Replacement with Proceeds considered and approved at the 39th Meeting of the 8th Session of the Board on 25 April 2024, it was agreed that during the implementation of projects invested with proceeds, the Company could use letters of credit to pay for the amount relating to projects invested with proceeds and could regularly replace it by transferring an equal amount of capital from the special account of proceeds to the Company's general account. For details, please refer to the "Announcement on the Using letters of credit to pay for projects invested with proceeds and equal replacement with proceeds of Joincare Pharmaceutical Group Industry Co., Ltd." (Lin 2024-040).

As at 30 June 2025, the Company's cumulative amount of letters of credit used to pay for projects invested with the proceeds was RMB23.8145 million, and the cumulative amount for equal replacement with the proceeds was RMB23.8145 million.

(3) Use of Surplus Proceeds from the Offering

On December 30, 2024, the Company convened the seventh meeting of the ninth session of the Board of Directors, at which it considered and approved the Proposal on the Completion of Certain Proceeds-funded Projects and the Use of Surplus Proceeds for Other Proceeds-funded Projects. It was agreed that the rights issue proceeds-funded projects — Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and the Informatization Platform Construction Project — be concluded, and that the surplus proceeds from the above projects, together with the surplus proceeds from the previously concluded Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project, totaling RMB 26.7009 million and the accrued interest thereon (the exact amount based on the actual amount after bank interest settlement on the date of transfer), be transferred to the New Product R&D Project. For details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Completion of Certain Proceeds-funded Projects and the Use of Surplus Proceeds for Other Proceeds-funded Projects (Lin 2024-131).

(4) Change in the Use of Proceeds for Proceeds-funded Projects

On September 10, 2024, the company convened its 10th meeting of the 9th Board of Directors and approved the proposal "Regarding the Transfer of Land Use Rights and Buildings by a Wholly Owned Subsidiary, Involving the Transfer of a Raised Fund Investment Project."

The proposal approved the transfer by the company's wholly owned subsidiary, Joincare Pharmaceutical (China) Co., Ltd., of the state-owned construction land use rights for a plot located south of Hubin Road and east of Binhe Road in Sanzao Town, Jinwan District, Zhuhai, with a total area of 94,538 m², along with all above-ground buildings under construction and other attachments, to Zhuhai Yangyi Biopharmaceutical Co., Ltd. for a total price of RMB 79.52 million (tax included).

The transferred asset pertains to the Zhuhai Healthcare Industry Base Construction Project, a fundraising investment project from the company's equity offering. Since a total of RMB33.8629

million in raised funds had been invested in this project, RMB33.8629 million from the transaction proceeds will be reallocated to the New Products R&D Project.

As of the end of the reporting period, pursuant to the disposal agreement, the Company had recovered the full amount of RMB33.8629 million.

5、 Conclusive Opinions of Intermediary Institutions on the Special Verification and Assurance of the Storage and Use of Proceeds

☐Applicable ☒N/A

Explanation of Irregularities Identified During the Verification

☐Applicable ☒N/A

6、 Rectification Measures Taken in Response to Unauthorized Changes in the Use of Proceeds or Misappropriation of Proceeds

☐Applicable ☒N/A

XIII Other significant matters

☒Applicable ☐N/A

(1) Share Repurchase through Secondary Market

On 2 September 2024 and 23 September 2024, the Company convened the second meeting of the ninth session of the Board of Directors and the fourth extraordinary general meeting of shareholders in 2024, respectively, at which the proposals, including the Share Repurchase Plan via Centralised Bidding Transactions, were considered and approved. It was resolved to repurchase the Company's shares via centralised bidding transactions using self-owned or self-raised funds. The repurchased shares will be used for the purpose of reducing the registered capital.

The total repurchase amount shall not be less than RMB 300 million (inclusive) and not more than RMB500 million (inclusive), at a repurchase price of no more than RMB 15.40 per share (inclusive). The repurchase period shall run from 23 September 2024 to 22 September 2025. For further details, please refer to the Share Repurchase Plan via Centralised Bidding Transactions of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2024-085) and the Share Repurchase Report of Joincare Pharmaceutical Group Industry Co., Ltd. via Centralised Bidding Transactions (Lin 2024-096).

On 26 November 2024, the Company, through centralised bidding transactions, had cumulatively repurchased 19,208,347 shares, representing 1.02% of the Company's total share

capital of 1,874,200,420 shares. For details, please refer to the *Announcement on the Repurchase of Shares Reaching 1% of the Total Share Capital and Progress of the Repurchase by Joincare Pharmaceutical Group Industry Co., Ltd.* (Lin 2024-123).

On 14 January 2025, the Company had cumulatively repurchased 38,116,614 shares through centralised bidding transactions, representing 2.03% of the Company's total share capital of 1,874,200,420 shares. For details, please refer to the *Announcement on the Repurchase of Shares Reaching 2% of the Total Share Capital and Progress of the Repurchase by Joincare Pharmaceutical Group Industry Co., Ltd.* (Lin 2025-004).

As of 6 March 2025, the Company had cumulatively repurchased 44,747,034 shares through centralised bidding transactions, representing 2.39% of the Company's total share capital of 1,874,200,420 shares, with a total consideration of RMB 499.9836 million (including transaction fees). The repurchase was thereby completed. For details, please refer to the *Announcement on the Results of Share Repurchase and Changes in Shareholding Structure by Joincare Pharmaceutical Group Industry Co., Ltd.* (Lin 2025-013).

Upon the Company's application, the above repurchased shares were cancelled on 10 March 2025 at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. Following the cancellation, the Company's total share capital was reduced from 1,874,200,420 shares to 1,829,453,386 shares.

(2) Acquisition of Equity Interests in Vietnam's IMP by Controlled Subsidiary Livzon Group

On 22 May 2025, LIAN SGP HOLDING PTE. LTD. ("LIAN SGP"), an overseas wholly-owned subsidiary of Livzon Pharmaceutical Group Inc. ("Livzon Group"), a controlled subsidiary of the Company, entered into a Framework Agreement (the "Agreement") with SK Investment Vina III Pte. Ltd. ("SK"), Sunrise Kim Investment Joint Stock Company ("Sunrise"), and KBA Investment Joint Stock Company ("KBA", together with SK and Sunrise, the "Sellers"). Pursuant to the Agreement, LIAN SGP proposes to acquire 64.81% of the shares of Imexpharm Corporation ("IMP" or the "Target Company"), a listed company in Vietnam, held in aggregate by the Sellers (the "Transaction"). The equity purchase price for the Transaction is VND 5,730,815,426,000 (equivalent to approximately RMB 1.587 billion, based on the central parity exchange rate on the

date of signing the Agreement), representing 10.92% of the net assets attributable to shareholders of the Company as per the most recent audited financial statements.

The Transaction does not constitute a connected transaction, nor does it constitute a material asset restructuring as defined under the Administrative Measures for Material Asset Restructuring of Listed Companies. On 22 May 2025, the Company convened the tenth meeting of the ninth session of the Board of Directors, at which the Proposal on the Proposed Acquisition of Shares in Vietnam's IMP by the controlled subsidiary Livzon Group was considered and approved. Pursuant to the Shanghai Stock Exchange Listing Rules and other relevant provisions, this matter falls within the approval authority of the Board of Directors and does not require submission to the general meeting of shareholders for approval. The implementation of the Transaction remains subject to the fulfilment of the conditions precedent stipulated in the Agreement and the completion of relevant approval procedures in the jurisdiction of the Target Company in respect of the acquisition.

The Transaction involves only the acquisition of equity and does not involve personnel resettlement, land lease, debt restructuring or other matters. Upon completion of the Transaction, IMP will become a controlled subsidiary of the Company and be included in the scope of the Company's consolidated financial statements.

The implementation of the acquisition is subject to filings or approvals from all competent authorities in accordance with the law, and therefore the Transaction remains subject to uncertainties in relation to policies and approvals. As the equity interest in the Target Company to be acquired is located overseas, there are certain differences in regional culture and management practices compared with the Company. Should mutual understanding of corporate culture and complementary integration of resources fail to be achieved effectively after completion of the Transaction, certain risks may arise in respect of the Company's operations, management, and business integration.

For details of the Transaction, please refer to the Announcement on the Proposed Acquisition of Shares in Vietnam's IMP by the controlled subsidiary Livzon Group (Lin 2025-044) published by the Company on the website of the Shanghai Stock Exchange on 23 May 2025.

Chapter 6 Changes in Equity and Shareholders

I Changes in Share Capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: shares

	Before the current change		Increase/decrease (+, -) due to the current change					After the current change	
	Number	Percentage (%)	Issuance of new shares	Issuance of bonus shares	Conversion of capital reserve to share capital	Others	Subtotal	Number	Percentage (%)
I. Shares subject to selling restrictions									
1. Shares held by state government									
2. Shares held by state-owned entities									
3. Shares held by other domestic holders									
Of which: Shares held by domestic non-state-owned entities									
Shares held by domestic natural persons									
4. Shares held by foreign holders									
Including: Shares held by foreign entities									
Shares held by foreign natural persons									
II. Shares without selling restrictions	1,874,200,420	100	0	0	0	-44,747,034	-44,747,034	1,829,453,386	100
1. Ordinary shares denominated in Renminbi	1,874,200,420	100	0	0	0	-44,747,034	-44,747,034	1,829,453,386	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,874,200,420	100	0	0	0	-44,747,034	-44,747,034	1,829,453,386	100

2.Explanations on changes in shares

√Applicable □N/A

On 2 September 2024, the Company convened the 2nd Meeting of the 9th session of the Board of Directors, at which it reviewed and approved the Proposal on the Share Repurchase Plan by Way of Centralised Bidding and other related proposals. It was resolved to use the Company's own funds

or self-raised funds to repurchase shares by way of centralised bidding, with the repurchased shares to be used for reducing the registered capital.

The total repurchase amount shall be not less than RMB 300 million (inclusive) and not more than RMB 500 million (inclusive), at a repurchase price of no more than RMB 15.40 per share (inclusive). The repurchase period shall run from 23 September 2024 to 22 September 2025. For details, please refer to the Share Repurchase Plan by Way of Centralised Bidding of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2024-085) and the Share Repurchase Report of Joincare Pharmaceutical Group Industry Co., Ltd. by Way of Centralised Bidding (Lin 2024-096).

The above proposals were approved at the Company's Fourth Extraordinary General Meeting of Shareholders in 2024, convened on 23 September 2024.

On 6 March 2025, the Company completed the above share repurchase. Through centralised bidding transactions, the Company had cumulatively repurchased 44,747,034 shares, with the highest purchase price being RMB 11.90 per share, the lowest purchase price being RMB 10.57 per share, and the average repurchase price being RMB 11.17 per share, for a total consideration of RMB 499.9836 million (inclusive of transaction fees). The repurchased shares were cancelled in full on 10 March 2025.

3. Impact of changes in shares on earnings per share, net assets per share and other financial indicators from the Reporting Period to the date of disclosure of the interim report (if any)

☐ Applicable ☒ N/A

4. Other information deemed necessary by the Company or as required by the securities regulators

☐ Applicable ☒ N/A

(II) Changes in shares with selling restrictions

☐ Applicable ☒ N/A

II Shareholders

(I) Total number of shareholders:

Total number of ordinary shareholders at the end of the Reporting Period	76,255
Total number of shareholders of preferred shares with resumed voting rights at the end of the Reporting Period	Not applicable

**(II) Shareholdings of the Top 10 shareholders and the Top 10 shareholders of tradable shares
(or shareholders without selling restrictions) at the End of the Reporting Period**

Unit: shares

Shareholdings of the Top 10 shareholders (excluding shares lent through refinancing business)							
Name of shareholder (Full name)	Change during the reporting period	Number of shares held at the end of the Period	Percentage (%)	Number of shares held with selling restrictions	Pledge, mark or lock-up		Nature of Shareholder
					Share status	Number	
Shenzhen Baiyeyuan Investment Co., Ltd. *	0	895,653,653	48.96	0	Pledge	19,500,000	Domestic non-state owned entity
Hong Kong Securities Clearing Company Limited	13,197,672	68,378,517	3.74	0	Unknown		Unknown
Might Seasons Limited	0	35,929,699	1.96	0	Unknown		Foreign entity
Agriculture Bank of China Limited-CSI 500 Exchange Traded Index Securities Investment Fund	300,200	16,274,684	0.89	0	Unknown		Unknown
Rui Life Insurance Co., Ltd. - Own fund	253,400	12,982,618	0.71	0	Unknown		Unknown
Zhang Yongliang	8,998,400	12,028,400	0.66	0	Unknown		Domestic Natural Person
Bank of Shanghai Co., Ltd. — Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	-2,521,176	10,308,020	0.56	0	Unknown		Unknown
Joincare Pharmaceutical Group Industry Co., Ltd.-the Third Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme	0	9,370,400	0.51	0	Unknown		Others
CPIC Fund -China Pacific Life Insurance Co., Ltd. -with-profit insurance-CPIC Fund China Pacific Life Equity Relative Income (Guaranteed Dividend) single assets management plan	-1,231,500	8,068,500	0.44	0	Unknown		Unknown
Yan Yongxing	130,400	6,890,800	0.38	0	Unknown		Domestic Natural Person
Shareholdings of the Top 10 shareholders without selling restrictions (excluding shares lent through refinancing business)							
Name of shareholder	Number of tradable shares held without selling restrictions		Class and number of shares		Class	Number	
Shenzhen Baiyeyuan Investment Co., Ltd. *	895,653,653		Ordinary shares denominated in Renminbi			895,653,653	
Hong Kong Securities Clearing Company Limited	68,378,517		Ordinary shares denominated in Renminbi			68,378,517	
Might Seasons Limited	35,929,699		Ordinary shares denominated in Renminbi			35,929,699	
Agriculture Bank of China Limited-CSI 500 Exchange Traded Index Securities Investment Fund	16,274,684		Ordinary shares denominated in Renminbi			16,274,684	

Rui Life Insurance Co., Ltd. -Own fund	12,982,618	Ordinary shares denominated in Renminbi	12,982,618
Zhang Yongliang	12,028,400	Ordinary shares denominated in Renminbi	12,028,400
Bank of Shanghai Co., Ltd. — Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	10,308,020	Ordinary shares denominated in Renminbi	10,308,020
Joincare Pharmaceutical Group Industry Co., Ltd.-the Third Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme	9,370,400	Ordinary shares denominated in Renminbi	9,370,400
CPIC Fund -China Pacific Life Insurance Co., Ltd. -with-profit insurance-CPIC Fund China Pacific Life Equity Relative Income (Guaranteed Dividend) single assets management plan	8,068,500	Ordinary shares denominated in Renminbi	8,068,500
Yan Yongxing	6,890,800	Ordinary shares denominated in Renminbi	6,890,800
Notes on the special repurchase account among the top 10 shareholders	Not applicable		
Description of the above shareholders involved in entrustment/entrusted voting right and waiver of voting right	Not applicable		
Description of connection or acting-in-concert relationship of the above shareholders	There was no connection or acting-in-concert relationship between Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and other shareholders; whether there is connection or acting-in-concert relationship among other shareholders is unknown		
Description of holders of preferred shares with resumed voting rights and number of preferred shares	Not applicable		

Participation of shareholders holding over 5%, the top 10 shareholders, and the top 10 shareholders without selling restriction in securities lending transactions of refinancing business

☐Applicable ☒N/A

Changes in the top 10 shareholders and the top 10 shareholders without selling restriction due to securities lending/returning transactions of refinancing business compared to the previous period

☐ Applicable ☒N/A

Number of shares held by the Top 10 shareholders with selling restrictions and selling restrictions

☐ Applicable ☒N/A

(III) Strategic investors or general legal persons who became Top 10 shareholders through placement of new shares

☐ Applicable ☒N/A

III Information on directors, supervisors, and senior management

(I) Changes in shareholdings of current directors, supervisors, and senior management and those who resigned during the Reporting Period

☐ Applicable ☒N/A

Description of other information

☐ Applicable ☒ N/A

(II) Equity incentive granted to directors, supervisors, and senior management during the Reporting Period

☒ Applicable ☐ N/A

Unit: 10,000 shares

Name	Title	Number of share options held at the beginning of the year	Number of newly granted share options during the Reporting Period	Number of exercisable options during the Reporting Period	Number of exercised options during the Reporting Period	Number of share options held at the end of the period
Lin Nanqi	Director	24	0	0	0	0
Qiu Qingfeng	Director	18	0	0	0	0
Zhang Leiming	Senior executive	13.50	0	0	0	0
Du Yanmei	Senior executive	12	0	0	0	0
Tang Tingke	Senior executive	6	0	0	0	0
Zhu Yifan	Senior executive	7	0	0	0	0
Total	/	80.50	0	0	0	0

(III) Others

☐ Applicable ☒ N/A

IV Changes in controlling shareholders or de facto controllers

☐ Applicable ☒ N/A

V. Information on Preferred Shares

☐ Applicable ☒ N/A

Chapter 7 Information on Bonds

I Enterprise bonds, corporate bonds, and non-financial enterprise debt financing instruments

☐ Applicable ☒ N/A

II Information on convertible corporate bonds

☐ Applicable ☒ N/A

Chapter 8 Financial statements

I. Auditor's report

□Applicable √N/A

II. Financial statements

Consolidated Balance Sheet

30 June 2025

Prepared by: Joicare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	30 June 2025	31 December 2024
Current assets:			
Cash and bank balances	V.1	14,486,328,294.55	14,851,977,121.94
Financial assets held for trading	V.2	490,624,181.31	89,363,055.07
Notes receivable	V.3	1,644,458,811.36	1,951,213,189.48
Accounts receivable	V.4	2,886,227,493.74	2,429,891,052.01
Receivables financing			
Prepayments	V.5	256,617,690.36	241,379,213.79
Other receivables	V.6	61,778,202.56	51,166,649.86
Including: Interest receivables			
Dividend receivables		146,732.76	
Inventories	V.7	2,320,707,668.36	2,621,343,117.50
Contract assets			
Assets held-for-sale	V.8	54,046,737.68	54,029,237.68
Non-current assets due within one year	V.9	1,068,421,283.81	556,410,803.22
Other current assets	V.10	121,667,668.49	159,087,536.76
Total current assets		23,390,878,032.22	23,005,860,977.31
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	V.11	1,476,173,277.79	1,446,298,598.46
Other equity instrument investments	V.12	1,038,766,399.28	1,026,548,743.15
Other non-current financial assets			
Investment properties	V.13	15,696,887.85	16,117,329.57
Fixed assets	V.14	5,506,577,329.64	5,689,216,337.13
Construction in progress	V.15	582,667,379.81	531,063,771.79
Productive biological assets			
Oil & gas assets			
Right-of-use assets	V.16	42,760,499.91	38,626,733.57
Intangible assets	V.17	741,243,814.38	687,430,720.95
Development cost	V.18	446,125,520.18	362,703,730.11
Goodwill	V.19	636,339,503.82	636,339,503.82
Long-term prepaid expenses	V.20	295,705,771.54	319,396,628.88
Deferred tax assets	V.21	762,906,657.86	685,468,536.85
Other non-current assets	V.22	616,374,207.72	1,273,057,844.54
Total non-current assets		12,161,337,249.78	12,712,268,478.82
Total assets		35,552,215,282.00	35,718,129,456.13
Current liabilities:			
Short-term loans	V.24	2,130,000,000.00	2,455,000,000.00

Financial liabilities held for trading	V.25	8,581.94	9,046,554.29
Notes payable	V.26	1,210,521,011.10	1,384,943,947.17
Accounts payable	V.27	741,306,014.68	765,512,193.23
Receipts in advance			
Contract liabilities	V.28	97,959,931.37	142,395,539.21
Employee benefits payable	V.29	321,316,195.93	473,571,305.45
Taxes payable	V.30	279,656,691.03	263,380,339.80
Other payables	V.31	3,771,013,187.90	3,369,115,240.67
Including: Interest payables			
Dividend payables		345,350,501.55	9,890,041.38
Liabilities held-for-sale			
Non-current liabilities due within one year	V.32	539,276,416.15	395,975,991.36
Other current liabilities	V.33	6,492,734.60	11,841,940.51
Total current liabilities		9,097,550,764.70	9,270,783,051.69
Non-current liabilities:			
Long-term loans	V.34	2,285,563,489.02	2,424,635,112.37
Bonds payable			
Lease liabilities	V.35	21,132,611.94	19,975,819.77
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	V.36	339,400,325.35	334,970,008.52
Deferred tax liabilities	V.21	271,953,381.12	267,622,684.50
Other non-current liabilities			
Total non-current liabilities		2,918,049,807.43	3,047,203,625.16
Total liabilities		12,015,600,572.13	12,317,986,676.85
Owner's equity (or shareholder's equity)			
Share capital	V.37	1,829,453,386.00	1,874,200,420.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	V.38	1,111,064,590.24	1,654,383,491.41
Less: Treasury shares	V.39		328,221,279.42
Other comprehensive income	V.40	-86,345,717.80	-41,177,547.42
Special reserve			
Surplus reserve	V.41	883,841,583.49	883,841,583.49
Undistributed profits	V.42	10,907,386,718.31	10,491,692,921.28
Total shareholders' equity attributable to the parent		14,645,400,560.24	14,534,719,589.34
Minority shareholder's equity		8,891,214,149.63	8,865,423,189.94
Total owner's equity (or shareholder's equity)		23,536,614,709.87	23,400,142,779.28
Total liabilities and shareholders' equity (or shareholder's equity)		35,552,215,282.00	35,718,129,456.13

Person-in-charge of the
Company: Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Balance Sheet of the Parent Company
30 June 2025

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	30 June 2025	31 December 2024
Current assets:			
Cash and bank balances		1,511,481,342.75	1,267,163,186.68
Financial assets held for trading		202,254,509.60	
Notes receivable		104,016,458.86	213,110,653.41
Accounts receivable		169,423,707.68	215,995,326.60
Receivable financing			
Prepayments		66,609,308.45	65,226,966.95
Other receivables		682,143,565.47	755,355,599.84
Including: Interest receivables			
Dividends receivable		519,999,500.00	594,999,500.00
Inventories		26,357,843.97	34,044,292.45
Contract assets			
Assets held-for-sale			
Non-current assets due within one year		638,911,721.44	556,410,803.22
Other current assets		10,906,264.55	11,341,915.46
Total current assets		3,412,104,722.77	3,118,648,744.61
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,747,805,740.06	3,747,384,860.50
Other equity instrument investment		167,844,859.45	158,225,331.61
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets		47,462,900.14	47,695,790.65
Construction in progress			127,433.63
Productive biological assets			
Oil & gas assets			
Right-of-use assets		6,693,076.58	8,127,307.28
Intangible assets		116,204,789.25	129,284,991.36
Development cost		148,409,406.71	136,566,953.79
Goodwill			
Long-term prepaid expenses		8,394,423.13	8,663,059.49
Deferred income tax assets		178,753,034.27	146,255,469.13
Other non-current assets		159,128,985.03	460,886,298.45
Total non-current assets		4,586,888,690.05	4,849,408,971.32
Total assets		7,998,993,412.82	7,968,057,715.93
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Notes payable		17,700,000.00	64,552,011.15
Accounts payable		346,372,305.63	213,679,014.84
Receipts in advance			
Contract liabilities		22,395,115.46	9,570,903.72
Employee benefits payable		20,550,537.33	42,594,091.98

Taxes payable		7,775,742.31	7,446,940.04
Other payables		671,793,194.88	481,244,332.71
Including: Interest payables			
Dividends payable		186,759,946.60	
Liabilities held-for-sale			
Non-current liabilities due within one year		336,818,693.48	237,724,155.35
Other current liabilities		2,866,905.09	1,199,757.57
Total current liabilities		1,426,272,494.18	1,058,011,207.36
Non-current liabilities:			
Long-term loans		917,940,000.00	871,400,000.00
Bonds payable			
Lease liabilities		4,003,261.58	5,437,140.90
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income		7,017,294.77	7,708,740.65
Deferred tax liabilities		3,816,753.40	3,887,593.60
Other non-current liabilities			
Total non-current liabilities		932,777,309.75	888,433,475.15
Total liabilities		2,359,049,803.93	1,946,444,682.51
Owner's equity (or shareholder's equity):			
Share capital		1,829,453,386.00	1,874,200,420.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		588,564,080.96	1,043,800,614.52
Less: Treasury shares			328,221,279.42
Other comprehensive income		-3,684,876.93	888,524.41
Special reserve			
Surplus reserve		795,239,635.11	795,239,635.11
Undistributed profits		2,430,371,383.75	2,635,705,118.80
Total owner's equity (or shareholder's equity)		5,639,943,608.89	6,021,613,033.42
Total liabilities and owner's equity (or shareholder's equity)		7,998,993,412.82	7,968,057,715.93

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Consolidated Income Statement

January to June, 2025

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	First half of 2025	First half of 2024
I. Total Revenues	V.43	7,898,328,250.41	8,234,634,099.45
Including: Operating revenues		7,898,328,250.41	8,234,634,099.45
II. Total operating costs		5,912,767,808.69	6,247,787,990.98
Including: Operating costs	V.43	2,985,132,575.95	3,021,125,884.33
Operating tax and surcharges	V.44	99,500,263.72	93,999,188.76
Selling expenses	V.45	2,016,794,488.84	2,096,637,821.45
Administrative expenses	V.46	421,890,723.11	445,024,332.82
R&D expenses	V.47	611,153,068.61	714,729,729.75
Financial expenses	V.48	-221,703,311.54	-123,728,966.13
Including: Interest expenses		45,725,827.28	72,457,072.68
Interest income		246,070,795.96	187,438,919.12
Add: Other income	V.49	85,396,777.46	70,438,830.56
Investment income("-" for loss)	V.50	39,541,912.86	35,345,305.87
Including: Income from investments in associates and joint ventures		39,476,098.20	23,799,217.29
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure of hedging("-" for loss)			
Gains from changes in fair value("-" for loss)	V.51	-6,699,818.51	-19,576,467.55
Losses of credit impairment ("-" for loss)	V.52	-7,332,423.75	-3,873,446.70
Impairment loss of assets ("-" for loss)	V.53	-14,814,061.48	-82,185,254.98
Gains from disposal of assets("-" for loss)	V.54	-149,723.72	-76,440.36
III. Operating profit("-" for loss)		2,081,503,104.58	1,986,918,635.31
Add: Non-operating income	V.55	5,194,263.72	4,941,102.08
Less: Non-operating expenses	V.56	13,955,342.84	9,830,386.52
IV. Total profit("-" for loss)		2,072,742,025.46	1,982,029,350.87
Less: Income tax expenses	V.57	309,027,226.55	285,813,843.86
V. Net profit("-" for net loss)		1,763,714,798.91	1,696,215,507.01
(I) Classified by continuity of operations:			
1. Net profit from continuing operations ("-" for net loss)		1,763,714,798.91	1,696,215,507.01
2. Net profit from discontinued operations ("-" for net loss)			
(II) Classified by attribution to ownership:			
1. Net profit attributable to shareholders of the parent ("-" for net loss)		784,939,913.34	776,424,466.87
2. Net profit attributable to minority interests ("-" for net loss)		978,774,885.57	919,791,040.14
VI. Other comprehensive income, net of tax		-80,044,653.36	-29,097,306.90

(I) Other comprehensive income attributable to shareholders of the parent, net of tax		-48,523,609.49	-23,675,110.79
1. Other comprehensive income not reclassified into profit or loss subsequently		-783,183.68	-35,799,853.32
(1) Changes in remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments		-783,183.68	-35,799,853.32
(4) Changes in fair value of the Company's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss subsequently		-47,740,425.81	12,124,742.53
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		1,130.90	39,671.05
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Reserve for cash flow hedges			
(6) Exchange differences on translation of financial statements denominated in foreign currencies		-47,741,556.71	12,085,071.48
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-31,521,043.87	-5,422,196.11
VII. Total comprehensive income		1,683,670,145.55	1,667,118,200.11
(I) Total comprehensive income attributable to owners of the parent company		736,416,303.85	752,749,356.08
(II) Total comprehensive income attributable to minority shareholders		947,253,841.70	914,368,844.03
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)		0.43	0.42
(II) Diluted earnings per share (RMB/share)		0.43	0.42

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Income Statement of the Parent Company

January to June, 2025

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	First half of 2025	First half of 2024
I. Total Revenues		594,513,807.68	973,915,823.86
Less: Operating costs		392,987,910.77	576,175,343.32
Operating tax and surcharges		4,239,505.51	7,406,570.41
Selling expenses		186,461,694.92	297,686,805.43
Administrative expenses		59,998,897.84	51,085,332.63
R&D expenses		97,827,723.36	147,404,985.50
Financial expenses		-9,479,509.07	-28,612,165.69
Including: Interest expenses		13,820,881.41	23,108,693.32
Interest income		26,456,877.18	47,714,262.11
Add: Other income		1,720,782.25	1,024,961.91
Investment income("-" for loss)		264,579,370.62	322,471,744.99
Including: Income from investments in associates and joint ventures		420,879.56	249,535.69
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure of hedging("-" for loss)			
Gains from changes in fair value("-" for loss)		254,509.60	
Losses of credit impairment("-" for loss)		142,751.15	723,705.70
Impairment loss of assets("-" for loss)			-13,220,847.32
Gains from disposal of assets("-" for loss)			
II. Operating profit ("-" for loss)		129,174,997.97	233,768,517.54
Add: Non-operating income		2,049.94	16,931.59
Less: Non-operating expenses		237,402.27	2,041,518.75
III. Total profit ("-" for loss)		128,939,645.64	231,743,930.38
Less: Income tax expenses		-31,617,296.51	-18,712,223.83
IV. Net profit("-" for net loss)		160,556,942.15	250,456,154.21
(I) Net profit from continuing operations ("-" for net loss)		160,556,942.15	250,456,154.21
(II) Net profit from discontinued operations ("-" for net loss)			
V. Other comprehensive income, net of tax		-4,573,401.34	-2,948,462.10
(I) Other comprehensive income not reclassified into profit or loss subsequently		-4,573,401.34	-2,948,462.10
1.Changes in remeasurement of defined benefit plan			
2.Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments		-4,573,401.34	-2,948,462.10
4.Changes in fair value of the Company's own credit risks			

(II) Other comprehensive income that will be reclassified into profit or loss subsequently			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Reserve for cash flow hedges			
6. Exchange differences on translation of financial statements denominated in foreign currencies			
7. Others			
VI. Total comprehensive income		155,983,540.81	247,507,692.11
VII. Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Consolidated Cash Flow Statement

January to June, 2025

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	First half of 2025	First half of 2024
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		8,365,901,348.13	8,630,833,677.32
Tax refund received		82,817,164.75	72,459,734.72
Other cash received relating to operating activities	V.58	342,047,113.20	325,370,440.46
Sub-total of cash inflows		8,790,765,626.08	9,028,663,852.50
Cash paid for goods and services		2,272,460,058.12	2,502,345,117.25
Cash paid to and on behalf of employees		1,464,238,914.58	1,420,206,600.87
Payments of all types of taxes		950,093,694.06	1,074,560,743.25
Other cash paid relating to operating activities	V.58	2,177,616,301.22	2,294,251,618.88
Sub-total of cash outflows		6,864,408,967.98	7,291,364,080.25
Net cash flows from operating activities		1,926,356,658.10	1,737,299,772.25
II. Cash flows from investing activities:			
Cash received from disposal of investments		3,242,861,092.69	714,926,475.99
Cash received from returns on investments		14,255,709.03	6,997,674.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		30,429,573.00	421,623.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities	V.58	75,249.03	
Sub-total of cash inflows from investing activities		3,287,621,623.75	722,345,773.73
Cash paid to acquire fixed assets, intangible assets and other long-term assets		488,268,022.92	534,425,720.03
Cash paid to acquire investments		3,436,309,986.72	668,660,272.66
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid relating to investing activities	V.58	4,517,299.69	931,044.37
Sub-total of cash outflows in investing activities		3,929,095,309.33	1,204,017,037.06
Net cash flows from investing activities		-641,473,685.58	-481,671,263.33
III. Cash flows from financing activities :			
Cash received from capital contribution		3,350,000.00	253,821,632.83
Including: Cash received from investment by minority interests of subsidiaries		3,350,000.00	159,683,115.63
Cash received from borrowings		1,942,140,000.00	1,984,343,152.42
Other cash received related to financing activities	V.58		1,040,757.54
Subtotal of cash inflow from financing activities		1,945,490,000.00	2,239,205,542.79
Cash repayments of amounts borrowed		2,264,521,809.00	2,902,045,056.78

Cash payments for interest expenses and distribution of dividends or profits		698,942,985.71	559,261,076.53
Including: Dividend paid to minority interests of subsidiaries		478,852,409.14	324,042,427.50
Other cash payments relating to financing activities	V.58	590,694,203.10	153,731,977.05
Sub-total of cash outflows in financing activities		3,554,158,997.81	3,615,038,110.36
Net cash flows from financing activities		-1,608,668,997.81	-1,375,832,567.57
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-42,888,330.00	19,345,926.07
V. Net increase in cash and cash equivalents		-366,674,355.29	-100,858,132.58
Add: Opening balance of cash and cash equivalents		14,842,645,678.32	15,340,869,372.73
VI. Closing balance of cash and cash equivalents		14,475,971,323.03	15,240,011,240.15

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Cash Flow Statement of Parent Company

January to June, 2025

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	First half of 2025	First half of 2024
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		832,919,579.47	1,240,331,647.48
Tax refund received			
Other cash received relating to operating activities		62,174,269.98	3,408,533,265.86
Sub-total of cash inflows		895,093,849.45	4,648,864,913.34
Cash paid for goods and services		379,250,549.67	676,503,773.85
Cash paid to and on behalf of employees		164,772,801.65	154,051,671.13
Payments of all types of taxes		25,449,069.12	88,151,311.60
Other cash paid relating to operating activities		204,913,432.36	3,703,191,676.08
Sub-total of cash outflows		774,385,852.80	4,621,898,432.66
Net cash flows from operating activities		120,707,996.65	26,966,480.68
II. Cash flows from investing activities:			
Cash received from disposal of investments		399,167,968.04	310,855,000.00
Cash received from returns on investments		340,739,664.63	322,407,848.19
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		224,898.53	22,890.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Sub-total of cash inflows from investing activities		740,132,531.20	633,285,738.19
Cash paid to acquire fixed assets, intangible assets and other long-term assets		11,365,298.15	62,639,667.27
Cash paid to acquire investments		382,000,000	350,199,497.71
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid relating to investing activities			
Sub-total of cash outflows in investing activities		393,365,298.15	412,839,164.98
Net cash flows from investing activities		346,767,233.05	220,446,573.21
III. Cash flows from financing activities :			
Cash received from capital contribution			94,138,517.20
Cash received from borrowings		152,000,000.00	
Other cash received related to financing activities			

Subtotal of cash inflow from financing activities		152,000,000.00	94,138,517.20
Cash repayments of amounts borrowed		6,470,000.00	796,000,000.00
Cash payments for interest expenses and distribution of dividends or profits		192,732,461.20	184,858,834.62
Other cash payments relating to financing activities		173,041,091.26	1,969,948.84
Sub-total of cash outflows in financing activities		372,243,552.46	982,828,783.46
Net cash flows from financing activities		-220,243,552.46	-888,690,266.26
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-2,913,521.17	4,173,480.17
V. Net increase in cash and cash equivalents		244,318,156.07	-637,103,732.20
Add: Opening balance of cash and cash equivalents		1,267,163,186.68	2,216,321,523.93
VI. Closing balance of cash and cash equivalents		1,511,481,342.75	1,579,217,791.73

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Consolidated Statement of Changes in Owner's Equity

January to June, 2025

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	First half of 2025													
	Owner's equity attributable to the parent company												Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
I. Balance at the end of previous year	1,874,200,420.00				1,654,383,491.41	328,221,279.42	-41,177,547.42		883,841,583.49		10,491,692,921.28	14,534,719,589.34	8,865,423,189.94	23,400,142,779.28
Add: Change of accounting policies														
Correction to errors of the previous period														
Others														
II. Balance in beginning of year	1,874,200,420.00				1,654,383,491.41	328,221,279.42	-41,177,547.42		883,841,583.49		10,491,692,921.28	14,534,719,589.34	8,865,423,189.94	23,400,142,779.28
III. Increase and decrease of the period ("—" for decrease)	-44,747,034.00				-543,318,901.17	-328,221,279.42	-45,168,170.38				415,693,797.03	110,680,970.90	25,790,959.69	136,471,930.59
(I) Total comprehensive income							-48,523,609.49				784,939,913.34	736,416,303.85	947,253,841.70	1,683,670,145.55
(II). Capital contribution or reduction from shareholders	-44,747,034.00				-455,236,533.56	-328,221,279.42						-171,762,288.14	-343,739,509.13	-515,501,797.27
1. Capital contribution from shareholders	-44,747,034.00				-455,236,533.56	171,762,288.14						-671,745,855.70	3,350,000.00	-668,395,855.70
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity														
4. Others						-499,983,567.56						499,983,567.56	-347,089,509.13	152,894,058.43
(III). Profit distribution											-365,890,677.20	-365,890,677.20	-626,443,245.00	-992,333,922.20

1. Accrual of surplus reserve														
2. Accrual of general risk provision														
3. Amount distributed to owners (or shareholders)											-365,890,677.20	-365,890,677.20	-626,443,245.00	-992,333,922.20
4. Others														
(IV). Internal carrying forward of owner's equity							3,355,439.11				-3,355,439.11		-3,796,209.52	-3,796,209.52
1. Capital reserve transferred to increase capital (or share capital)														
2. Surplus reserve transferred to increase capital (or share capital)														
3. Surplus reserve compensating losses														
4. Retained earnings carried over from changes in the defined benefit plan														
5. Retained earnings carried over from other comprehensive income							3,355,439.11				-3,355,439.11		-3,796,209.52	-3,796,209.52
6. Others												-		
(V). Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
(VI). Others					-88,082,367.61							-88,082,367.61	52,516,081.64	-35,566,285.97
IV. Balance at end of period	1,829,453,386.00				1,111,064,590.24		-86,345,717.80		883,841,583.49		10,907,386,718.31	14,645,400,560.24	8,891,214,149.63	23,536,614,709.87

Item	First half of 2024													
	Owner's equity attributable to the parent company												Minority shareholder's equity	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
I. Balance at the end of previous year	1,865,523,807.00				1,601,720,087.71		-12,246,131.22		859,046,203.77		9,441,857,956.80	13,755,901,924.06	8,883,628,566.58	22,639,530,490.64
Add: Change of accounting policies														
Correction to errors of the previous period														
Others														
II. Balance in beginning of year	1,865,523,807.00				1,601,720,087.71		-12,246,131.22		859,046,203.77		9,441,857,956.80	13,755,901,924.06	8,883,628,566.58	22,639,530,490.64
III. Increase and decrease of the period ("-" for decrease)	8,495,530.00				132,349,711.59		-23,010,659.92				438,406,460.40	556,241,042.07	-82,144,397.88	474,096,644.19
(I).Total comprehensive income							-23,675,110.79				776,424,466.87	752,749,356.08	914,368,844.03	1,667,118,200.11
(II)Capital contribution or reduction from shareholders	8,495,530.00				75,517,032.03							84,012,562.03	126,209,017.86	210,221,579.89
1.Capital contribution from shareholders	8,495,530.00				85,465,031.80							93,960,561.80	165,101,999.95	259,062,561.75
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity					-9,947,999.77							-9,947,999.77		-9,947,999.77
4. Others													-38,892,982.09	-38,892,982.09
(III).Profit distribution											-337,353,555.60	-337,353,555.60	-1,002,321,005.27	-1,339,674,560.87
1.Accrual of surplus reserve														
2.Accrual of general risk provision														
3.Amount distributed to owners (or shareholders)											-337,353,555.60	-337,353,555.60	-1,002,321,005.27	-1,339,674,560.87

4. Others														
(IV). Internal carrying forward of owner's equity							664,450.87					-664,450.87		
1. Capital reserve transferred to increase capital (or share capital)														
2. Surplus reserve transferred to increase capital (or share capital)														
3. Surplus reserve compensating losses														
4. Retained earnings carried over from changes in the defined benefit plan														
5. Retained earnings carried over from other comprehensive income							664,450.87					-664,450.87		
6. Others														
(V). Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
(VI). Others					56,832,679.56							56,832,679.56	-120,401,254.50	-63,568,574.94
IV. Balance at end of period	1,874,019,337.00				1,734,069,799.30		-35,256,791.14		859,046,203.77		9,880,264,417.20	14,312,142,966.13	8,801,484,168.70	23,113,627,134.83

Person-in-charge of the Company:
Zhu Baoguo

Person-in-charge of the Company's accounting work:
Qiu Qingfeng

Person-in-charge of the accounting department:
Guo Chenlu

Statement of Changes in Owner's Equity of the Parent Company

January to June, 2025

Prepared by: Joincare Pharmaceutical Group Industry Co., Ltd.

Unit: Yuan Currency: RMB

Item	First half of 2025										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Preferred share	Perpetual bonds	Others							
I. Balance at the end of previous year	1,874,200,420.00				1,043,800,614.52	328,221,279.42	888,524.41		795,239,635.11	2,635,705,118.80	6,021,613,033.42
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Balance in beginning of year	1,874,200,420.00				1,043,800,614.52	328,221,279.42	888,524.41		795,239,635.11	2,635,705,118.80	6,021,613,033.42
III. Increase and decrease of the period ("-" for decrease)	-44,747,034.00				-455,236,533.56	-328,221,279.42	-4,573,401.34			-205,333,735.05	-381,669,424.53
(I). Total comprehensive income							-4,573,401.34			160,556,942.15	155,983,540.81
(II) Capital contribution or reduction from shareholders	-44,747,034.00				-455,236,533.56	-328,221,279.42					-171,762,288.14
1. Capital contribution from shareholders	-44,747,034.00				-455,236,533.56	171,762,288.14					-671,745,855.70
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity											
4. Others						-499,983,567.56					499,983,567.56
(III). Profit distribution										-365,890,677.20	-365,890,677.20
1. Accrual of surplus reserve											
2. Amount distributed to owners (or shareholders)										-365,890,677.20	-365,890,677.20
3. Others											
(IV). Internal carrying forward of owner's equity											
1. Capital reserve transferred to increase capital (or share capital)											
2. Surplus reserve transferred to increase capital (or share capital)											
3. Surplus reserve compensating losses											
4. Retained earnings carried over from changes in the defined benefit plan											
5. Retained earnings carried over from other comprehensive income											
6. Others											
(V). Special reserve											
1. Accrual of the current year											
2. Amount utilized in the current period											
(VI). Others											
IV. Balance at end of period	1,829,453,386.00				588,564,080.96		-3,684,876.93		795,239,635.11	2,430,371,383.75	5,639,943,608.89

Item	First half of 2024										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at the end of previous year	1,865,523,807.00				972,063,254.79		4,379,477.64		770,444,255.39	2,749,900,256.87	6,362,311,051.69
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Opening balance of the current year	1,865,523,807.00				972,063,254.79		4,379,477.64		770,444,255.39	2,749,900,256.87	6,362,311,051.69
III. Increase and decrease of the period ("–" for decrease)	8,495,530.00				89,821,845.01		-2,948,462.10			-86,897,401.39	8,471,511.52
(I). Total comprehensive income							-2,948,462.10			250,456,154.21	247,507,692.11
(II). Capital contribution or reduction from shareholders	8,495,530.00				89,769,667.42						98,265,197.42
1. Capital contribution from shareholders	8,495,530.00				85,465,031.80						93,960,561.80
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity					4,304,635.62						4,304,635.62
4. Others											
(III). Profit distribution										-337,353,555.60	-337,353,555.60
1. Accrual of surplus reserve											
2. Amount distributed to owners (or shareholders)										-337,353,555.60	-337,353,555.60
3. Others											
(IV). Internal carrying forward of owner's equity											
1. Capital reserve transferred to increase capital (or share capital)											
2. Surplus reserve transferred to increase capital (or share capital)											
3. Surplus reserve compensating losses											
4. Retained earnings carried over from changes in the defined benefit plan											
5. Retained earnings carried over from other comprehensive income											
6. Others											
(V).Special reserve											
1. Accrual of the current year											
2. Amount utilized in the current period											
Others					52,177.59						52,177.59
IV. Balance at end of year	1,874,019,337.00				1,061,885,099.80		1,431,015.54		770,444,255.39	2,663,002,855.48	6,370,782,563.21

Person-in-charge of the Company:
Zhu Baoguo

Person-in-charge of the Company's accounting work:
Qiu Qingfeng

Person-in-charge of the accounting department:
Guo Chenlu

Joincare Pharmaceutical Group Industry Co., Ltd

Notes to the financial statements

(All amounts in RMB Yuan unless otherwise stated)

I Company Profile

1. Overview

√Applicable □N/A

Joincare Pharmaceutical Group Industry Co., Ltd., formerly known as Shenzhen Aimier Food Co., Ltd. (深圳爱迷尔食品有限公司), was a Sino-foreign joint venture officially established on 18 December 1992 with the approval from Shenzhen Administration for Industry and Commerce.

On 24 November 1999, the Company was reorganized as a joint stock limited company.

On 6 February 2001, the Company was approved by the China Securities Regulatory Commission to issue domestically listed shares (A shares) to the public. On 8 June 2001, shares of the Company were listed and traded on Shanghai Stock Exchange.

As of 30 June 2025, the total share capital of the Company was RMB1,829,453,386 and the total number of shares of the Company was 1,829,453,386. The controlling shareholder of the Company is Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司), and the ultimate controlling party is Zhu Baoguo (朱保国).

The company is registered and headquartered in Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, High-tech Zone, Nanshan District, Shenzhen.

The Company is engaged in the integrated pharmaceutical industry.

The Company and its subsidiaries primarily engaged in the R&D, production and sale of pharmaceutical products and healthcare products, which covered drug preparation products, active pharmaceutical ingredients (“APIs”) and intermediates, diagnostic reagents and equipment as well as healthcare products.

The financial statements and notes to the financial statements of the Company were approved at the 12th Meeting of the 9th Session of the Board on 22 August 2025.

II Basis of Preparation for the Financial Statements

1. Basis of preparation

The Company's financial statements have been prepared on the going-concern basis.

2. Continuing operation

√Applicable □N/A

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidance, interpretations and the other related provisions (collectively, the “Accounting Standards for Business Enterprises”).

In addition, the Company also discloses relevant financial information in accordance with the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2023 Revision) issued by the China Securities Regulatory Commission.

The financial statements have been prepared on the going-concern basis.

The Company's accounting is measured on an accrual basis. Except for certain financial instruments, the financial statements are generally measured at historical cost. Non-current assets held for sale are stated at the lower of fair value less estimated selling costs and their original carrying amount if they qualify as held for sale. In case of asset impairment, the Company shall make provisions for impairment in accordance with applicable provisions.

III Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimate tips:

√Applicable □N/A

The Company has determined the conditions for capitalising research and development expenses and its revenue recognition policy based on its own production and operational characteristics. Details of accounting policies are set out in Note III.22 and Note III.29.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the Accounting Standards for Business Enterprises, which gave a true and complete view of the consolidated and the Company's financial positions as at 30 June 2025, and the consolidated and the Company's operating results and the consolidated and the Company's cash flows and other relevant information for the 6 months period ending 30 June 2025.

2. Accounting period

The fiscal year of the Company is from 1 January to 31 December in each calendar year.

3. Business cycle

√Applicable □N/A

The Company's operating cycle is 12 months.

4. Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi ("RMB"). Overseas subsidiaries of the Company usually recognise Hong Kong Dollar, Macanese Pataca, Indonesian Rupiah, Singapore Dollar, Euro, Philippine Peso, and US Dollar as their functional currencies according to the primary economic environment of which these subsidiaries operate. The Company prepares its financial statements in RMB.

5. Determination and selection basis of materiality criteria

Item	Materiality criteria
Material receivables subject to provision for bad debt individually	Individual debtor accounts for more than 5% of all types of receivables and the amount exceeds RMB 50 million
Material receivables write-off in the period	Individual write-off amount accounts for more than 5% of all types of receivables and the amount exceeds RMB 50 million
Material construction in progress	Budget investment amount for a single project account for more than 5% of consolidated total assets and the amount exceeds RMB 100 million
Material contract liabilities aged over one year	Individual contract liability aged over one year accounts for more than 10% of consolidated total liabilities and the amount exceeds RMB 50 million
Material accounts payable and other payables aged over one year	Individual accounts payable/other payable aged over one year accounts for more than 10% of total accounts payables/other payables and the amount exceeds RMB 50 million
Material non-wholly owned subsidiaries	One or both of the subsidiary's total assets, operating income, net profit (or absolute value of loss) accounts for more than 10% of the corresponding items in the consolidated financial statements
Material capitalized research and development projects	Closing balance of a single project accounts for more than 10% of the closing balance of development expenditures and the amount exceeds RMB 100 million
Material investment activities	Single investment activity accounts for more than 10% of the total cash inflows or outflows related to investment activities received or paid and the amount exceeds RMB 100 million
Material joint ventures or associates	Carrying amount of long-term equity investments in a single investee accounts for more than 3% of the total consolidated net assets and the amount exceeds RMB 500 million, or investment profits and losses under the equity method of long-term equity investment accounts for more than 10% of the consolidated net profit

6. Accounting treatment for business combinations involving enterprises under common control and business combinations involving enterprises not under common control

√Applicable □N/A

(1). Business combinations involving enterprises under common control

For the business combination involving entities under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party as at the combination date. The difference between the carrying amount of the consideration paid for the combination and the net assets acquired is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

Business combination involving enterprises under common control and achieved in a number of transactions

In the separate financial statements, the initial investment cost will be recognised at the carrying amount of the Company's share in the combined party's net assets in the consolidated financial statements of the ultimate controlling party on the date of combination. The difference between the initial investment cost and the sum of the carrying amount of the investment held and the carrying amount of consideration paid for the combination at the combination date is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

In the consolidated financial statements, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party as at the combination date. The difference between sum of the carrying amount of the investment held and the carrying amount of the consideration paid for the combination and the

carrying amount of the net assets acquired is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. For long-term equity investment held before the control over the combined party is obtained, profit or loss, other comprehensive income and other changes to equity interest attributable to the owners recognised from the later of the acquisition of the original equity interest and the date when the combined party and the combined party are placed under common control until the date of combination shall be offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively.

(2). Business combinations involving enterprises not under common control

For the business combinations involving enterprises not under common control, the combination cost shall be the fair value of the assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer for acquisition of control in the acquiree on the acquisition date. The assets, liabilities and contingent liabilities acquired or assumed on the date of acquisition are recognised at fair value.

Where the combination cost exceeds the fair value of the acquiree's identifiable net assets in the business combination, the difference is recognised as goodwill and is subsequently measured at cost less accumulated impairment provisions. Where the combination cost is less than the fair value of the acquiree's identifiable net assets in the business combination, the difference shall be included in profit or loss for the period after review.

Business combination involving enterprises not under common control and achieved in a number of transactions

In the separate financial statements, the initial cost of the investment is the sum of the carrying amount of the acquiree's equity investment held before the acquisition date and the additional investment cost on the acquisition date. In respect of the equity investment held prior to the acquisition date, other comprehensive income will not be recognised using equity method on the acquisition date, and such investment will be accounted for on the same accounting treatment as direct disposal of relevant asset or liability by the investee at the time of disposal. Shareholder's equity recognised due to the changes of other shareholder's equity other than the changes of net loss and profit, other comprehensive income and profit distribution shall be transferred to profit or loss for current period when disposed. If the equity investment held prior to the acquisition date is measured at fair value, the cumulative changes in fair value recognised in other comprehensive income shall be transferred to retained earnings when accounted for using cost method.

In the consolidated financial statements, the combination cost is the sum of consideration paid on the acquisition date and fair value of the acquiree's equity held prior to the acquisition date. The equity of the acquirees held before the acquisition date is re-measured at the fair value of the equity on the acquisition date and the differences between the fair value and the carrying amount are recognised in the income for the current period; in respect of any other comprehensive income attributable to the equity interest in the acquiree held prior to the acquisition date and any changes

of other shareholder's equity shall be transferred to investment profit or loss for current period on the acquisition date, except for the other comprehensive income arising from changes in net liabilities or net assets of defined benefit plans remeasured by investees and other comprehensive income related to non-derivative equity instrument investments designated at fair value through other comprehensive income.

(3). Transaction fees attribution during the combination

The intermediary and other relevant administrative expenses such as audit, legal and valuation advisory for business combinations is recognised in profit or loss when incurred. Transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amounts.

7. Basis in determination of control and preparation of the consolidated financial statements

☒Applicable ☐N/A

(1) Basis in determination of control

The scope of consolidated financial statements is determined based on control. Control means the Company has exposures or rights to variable returns from its involvement with the investee and the ability to affect those returns through power over such investee. When changes in relevant facts and circumstances lead to alterations in the elements involved in the definition of control, the Company will conduct a reassessment.

In assessing whether to include structured entities within the consolidation scope, the company integrates all facts and circumstances, including evaluating the purpose and design of the structured entity, identifying the types of variable returns, and assessing whether it bears some or all of the variability of returns by participating in its related activities, to determine if control over the structured entity exists.

(2) Method for preparation of the consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the Company in accordance with other relevant information. In preparing the consolidation financial statements, the Company and its subsidiaries are required to apply consistent accounting policy and accounting period, intra-group transactions and balances shall be offset.

A subsidiary or a business acquired through a business combination involving entities under common control in the reporting period shall be included in the scope of the consolidation of the Company from the date when it is under control of the ultimate controlling party, and then its operating results and cash flows will be included in the consolidated income statement and the consolidated cash flow statement, respectively.

For a subsidiary or a business acquired through a business combination involving entities not under common control in the reporting period, its income, expenses and profits are included in the consolidated income statement, and its cash flows are included in the consolidated cash flow statement from the acquisition date to the end of the reporting date.

The shareholders' equity of the subsidiaries that are not attributable to the Company shall be presented under shareholders' equity in the consolidated balance sheet as minority interests. The portion of net profit or loss of subsidiaries for the period attributable to minority interest is presented in the consolidated income statement under the "profit or loss of minority interest". When the amount of loss attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount shall be allocated against minority interest.

(3) Purchase of the minority stake in the subsidiary

The difference between the long-term equity investments costs acquired by the purchase of minority interests and the share of the net assets that the subsidiaries have to continue to calculate from the date of purchase or the date of consolidation in proportion to the new shareholding ratio, and the difference between the disposal of the equity investment without losing control over its subsidiary and the disposal of the long-term equity investment corresponding to the share of the net assets of the subsidiaries from the date of purchase or the date of consolidation, shall be adjusted to the capital reserve (or share premium), if the capital reserve is not sufficient, any excess will be adjusted to retained earnings.

(4) Treatment of loss of control of subsidiaries

Where the Company loses its control over the original subsidiary due to the disposal of some equity investment or other reasons, the remaining equity is re-measured at its fair value on the date when the Company loses its control. The difference between the sum of the consideration acquired due to the disposal of the equity and the fair value of the remaining equity, and the Company's share in the sum of carrying value of net assets of the original subsidiary and goodwill calculated on an ongoing basis from the acquisition date based on the original shareholding proportion is recognised in the investment income for the current period when the control is lost.

Other comprehensive income related to equity investments in the original subsidiary should be accounted for using the same basis as the direct disposal of related assets or liabilities of the original subsidiary upon loss of control. Any equity changes related to the original subsidiary under the equity method of accounting should be transferred to the profit or loss for the current period when control ceases.

(5) Treatment of disposal through several transactions until the loss of control of subsidiaries

Where the Company disposes of the equity interests in the subsidiary through several transactions until it loses control, and the transaction terms, conditions and economic effects satisfy one or several of the following circumstances, such several transactions shall be deemed as a basket of transactions in accounting treatment:

- ① Such transactions are entered into simultaneously or upon the consideration of the mutual impacts;
- ② No complete commercial result will be realised without such transactions as a whole;

- ③ The occurrence of one transaction depends on the occurrence of at least another transaction;
- ④ The result of an individual transaction is not economical, but it would be economical after taken into account of other transactions in the series.

In the separate financial statements, where the Company disposes of the equity investment in the subsidiary through several transactions until the loss of control, and such transactions are not regarded as “a basket of transactions”, the carrying amount of the long-term equity investment involving each disposal will be carried forward, with the difference between the disposal price and the carrying amount of the long-term equity investment involving the disposal being accounted into the investment income for the current period; where the transactions constitute “a basket of transactions”, the difference between the consideration of each disposal and the carrying amount of the long-term equity investment involving the disposal before the loss of the control, is recognised as the other comprehensive income and will be carried forward to the profit or loss for the current period when the control is lost.

In the consolidated financial statements, where the Company disposes of the equity investment in the subsidiary through several transactions until the loss of control, the measurement of the remaining equity interest and the accounting treatment of the losses and gains of the disposal will be made with reference to the “Treatment of loss of control of subsidiaries” as described above. For the difference between the consideration of each disposal before the loss of the control and the carrying amount of the Company's share in the net assets involving the disposal of such subsidiary calculated on an on-going basis from the acquisition date, the treatment will be made as follows:

① In case the transactions are “a basket of transactions”, such difference is recognised as the other comprehensive income and will be carried forward to the profit or loss for the current period when the control is lost.

② In case the transactions are not “a basket of transactions”, such difference is accounted into the capital reserve (or share premium) as equity, and shall not be carried forward to the profit or loss for the current period when the control is lost.

8. Classification of joint arrangement and accounting treatment for joint operation

☒Applicable ☐N/A

A joint arrangement is an arrangement jointly controlled by two or more parties. The Company's joint arrangement is classified into the joint operation and the joint venture.

(1) Joint operation

A joint operation is a joint arrangement whereby the Company have rights and obligations to the relevant assets and liabilities.

The Company recognises the following items in relation to its interest in a joint operation, and makes corresponding accounting treatment in accordance with relevant accounting standards:

- A. The solely-held assets, and the share of any assets held jointly;
- B. The solely-assumed liabilities, and its share of any liabilities incurred jointly;
- C. Its revenue from the sale of its share of the output arising from the joint operation;

- D. Its share of the revenue from the sale of the output by the joint operation;
- E. The solely-incurred expenses, including its share of any expenses incurred jointly.

(2) Joint ventures

A joint venture is a joint arrangement whereby the Company only entitled to the net assets of the arrangements.

The Company's investment in joint ventures is accounted for using the equity method according to the rules of the long-term equity investment.

9. Standards for determination of cash and cash equivalents

Cash and cash equivalents of the Company include cash on hand, bank deposits readily available for payment and those investments held by the Company that are short-term (normally due in three months since the acquisition date), highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

10. Foreign currency transactions and translation of financial statements in foreign currency

☒Applicable ☐N/A

(1) Foreign currency transactions

Foreign currency transactions incurred by the Company are translated to the functional currency at the spot exchange rates on the date of the transactions upon initial recognition.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate on the balance sheet date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those spot rates used on initial recognition or at the previous balance sheet date are recognised in profit or loss for the current period; non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the spot exchange rate on the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the spot exchange rate on the date the fair value is determined; The resulting exchange differences between the amounts in functional currency upon translation and in original functional currency are recognised in profit or loss or other comprehensive income for the current period based on the nature of non-monetary items.

(2) Translation of financial statements in foreign currency

At the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; all items except for "Retained earnings" of the shareholders' equity are translated at the spot exchange rate on the transaction date.

The revenue and expenses in profit or loss are translated at the spot exchange rate on the transaction date.

All items in the statement of cash flows are translated at the spot exchange rate on the transaction date. The effect of exchange difference on cash is adjusted and separately presented as

“Effect of changes in foreign exchange rates on cash and cash equivalents” in the cash flow statement.

The exchange differences arising from translation of the financial statements are presented as the “other comprehensive income” in the shareholders' equity of the balance sheet.

When the Company disposes of the overseas operation and loses control, the differences arising from the translation of the financial statements in foreign currency that have been presented under the shareholders' equity in the balance sheet and involving such overseas operation are carried forward to the profit or loss for the current period in whole or in the proportion of the disposal of the overseas operation.

11. Financial instruments

√Applicable □N/A

Financial instruments are contracts creating financial assets of a party and financial liabilities or equity instruments of other parties.

(1) Recognition and De-recognition of financial instruments

A financial asset or financial liability is recognised when the Company becomes one of the parties under a financial instrument contract.

The financial assets will be derecognised if any of the following conditions is satisfied:

- ① The contractual right to receive the cash flow of the financial assets is terminated;
- ② The financial assets have been transferred and the transferred financial asset satisfies the following conditions of derecognition.

If the current obligation of a financial liability (or a part thereof) has been discharged, the financial liability (or that part of the financial liability) will be derecognised. When the Company (as the debtor) and the lender have signed an agreement which uses a new financial liability to replace the existing financial liability, and the contract terms of the new financial liability are substantially different with the original financial liability, the original financial liability shall be derecognised, and the new financial liability shall be recognised at the same time.

The regular transactions of the financial assets are recognised and derecognised at the transaction date.

(2) Classification and measurement of financial assets

The Company classifies financial assets into three categories: financial assets at amortised cost; financial assets at fair value through other comprehensive income; and financial assets at fair value through profit or loss based on the business model for managing financial assets and their contractual cash flow characteristics upon initial recognition.

Financial assets are initially recognized at fair value. For financial assets at fair value through profit or loss, transaction costs are directly recognized in the profit or loss for the current period. For other categories of financial assets, transaction costs are included in the initial recognition amount. Accounts receivable arising from the sale of products or services, which do not include or

consider a significant financing component, are initially recognized at the expected amount to be received.

Financial assets at amortised cost

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through profit or loss for the current period as financial assets measured at amortised cost:

- The Company's business model for managing the financial assets is to collect contractual cash flow;
- The terms of the financial asset contract stipulate that the cash flow generated on a specific date is only the payment for principal and interest accrued on the outstanding principal.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets which are measured at amortised cost and not part of any hedging relationship is included in the profit and loss of the current period upon de-recognition, amortisation using the effective interest method, or impairments recognition.

Financial assets at fair value through other comprehensive income

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets measured at fair value through profit or loss for the current period as financial assets measured at fair value through other comprehensive income

- The Company's business model for managing the financial assets is both to collect contractual cash flows and to sell the financial assets;
- The terms of the financial asset contract stipulate that the cash flow generated on a specific date is only the payment for principal and interest accrued on the outstanding principal

After initial recognition, these financial assets are subsequently measured at fair value. Interest, impairment losses or gains and exchange losses and gains calculated using the effective interest method are recognised in profit or loss for the current period, while other gains or losses are recognised in other comprehensive income. The cumulative profit or loss previously included in other comprehensive income will be transferred to the profit or loss for the current period upon derecognition of the financial assets.

Financial assets at fair value through profit or loss for the current period

In addition to the above financial assets which are measured at amortised cost or at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value through profit or loss for the current period. When initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company irrevocably designates some financial assets that should have been measured at amortised cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss for the current period.

After initial recognition, these financial assets are subsequently measured at fair value, and the profits or losses (including interest and dividend income) generated from which are recognised in profit or loss for the current period, unless the financial assets are part of the hedging relationship.

However, with respect to non-trading equity instrument investments, the Company may irrevocably designate them as financial assets measured at fair value through other comprehensive income at initial recognition. The designation is made on the basis of individual investment, and the relevant investment conforms to the definition of equity instruments from the issuer's point of view.

After initial confirmation, financial assets are subsequently measured at fair value. Dividend income that meets the requirements is recognised in profit and loss, and other gains or losses and changes in fair value are recognised in other comprehensive gains. When derecognised, the accumulated gains or losses previously recognised in other comprehensive gains are transferred from other comprehensive gains to retained earnings.

The business model of managing financial assets refers to how the Company manages financial assets to generate cash flow. The business model decides whether the source of cash flow of financial assets managed by the Company is to collect contract cash flow, sell financial assets or both of them. Based on objective facts and the specific business objectives of financial assets management decided by key managers, the Company determines the business model of financial assets management.

The Company evaluates the characteristics of the contract cash flow of financial assets to determine whether the contract cash flow generated by the relevant financial assets on a specific date is only to pay principal and interest based on the amount of unpaid principal. Among them, principal refers to the fair value of financial assets at the time of initial confirmation; interest includes the consideration of time value of money, credit risk related to the amount of unpaid principal in a specific period, and other basic borrowing risks, costs and profits. In addition, the Company evaluates the terms and conditions of the contracts that may lead to changes in the time distribution or amount of cash flow in financial asset contracts to determine whether they meet the requirements of the above contract cash flow's characteristics.

Only when the Company changes its business model of managing financial assets, all the financial assets affected shall be reclassified on the first day of the first reporting period after the business model changes, otherwise, financial assets shall not be reclassified after initial confirmation.

(3) Classification and measurement of financial liabilities

On initial recognition, the Company's financial liabilities are classified into financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. For financial liabilities not classified as financial liabilities at fair value through profit or loss, the relevant transaction costs are included in the initially recognised amount.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss upon initial recognition. Such financial liabilities are subsequently measured at fair value, all gains and losses arising from changes in fair value and dividend and interest expense relative to the financial liabilities are recognised in profit or loss for the current period.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method; gains and losses arising from derecognition or amortisation is recognised in profit or loss for the current period.

Distinction between financial liabilities and equity instruments

The financial liability is the liability that meets one of following criteria:

- ① Contractual obligation to deliver cash or other financial instruments to another entity.
- ② Under potential adverse condition, contractual obligation to exchange financial assets or financial liabilities with other parties.
- ③ A contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.
- ④ A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liability.

If a financial instrument must or are able to be settled by the Company's own equity instrument, the Company should consider whether the Company's equity instrument as the settlement instrument is a substitute of cash or other financial assets or the residual interest in the assets of the Company after deducting all of its liabilities. If the former, the tool is the Company's financial liability; if the latter, the tool is the equity instrument of the Company.

(4) Derivative financial instruments and embedded derivatives

The Company's derivative financial instruments include forward foreign exchange contracts, and are initially measured at fair value on the date of the derivative contract signed and are subsequently measured at fair value. A derivative with positive fair value shall be recognised as an asset, otherwise that with negative fair value shall be recognised as a liability. Any profit or loss arising from changes of fair value and not compliance with the accounting provision of hedge shall be recognised as profit or loss for current period.

For the hybrid instrument which includes embedded derivatives, where the host contract is a financial asset, requirements in relation to the classification of financial assets shall apply to the hybrid instrument as a whole. Where the host contract is not a financial asset, and the hybrid

instrument is not measured at fair value and its changes are included in the profit and loss for the current period for accounting purposes, there is no close relation between the embedded derivatives and the host contract in terms of economic features and risks, and the instrument that has the same condition with the embedded derivatives and exists independently meets the definition of derivatives, the embedded derivatives shall be separated from the hybrid instrument and treated as a separate derivative financial instrument. If it is unable to separately measure the embedded derivatives upon acquisition or on the subsequent balance sheet date, the hybrid instrument shall be entirely designated as the financial assets or financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period.

(5) Fair value of the financial instrument

The methods for determining the fair value of the financial assets or financial liabilities are set out in Note III.12.

(6) Impairment of financial assets

The following items are subject to impairment accounting and recognition of loss allowances based on expected credit losses:

- A. Financial assets measured at amortised cost;
- B. Receivables and debt instrument investments that are measured at fair value through other comprehensive income;
- C. Contract assets as defined in the Accounting Standard for Business Enterprises No. 14 – Revenue;
- D. Lease receivables;
- E. Financial guarantee contracts, except for those carried at fair value through profit or loss, those which the transfer of financial assets does not satisfy the derecognition condition or those formed as a result of continued involvement of the transferred financial assets.

Measurement of expected credit loss (ECLs)

The ECL is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all receivable contractual cash flows according to the contract and all cash flows expected to be received by the Company discounted to present value at the original effective interest rate, i.e. the present value of all cash shortfalls.

The Company takes into account reasonable and valid information on past events, current conditions and forecasts of future economic conditions, with the risk of default as the weight, to calculate the probabilistic weighted amount of the present value of the difference between the cash flow receivable from contract and the expected cash flow to be received and recognise the expected credit loss.

The Company respectively measures the expected credit losses of financial instruments by different stages. If the credit risk of the financial instrument does not increase significantly since the initial recognition, it would be classified in Stage 1, the Company would measure loss allowance according to the future 12-month expected credit losses. If the credit risk of a financial instrument

has significantly increased since the initial recognition but not yet credit-impaired, it would be classified in Stage 2, the Company would measure loss allowance according to the lifetime expected credit losses of that instrument. If the financial instrument has credit-impaired since the initial recognition, it would be classified in Stage 3, and the Company would measure loss allowance according to the lifetime expected credit losses of that instrument.

For financial instruments with lower credit risk on the balance sheet date, the Company assumes that its credit risk has not increased significantly since the initial recognition, and measures loss allowance according to the 12-month expected credit losses.

Lifetime ECLs are the ECLs that result from all possible default event over the expected life of a financial instrument. Future 12-month ECLs are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the balance sheet date (or the expected life of the instrument, if it is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk (including the option to renew).

For the financial instruments classified in Stage 1 and Stage 2 and those with lower credit risk, the Company would measure the interest income by the book balance (that is, without deduction for credit allowance) and the effective interest rate. For financial instruments classified in Stage 3, the Company would measure the interest income by the amortised cost (that is, book balance less impairment allowance) and the effective interest rate.

For accounts receivable such as notes receivable, trade receivables, receivables financing, other receivables, contract assets, etc., if the credit risk characteristics of a particular customer significantly differ from those of other customers in the portfolio, or if there is a significant change in the credit risk characteristics of that customer, the Company individually provides for credit loss for that receivable. Apart from individually providing for credit loss for specific receivables, the Company divides receivables into portfolios based on credit risk characteristics and calculates credit losses on a portfolio basis.

Notes receivable, trade receivables and contract assets

For notes receivable, trade receivables and contract assets, regardless whether it has significant financing components or not, the Company has always measured its loss allowance at an amount equal to lifetime expected credit losses.

If the expected credit losses of one individual financial asset cannot be estimated at a reasonable cost, the Company classifies notes receivable and trade receivables into portfolios based on credit risk characteristics, and measures expected credit losses on portfolios basis to determine portfolios by the following basis:

A. Notes receivable

- Bills receivable portfolio 1: Bank acceptance bills
- Bills receivable portfolio 2: Commercial acceptance bills

B. Accounts receivables

- Accounts receivables portfolio 1: Amount due from domestic customers
- Accounts receivables portfolio 2: Amount due from overseas customers
- Accounts receivables portfolio 3: Receivables of consolidated companies

Contract assets

- Contract assets portfolio: Sale of products

For notes receivable or contract assets classified as portfolio, the Company measures expected credit losses based on the risk exposures of default and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

For accounts receivables classified as portfolio, the Company measures expected credit losses through preparing a table of concordance between the aging of trade receivables and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

Other receivables

The Company classifies other receivables into certain portfolios based on credit risk characteristics, and measures expected credit losses on portfolios basis to determine portfolios by the following basis:

- Other receivables portfolio 1: Receivables of export tax refund
- Other receivables portfolio 2: Receivables of deposits under guarantee and security deposits and lease expenses
- Other receivables portfolio 3: Other receivables
- Other receivables portfolio 4: Receivables of consolidated companies

For other receivables classified as portfolio, the Company measures expected credit losses based on the risk exposures of default and future 12-month or lifetime expected credit losses rate. For other receivables categorized by aging, the aging is calculated from the date of recognition.

Long-term receivables

The Company's long-term receivables include finance lease receivables and equity transfer receivables.

The Company classifies finance lease receivables and equity transfer receivables into certain portfolios based on credit risk characteristics, and measures expected credit losses on portfolios basis to determine portfolios by the following basis:

A. Finance lease receivables

- Portfolio of finance lease receivables: other receivables

B. Other long-term receivables

- Portfolio of other long-term receivables: equity transfer receivables

For finance lease receivables and equity transfer receivables, the Company measures expected credit losses based on the risk exposures of default and lifetime expected credit losses rate with

reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

For other receivables and long-term receivables other than finance lease receivables and equity transfer receivables that are classified as portfolio, the Company measures expected credit losses based on the risk exposures of default and future 12-month or lifetime expected credit losses rate.

Debt investments and other debt investments

For debt investments and other debt investments, the Company measures expected credit losses based on the nature of investments, counterparties and various types of risk exposures and the risk exposures of default and future 12-month or lifetime expected credit losses rate.

Assessment of significant increase in credit risk

By comparing the risk of default of financial instruments occurring on the balance sheet date and on the initial recognition date, the Company determines the relative changes in risk of default over the expected life of financial instruments and assesses whether the credit risk of financial instruments have increased significantly since the initial recognition.

When determine whether credit risks have significantly increased since the initial recognition, the Company considers information that is reasonable and supportable, including forward-looking information that is available without undue cost or effort. The information considered by the Company includes:

- Failure to make payments of principal or interest on debtors' contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any);
- An actual or expected significant deterioration in the operating results of debtors;
- Existing or forecast changes in the technological, market, economic or legal environment that have significant adverse effect on the debtors' abilities to repay to the Company.

Depending on the nature of the financial instruments, the Company assesses whether credit risks have significantly increased on either an individual financial instrument basis or a collective financial instrument basis. When the assessment is performed on a collective financial instrument basis, the Company can classify the financial instruments based on the shared credit risk characteristics, such as past due information and credit risk ratings.

The Company determines that the credit risk on a financial instrument has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

The Company assesses whether financial assets at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired at balance sheet date. A financial asset is 'credit-impaired' when one or more events that have an adverse impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- Significant financial difficulty of the issuer or debtor;

- A breach of contract by debtor, such as a default or delinquency in interest or principal payments;
- For economic or contractual reasons relating to the borrower's financial difficulty, the Company having granted to the borrower a concession that would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

The Company re-measures the ECLs on each balance sheet date to reflect changes in the financial instruments' credit risk since initial recognition, and the increase or reversal of the loss provision resulted therefrom is recognised as an impairment gain or loss in profit or loss. For financial assets measured at amortised cost, the loss provision is offset against their carrying amounts in the balance sheet. For debt investments at FVOCI, the Company recognises the loss provision in other comprehensive income and does not deduct the carrying amount of the financial assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Transfer of financial assets

Transfer of financial assets refers to the transfer or delivery of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Company derecognises a financial asset only if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; the Company should not derecognise a financial asset if it retains substantially all the risks and rewards of ownership of the financial asset.

The Company neither transfers nor retains substantially all the risks and rewards of ownership, shows as the following circumstances: if the Company has forgone control over the financial assets, derecognise the financial assets and verify the assets and liabilities; if the Company retains its control of the financial asset, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset and recognise an associated liability is recognised.

(8) Offsetting financial assets and financial liabilities

When the Company has the legal right to offset recognised financial assets and financial liabilities, and the legal right can be executed at present, and the Company has a plan to settle the

financial assets and financial liabilities at the same time or at net amount, the financial assets and financial liabilities can be presented on the balance sheet after offsetting. Except for the above circumstances, financial assets and financial liabilities cannot be offset and shall be presented separately on the balance sheet.

12. Fair value measurement

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the relevant assets or liability at fair value supposing the orderly transaction of asset selling or liability transferring incurring in a principal market of relevant assets or liabilities. In the absence of a principal market for the asset or liability, the Company assumes that the transaction takes place at the most advantageous market of relevant asset or liability. A principal market (or the most advantageous market) is the transaction market that the Company can enter into at measurement date. The Company implements the hypothesis used by the market participants to realise the maximum economic benefit in assets or liabilities pricing.

If there exists an active market for the financial assets or financial liabilities, the Company uses the quotation on the active market as its fair value. For those in the absence of active market, the Company uses valuation technique to recognise its fair value. However, under limited circumstances, the Company may use all information about the results and operation of the investee obtained after the date of initial recognition to determine whether cost represents fair value. Cost may represent the best estimate of fair value of the relevant financial asset within the scope of distribution, and such cost represents the appropriate estimate of fair value within the scope of distribution.

For non-financial assets measured at fair value, the Company should consider the capacity of the market participants to put the assets into optimal use thus generating the economic benefit, or the capacity to sell assets to other market participants who can put the assets into optimal use and generate economic benefit.

The Company implements the valuation technique suitable for the current condition and supported by enough available data and other information, gives priority in use of relevant observable inputs, only the observable inputs cannot be obtained or impracticable before using unobservable inputs.

For the assets and liabilities measured or disclosed at fair value on financial statements, fair value hierarchies are categorized into three levels as the lowest level input that is significant to the entire fair value measurement: Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: inputs are unobservable inputs for the asset or liability.

At each balance sheet date, the Company re-evaluates the assets and liabilities recognised to be measured at fair value on the financial statements to make sure whether conversion occurs between fair value hierarchies.

13. Inventories

√Applicable □N/A

(1) Classification of inventories

The Company's inventories include raw materials, packaging materials, finished goods, Work-in-progress and semi-finished products, low-value consumables, subcontracting materials, merchandise goods, consumable biological assets and issued goods.

(2) Method of costing

The method of costing of the Company's inventories: Cost of finished goods are measured at planned cost, and material cost differences are carried forward at the end of the period to adjust planned cost to actual cost; other inventories are measured at actual cost on acquisition and raw materials received are accounted for by the weighted-average method; low-value consumables and packaging materials are amortised in full upon the use.

(3) Determination basis and provision method for decline in value of inventories

On the balance sheet date, the inventories are calculated at the lower of cost and the net realisable value. When its net realizable value is lower than its cost, a provision for inventory impairment is made

The net realizable value is the estimated selling price of inventory minus the estimated costs to complete, estimated selling expenses, and related taxes. In determining the net realizable value of inventory, reliable evidence is used as a basis, while also considering the purpose of holding the inventory and the impact of subsequent events after the balance sheet date.

Provision for inventory impairment is made on an item-by-item basis. For inventory with large quantities and low unit prices, inventory impairment is provided based on inventory categories. For inventory related to product lines produced and sold in the same region, with similar or identical final uses or purposes, and difficult to measure separately from other items, inventory impairment is combined.

On the balance sheet date, if the factors that previously impaired the value of inventory have disappeared, the provision for inventory impairment is reversed within the originally provided amount.

(4) Inventory system

The Company maintains a perpetual inventory system.

(5) Amortisation methods of consumables

Low-value consumables and packaging materials of the Company are amortised in full when used.

14. Held for sale and discontinued operations

√Applicable □N/A

(1) Recognition and accounting treatment of non-current assets or the disposal group held for sale

Non-current assets and disposal groups are classified as held for sale if the Company recovers its book value mainly by selling (including the exchange of nonmonetary assets with commercial substance) rather than continuing to use it.

The aforesaid non-current assets do not include investment property measured with the basis of fair value; the biological assets measured with the basis of fair value less selling costs; the assets formed by employee benefits; financial assets and the right arising from deferred income tax assets and insurance contracts.

A disposal group is a group of assets to be disposed through sale or other means as a whole in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. In certain circumstance, disposal groups include the goodwill obtained through business combination.

Non-current assets and disposal groups that meet the following conditions are classified as held for sale: according to the practice of disposing of this type of assets or disposal groups in a similar transaction, a non-current asset or disposal group is available for immediate sale at its present condition; the sale is likely to occur, that is, a decision has been made on a sale plan and a determined purchase commitment is made, and the sale is expected to be completed within one year. Where the loss of control over the subsidiaries is due to the sales of investment in subsidiaries, no matter whether the Company retains part of the equity investment after selling or not, the investment in subsidiaries shall be classified as held for sale in the separate financial statements when it satisfies the conditions for category of held for sale; all assets and liabilities of subsidiaries shall be classified as held for sale in the consolidated financial statements.

The difference between carrying amount of non-current assets or disposal groups classified as held for sale and the net amount of fair value less selling costs shall be recognised as impairment loss on assets upon initial measurement or when such noncurrent assets or disposal groups are remeasured at the balance sheet date. For the amount of impairment loss on assets recognised in disposal groups, the carrying amount of disposal groups' goodwill shall be offset against first, and then offset against the carrying amount of non-current assets according to the proportion of carrying amount of the individual non-current assets in the disposal groups.

If on a subsequent balance sheet date, the net amount of the fair value of a held-for-sale disposal group less its selling costs increases, the amount reduced previously shall be recovered, and reversed in the asset impairment loss recognised on the noncurrent asset which is applicable to the measurement requirements of Held-For-Sale Standards after the non-current asset is classified into held-for-sale category. The reversed amount is credited to current profit or loss. The carrying value of goodwill which has been offset cannot be reversed.

No depreciation or amortisation is provided for the non-current assets in the held-for-sale and the assets in the disposal group held for sale. The interest on the liabilities and other costs in the disposal group held for sale is recognised continuously. As far as all or part of investment in the associates and joint ventures is concerned, for the part classified into the held-for-sale category, the

accounting with equity method shall be stopped, while the remaining part (which is not classified into the held for- sale category) shall still be accounted for using the equity method. When the Company loses the significant influence on the associates and joint venture due to the sale, the use of equity method shall be ceased.

When certain non-current asset or disposal group classified into the held-for-sale category no longer meets the classification criteria for held-for-sale category, the Company shall stop classifying it into the held-for-sale category and measure it according to the lower of the following two amounts:

① The carrying amount of the asset of disposal group before it was classified into the held-for-sale category after being adjusted with the depreciation, amortisation or impairment that could have been be recognised if it was not classified into the held-for-sale category;

② The recoverable amount.

(2) Determination of discontinued operation

Discontinued operation refers to the component meeting one of the following conditions that has been disposed of by the Company or classified by the Company into the held-for-sale type and can be identified separately:

① The component represents an independent principal business or a separate principal business place.

② The component is a part of the related plan for the contemplated disposal of an independent principal business or a separate principal business place.

③ The component is a subsidiary acquired exclusively for the purpose of resale.

(3) Presentation

The Company presents the non-current assets held for sale and the assets in the disposal group held for sale under “assets classified as held for sale”, and the liabilities in the disposal group held for sale under “liabilities classified as held for sale” in the balance sheet.

The Company presents the profit and loss for continuing operation and profit and loss for discontinued operation in the income statement, respectively. The impairment loss and reversal amount and disposal profit and loss of the non-current assets held for sale or disposal group not meeting the definition of discontinued operation will be presented as the profit and loss of continuing operation. The operating profit and loss (such as impairment loss and reversal amount) and disposal profit and loss of the discontinued operation will be presented as the profit and loss of the discontinued operation.

The disposal group proposed for retirement rather than sale and meeting the condition about the relevant component in the definition of the discontinued operation will be presented as discontinued operation from the date of retirement.

For the discontinued operation reported in the current period, the information formerly presented as profit and loss of continuing operation will be presented as the profit and loss of discontinued operation for the comparable accounting period in the financial statement of the current period. If the discontinued operation no longer meets the classification criteria for held for- sale

category, the information formerly presented as profit and loss of discontinued operation will be presented as the profit and loss of continuing operation for the comparable accounting period in the financial statement of the current period.

15. Long-term equity investment

√Applicable □N/A

The long-term equity investment includes the equity investment in the subsidiary, joint ventures and associates. The investee over which the Company has significant influence is the associates of the Company.

(1) Determination of initial investment cost

The long-term equity investment resulting from corporate merger: For the long-term equity investment resulting from merger of companies under the same control, the carrying amount of the ownership equity of the merged party obtained on the merger date presented in the consolidated financial statement of the final controlling party will be used as the investment cost. For the long-term equity investment resulting from merger of companies under different controls, the merger cost will be used as the investment cost of the long-term equity investment.

The long-term equity investment obtained by other means: For the long-term equity investment obtained by paying cash, the actually paid purchase price will be used as the initial investment cost. For the long term equity investment obtained by issuing equity securities, the fair value of the issued equity securities will be used as the initial investment cost.

(2) Subsequent measurement and recognition method of profit or loss

The investment in subsidiary will be accounted for using cost method, unless the investment meets the criteria of held-for-sale category. The investment in associates and joint venture will be accounted with equity method.

For the long-term equity investment accounted for using cost method, except for the price actually paid upon the investment or the cash dividend or profit in the consideration that has been declared but not released, the cash dividend or profit declared and distributed by the investee is recognised as the investment income and recorded into the profit and loss for the current period.

For the long-term equity investment accounted for using equity method, the investment cost of the long-term equity investment shall not be adjusted if the initial investment cost of the long-term equity investment is higher than the Company's share in the fair value of the identifiable net value of the investee at the time of investment; if the initial investment cost of the long-term equity investment is lower than the Company's share in the fair value of the identifiable net value of the investee at the time of investment, the carrying amount of the long-term equity investment will be adjusted, with the difference recorded into the profit and loss for the current period of investment.

When accounted for using the equity method, return on investment and other comprehensive income are recognised according to the share in the investee's realised net profit or loss and other comprehensive income respectively, and the carrying amount of the long-term equity investment is adjusted. The carrying amount of the long-term equity investment will be deducted according to the

profit distribution declared by the investee or cash dividend attributable to the Company. The carrying amount of long term equity investment will be adjusted for changes to equity interest attributable to the owners of the investee other than net profit or loss, other comprehensive income and profit distribution, and recorded into capital reserve (other capital reserve). The Company's share of the net profit or loss of the investees will be recognised after adjustment of the net profit of the investees according to the accounting policy and accounting period of the Company on the basis of fair value of all identifiable assets of the investee on acquisition.

If the Company is able to exert significant influence or implement joint control (which does not constitute control) on the investee through additional investment or other reason, the sum of the fair value of the original equity plus the additional investment cost will be used as the initial investment cost, which will be accounted for with equity method, on the conversion date. If the original equity has been classified as non-trading equity instrument investments measured at fair value through other comprehensive income, the related accumulated change of fair value originally recorded into other comprehensive income will be transferred into the retained earnings when accounted for using equity method.

If an entity loses joint control or has no significant influence over investees due to the elimination of parts of the equity investment, the surplus equity after disposal shall be recognised in accordance with “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, and the difference between fair value and carrying amount should be recognised as profit or loss for current period. Other comprehensive income of original equity investment recognised under equity method shall be recognised in accordance with the same foundation used by the investees when dispose the relevant assets or liabilities directly in the termination of equity method. Other changes of owners' equity related to the original equity investment shall be transferred into profit or loss for current period.

If an entity loses control over investees due to the elimination of parts of the equity investment, the surplus owners' equity that is able to implement joint control or have significant influence over investees shall be measured at equity method and are deemed to be recognised under equity method since the acquisition date. The surplus owners' equity that are unable to implement joint control or have no significant influence over investees shall be processed in accordance with “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments”, and the difference between fair value and carrying amount at the day of loss of control shall be recognised as profit or loss for current period.

If the shareholding ratio of the Company is reduced due to the increase of capital of other investors, and thus the control is lost, but the joint control or significant influence can be exerted on the invested entity, the Company should recognise net asset according to the new shareholding ratio. The difference between the original book value of the long-term equity investment corresponding to the decrease in the shareholding ratio should be included in the current profit and loss; then, according to the new shareholding ratio, the equity method is used to adjust the investment.

The Company recognises the unrealised profit or loss of intra-transaction between the joint ventures or associates that belongs to itself according to the proportion of the shares and recognises the investment income or loss after offset. However, the loss arising from the unrealised intra-transaction between the Company and investees, which belongs to the impairment loss of assets transferred, cannot be offset.

(3) Basis of determining common control and significant influence on the investee

Joint control is the contractually agreed sharing of control over an arrangement under which the decisions relating to any activity require the unanimous consent of the parties sharing control. In determining whether there is a joint control, the first judge is to determine whether the relevant arrangement is controlled collectively by all the parties involved or the group of the parties involved. Secondly, and then determine whether the decisions related to the basic operating activities should require the unanimous consent of the parties involved. If the parties involved or the group of the parties involved must act consistently to determine the relevant arrangement, it is considered that the parties involved or the group of the parties involved control the arrangement. If two or more parties involve in the collectively control of certain arrangement, it shall not be considered as joint control. Protection of rights shall not be considered in determining whether there is joint control.

Significant influence refers to the power to participate in the decision making process for financial and operational policies of the investees without control or common control over the formulation of such policies. When determining whether it has significant influence over the investee, the influence of the voting shares of the investee held by the investor directly and indirectly and the potential voting rights held by the investor and other parties which are exercisable in the current period and converted to the equity of the investee, including the warrants, share options and convertible bonds that are issued by the investee and can be converted in the current period, shall be taken into account.

When the Company owns directly or indirectly through its subsidiaries more than 20% (including 20%) but less than 50% of the voting shares of the investee, it is generally considered to have significant influence over the investee, unless there is clear evidence that it cannot participate in the production and operation decisions of the investee and does not have a significant influence under such circumstances. When the Company owns less than 20% (excluding) of the voting shares of the investee, it is generally not considered to have significant influence on the investee unless there is clear evidence that it can participate in the production and operation decisions of the investee and have significant influence under such circumstances.

(4) Held-for-sale equity investment

Refer to Note III. 14 for the relevant accounting treatment of the equity investment to joint ventures or associates all or partially classified as assets held for sale.

The surplus equity investments that are not classified as assets held for sale shall be accounted for using equity method.

The equity investment to joint ventures or associates already classified as held for sale no longer meets the conditions of assets held for sale shall be adjusted retroactively using equity method from the date of being classified as assets held for sale.

(5) Impairment test and impairment provision

Refer to note III. 23 for investment to subsidiaries, associates and joint ventures and the impairment provision of assets.

16. Investment properties

Investment properties are properties held to earn rental or capital appreciation or both. The investment properties of the Company include land use rights that have already been leased out, land use rights that are held for the purpose of sale after capital appreciation, buildings that have already been leased out, etc.

Investment properties of the Company are measured initially at cost upon acquisition, and subject to depreciation or amortisation in the relevant periods according to the relevant provisions on fixed assets or intangible assets.

The Company adopts the cost model for subsequent measurement of the investment properties. The method for asset impairment provision is set out in note III. 23.

The balance after the disposal income from the disposal, transfer, scrapping or destruction of the investment properties deducts the book value and the relevant taxes shall be recorded into the profit and loss for the current period.

17. Fixed assets

(1) Conditions for recognition of fixed assets

☒Applicable ☐N/A

The Company's fixed assets represent the tangible assets held by the Company using in the production of goods, rendering of services, rent and for operation and administrative purposes with useful life over one year.

The fixed asset can be recognised only when the economic benefit related to the fixed asset is probable to flow into the company and the cost of the fixed asset can be reliably measured.

The Company's fixed assets are initially measured at the actual cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the related economic benefits will flow to the Company and the related cost can be reliably measured. The daily repair costs of fixed assets that do not meet the recognition criteria of subsequent expenditures of fixed assets are recorded in the profit or loss for the current period or included in the cost of the relevant assets according to beneficiaries when incurred. The carrying amount of the replaced part is derecognised.

(2) Method of depreciation

☒Applicable ☐N/A

The Company adopts the straight-line method to provision for depreciation. Depreciation of fixed assets begins when they reach the status of intended use, and ceases to be depreciated when

they are derecognized or classified as non-current assets held for sale. Without taking into account the provision for impairment, the Company determines the annual depreciation rates of various types of fixed assets according to the type of fixed assets, estimated useful life and estimated residual value as follows:

Category	Useful years (year)	Annual depreciation	Residual rate %
Properties and Buildings	20	4.5%-4.75%	5%-10%
Machine and equipment	10	9%-9.5%	5%-10%
Transportation equipment	5	18%-19%	5%-10%
Electric equipment and others	5-10	18%-19%	5%-10%

Where, for the fixed assets for which depreciation provision is made, to determine the depreciation rate, the accumulated amount of the fixed asset depreciation provision that has been made shall be deducted.

(3) Refer to note III. 23 for the impairment testing and the impairment provision of fixed assets.

(4) The Company reviews the useful life and estimated net residual value of fixed asset and the depreciation method applied annually at each of the period end.

The useful lives of fixed asset are adjusted if their expected useful lives are different from the original estimates; the estimated net residual values are adjusted if they are different from the original estimates.

(5) Overhaul costs

The overhaul costs occurred in regular inspection of fare recognised in the cost of property, plant and equipment if there is undoubted evidence to confirm that they meet the recognition criteria of fixed assets, otherwise, the overhaul costs are recognised in profit or loss for the current period. Property, plant and equipment are depreciated during the intervals of the regular overhaul.

18. Construction in progress

√Applicable □N/A

Construction in progress is measured at actual cost. Actual cost comprises necessary project expenditure incurred during construction, borrowing cost that are eligible for capitalisation and other necessary cost incurred to bring the fixed assets ready for their intended use.

Basis for transferring construction in progress to fixed assets is as follows:

Category	Basis for transferring construction in progress to fixed assets
Buildings and structures	<p>(1) Main construction project and supporting works have been substantially completed.</p> <p>(2) Construction works have met the predetermined design requirements, verified and accepted by survey, design, construction, supervision, and other units.</p> <p>(3) Approved by fire safety, land administration, and urban planning departments.</p> <p>(4) If GMP certification is required, it must pass the GMP on-site inspection and receive a GMP compliance notification.</p> <p>(5) For construction projects that have reached the predetermined status of use but have not yet undergone final settlement, fixed assets are transferred based on the estimated value</p>

Production and ancillary equipment requiring installation and debugging	<p>according to the actual project cost from the date of reaching the predetermined usable state.</p> <p>(1) The relevant equipment and other supporting facilities have been installed.</p> <p>(2) The equipment has been debugged and can maintain normal and stable operation for a period of time.</p> <p>(3) The production equipment is capable of consistently producing qualified products for a period of time (consideration may be given to product yield and design capacity ratio).</p> <p>(4) The equipment has been verified and accepted by the asset management personnel and users.</p> <p>(5) If GMP certification is required, it must pass the GMP on-site inspection and receive a GMP compliance notification.</p>
---	---

For provision for impairment of construction in progress, refer to note III. 23.

In the balance sheet, the ending balance of construction materials is presented under “construction in progress”.

19. Borrowing costs

☒Applicable ☐N/A

(1) Recognition principle of capitalisation of borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, they shall be capitalised and included in the cost of related assets; other borrowing costs are recognised as expenses and included in profit or loss when incurred. Capitalisation of such borrowing costs can commence only when all of the following conditions are satisfied:

① Expenditures for the asset incurred, capital expenditure includes the expenditure in the form of cash payment, transfer of non-cash assets or the interest bearing liabilities for the purpose of acquiring or constructing assets eligible for capitalisation;

② Borrowing costs incurred;

③ Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Capitalisation period of borrowing costs

Capitalisation of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The borrowing cost incurred after that is recognised as an expense in the period in which they are incurred and included in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months; the borrowing costs in the normally interrupted period continue to capitalise.

(3) Calculation of the capitalisation rate and amount of borrowing costs

The interest expense of the specific borrowings incurred at the current period, deducting any interest income earned from depositing the unused specific borrowings in bank or the investment income arising from temporary investment, shall be capitalised. The capitalisation rate of the general borrowing is determined by applying the weighted average effective interest rate of general

borrowings, to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings.

During the capitalisation period, exchange differences on foreign currency special borrowings shall be capitalised; exchange differences on foreign currency special borrowings shall be recognised as current profits or losses.

20. Biological assets

√Applicable □N/A

(1) Determination of biological assets

Biological assets refer to assets comprising living animals and plants. No biological asset shall be recognised unless it meets the conditions as follows simultaneously:

- ① An enterprise possesses or controls the biological asset as a result of past transaction or event;
- ② The economic benefits or service potential concerning this biological asset are likely to flow into the enterprise;
- ③ The cost of this biological asset can be measured reliably.

(2) Classification of biological assets

The Company's biological assets are consumable biological assets which include traditional Chinese medical herbal plant species.

The consumable biological assets refer to the biological assets held for sale, or biological assets to be harvested as agricultural products in the future, consisting of growing traditional Chinese medical herbal plant species. The consumable biological asset is initially measured at cost. The cost of any consumable biological assets by way of self-planting, self-cultivating, self-breeding is the necessary cost directly attributable to this asset prior to the harvest, consisting of borrowing costs that meet the conditions of capitalisation. The subsequent expenses for the maintenance, protection and cultivation of a consumable biological asset after the harvest shall be included in the current profits or loss.

The cost of a consumable biological asset shall, at the time of harvest or sale, be carried over at its book value by the weighted average method.

(3) Impairment of biological assets

If the net realisable value of the consumable biological assets is lower than their carrying amount, provision of impairment loss is made and recognised in the profit or loss for the current period as the excess of the carrying amount over the net realisable value. If the factors affecting the impairment of consumable biological assets no longer exist, the amount of write-down shall be resumed and shall be reversed from the original provision for the impairment loss before being recognised in the profit or loss for the current period.

21. Intangible assets

- (1) Pricing methods, useful lives and impairment tests

√Applicable □N/A

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Company. An intangible asset is recognised only when all of the following conditions are satisfied: It is probable that the economic benefits associated with the intangible assets will flow to the enterprise; The cost of the intangible asset can be reliably measured. Intangible assets are initially measured at actual cost.

The Company's intangible assets include land use rights, patents and proprietary technologies, software, trademark rights, etc.

Intangible assets are initially measured at historical cost, and the Company shall make judgement to determine the useful life of intangible assets upon acquisition. Intangible assets with finite useful life are amortised in the profit or loss over the estimated useful life, using the method that reflects the expected realisation of economic benefits associated with the asset, and if the expected realisation cannot be reliably determined, it is amortised using the straight-line method. Intangible assets with indefinite useful life are not amortised.

Amortisation of intangible assets with finite useful life is as follows:

Category	Useful life	Basis in determination of useful life	Amortisation method	Note
Land use rights	30 to 50 years	Land use period	Straight-line method	
Patents and proprietary technologies	1 to 10 years	Shorter of estimated benefit period and patent validity period	Straight-line method	
Software	2 to 10 years	Estimated benefit period	Straight-line method	
Trademark rights	5 years	Shorter of estimated benefit period and trademark validity period	Straight-line method	
Others	10 years	Estimated benefit period	Straight-line method	

The useful life for an intangible asset with a finite useful life and the method of amortisation are reviewed at least once at the end of each financial year. If the useful life and amortisation method for the intangible assets are different from the previous estimate, the change of amortisation is recognised prospectively as the change of accounting estimate.

When the Company estimates an intangible asset can no longer bring future economic benefits to the Company at the end of a period, the carrying amount in which should be reversed to profit or loss for the current period.

Please refer to note III. 23 for the provision of impairment of intangible assets.

22. Research and development expenditures

√Applicable □N/A

The research and development (R&D) expenses of our company consist of expenses directly related to R&D activities, including salaries of R&D personnel, direct input costs, depreciation and amortization of long-term assets, equipment debugging costs, amortization of intangible assets, expenses for outsourcing research and development, clinical trial expenses, and other expenses. Among these, the salaries of R&D personnel are allocated to R&D expenses based on project hours. Equipment, production lines, and premises shared between R&D activities and other production operations are allocated to R&D expenses based on the proportion of hourly usage or space usage.

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase.

Expenditures on the research phase shall be recognised in profit or loss for the current period when incurred.

Expenditures on the development phase will be capitalised only when all of the following conditions are satisfied: it is technically feasible to complete the intangible asset so that it will be available for use or sale; the Company intends to complete the intangible asset and use or sell it; it can be demonstrated how the intangible asset will generate economic benefits, including proving that the intangible assets or the products produced by it will have markets, or the intangible assets for internal use will be useful; there are adequate technical, financial and other resources to complete the development and the Company is able to use or sell the intangible assets; and expenditures on the development phase attributable to the intangible assets can be reliably measured. The development expenditures that do not satisfy the above conditions shall be recognised in profit or loss for the current period.

Our research and development projects enter the development stage after meeting the above conditions and forming the project through the technical and economic feasibility studies.

Capitalised expenditures on the development phase are shown as development expenditures on the balance sheet and reclassified as intangible assets on the date the project meets the intended purpose.

Capitalisation conditions for specific research and development projects are as follows:

① For research and development projects that are not required to obtain clinical approvals, the period from the beginning of research and development to the pilot phase is treated as the research phase, and all expenditures shall be recognised in profit or loss for the current period when incurred; the period from the pilot phase to the obtaining of production approvals is treated as the development phase, and all expenditures shall be recognised as development expenditures and reclassified as intangible assets after the obtaining of production approvals.

② For research and development projects that require clinical approval, the period from the beginning of research and development to the obtaining of clinical approval is treated as the research phase, and all expenditures incurred shall be recognised in profit or loss for the current period when incurred; the period from the obtaining of clinical approval to the obtaining of production approval is treated as the development phase, and the expenditures shall be recognised as development expenditures and reclassified as intangible assets after the obtaining of production approval.

③ Purchased technologies or formulas, etc., where the purchase price is recognised as development expenses, require subsequent R&D to be accounted for in accordance with the procedures outlined in points ① and ② above.

④ The Company reviews the latest research and development status of each project at the end of each year and if the research and development project no longer qualifies for the development

stage, the corresponding development expenditure are recognised in profit or loss for the current period.

⑤ Where it is impossible to differentiate the expenditures on the research phase and the expenditures on the development phase, all the research and development expenditures are recognised in profit or loss for the current period.

23. Impairment of assets

☒Applicable ☐N/A

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, investment properties subsequently measured at cost, fixed assets, construction in progress, right-of-use assets, intangible assets, etc. (Excluding inventories, deferred income tax assets and financial assets) are determined as follows:

At the balance sheet date, the Company determines whether there may be evidence of impairment, if there is any, the Company will estimate the recoverable amount for impairment, and then test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and the intangible assets that have not yet reached their intended use are tested for impairment annually regardless of whether such evidence exists.

The recoverable amount of an asset is determined by the higher amount of fair value deducting disposal costs and net present value of future cash flows expected from the assets. The Company estimates the recoverable amount based on individual asset; for individual asset which is difficult to estimate the recoverable amount, the recoverable amount of the asset group is determined based on the asset group involving the asset. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Company reduces its carrying amount to its recoverable amount, the reduced amount is included in profit or loss, while the provision for impairment of assets is recognised.

In terms of impairment test of the goodwill, the carrying amount of the goodwill, arising from business combination, shall be allocated to the related asset group in accordance with a reasonable basis at acquisition date. Those that are difficult to be allocated to related assets shall be allocated to related asset group. Related assets or assets group refer to those that can benefit from the synergies of business combination and are not larger than the Company's recognised reporting segment.

When there is an indication that the asset and asset group are prone to impair, the Company should test for impairment for asset and asset group excluding goodwill and calculate the recoverable amount and recognise the impairment loss accordingly. The Company should test for impairment for asset or the asset group including goodwill and compare the asset or asset group's recoverable amount with its carrying amount, provision for impairment of assets shall be recognised when the recoverable amount of assets is lower than its carrying amount.

Once impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

24. Long-term deferred expenses

√Applicable □N/A

The Company's long-term deferred expenses measured at cost actually incurred and evenly amortised on straight-line basis over the expected beneficial period. For the long-term deferred expense items that cannot benefit in subsequent accounting period, their amortised value is recognised through profit or loss.

25. Employee compensation**(1) The scope of employee compensation**

Employee compensation are all forms of remuneration and compensation given by the Company in exchange for service rendered by employees or the termination of employment. Employee compensation includes short-term employee compensation, post-employment benefits, termination benefits and other long-term employee benefits. Employee compensation includes benefits provided to employees' spouses, children, other dependants, survivors of the deceased employees or to other beneficiaries.

According to liquidity, employment compensations are presented separately as "accrued payroll" item and "long-term employment compensation payable" item in the balance sheet.

(2) Short-term employee compensation

During the accounting period in which the employees render the related services, wages, bonuses, social security contributions (including medical insurance, injury insurance, maternity insurance, etc.) and house funding are recognised as liability and included in the profit or loss for the current period or related asset costs.

(3) Post-employment benefits

√Applicable □N/A

Post-employment benefit plans mainly include defined contribution plans. A defined contribution plan refers to a post-employment benefit plan where the Company no longer bears further payment obligations after depositing fixed costs into an independent fund. The Company is only involved in defined contribution plans.

Defined contribution plans include basic pension insurance and unemployment insurance.

During the accounting period in which the employees provide services, the amount payable calculated based on the defined contribution plan is recognized as a liability and is either recorded in the profit or loss of the current period or included in the cost of related assets.

(4) Termination benefits

√Applicable □N/A

The liability of employee compensation arising from termination benefits is recognised and included in profit or loss for the current period in the earlier date of the followings: The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; the Company recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

For the implementation of the internal retirement plan for employees, the economic compensation before the official retirement date is a termination benefit. The wage of and social insurance contributions for the internally retired employee which would have incurred from the date on which the employee cease rendering services to the Company to the scheduled retirement date will be included in the profit or loss for the current period. Economic compensation after the official retirement date (such as normal pension) should be treated as post-employment benefits

(5) Other long-term employee benefits

√Applicable ☐N/A

When other long-term employee benefits provided to the employees by the Company are satisfied the conditions of a defined contribution plan, those benefits shall be accounted for in accordance with the relevant provisions of the above defined contribution plans. When the benefits are satisfied the conditions of a defined benefit plan, those benefits shall be accounted for in accordance with the relevant provisions of the above defined benefit plans, except that the “change in remeasurement of the net liability or net assets of the defined benefit plans” in the cost of the related employee compensation shall be included in profit or loss for the current period or related asset costs.

26. Provision for liabilities

√Applicable ☐N/A

An obligation related to a contingency is recognised as a provision when all of the following conditions are satisfied:

- (1) The obligation is a present obligation of the Company;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Company reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If the expenses for clearing of provisions is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognised separately as asset. The compensated amount recognised shall not be greater than the carrying amount of the liability recognised.

27. Share-based payment and equity instruments

√Applicable ☐N/A

(1) Category of share-based payment

Share-based payment of the Company is classified into equity-settled share-based payment and cash-settled share-based payment.

(2) Determination of fair value of equity instrument

For options and other equity instruments granted by the Company with active market, the fair value is determined at the active market quotations. For options and other equity instruments with no active market, option pricing model shall be used to estimate the fair value of the equity instruments. Factors as follows shall be taken into account using option pricing models: A. the exercise price of the option; B. the validity period of the option; C. the current market price of the share; D. the expected volatility of the share price; E. predicted dividend of the share; F. risk-free rate of the option within the validity period.

(3) Recognition basis for the best estimate of exercisable equity instruments

On each balance sheet date during the pending period, the Company, based on the latest subsequent information such as the latest update on the change in the number of entitled employees, makes best estimate to adjust the expected number of equity instruments that can be exercised. As at the exercise date, the final estimated number of exercisable equity instruments should equal the actual number of exercisable equity instruments.

(4) Accounting treatment for implementation, amendment and termination of share-based

Equity-settled share-based payment is measured at the fair value of the equity instruments granted to employees. Instruments which are exercisable immediately upon the grant are included in relevant costs or expenses at the fair value of equity instruments on the date of grant and capital reserves are increased accordingly. If exercising is conditional upon completion of services in the pending period or fulfillment of performance conditions, on each balance sheet date during the pending period, based on the best estimate of the number of exercisable equity instruments, the services received for the period are recognised as the costs or expenses and capital reserves at fair value of the equity instruments as at the date of grant. After the exercise date, relevant costs or expenses and total shareholders' equity have been recognised and will not be adjusted.

Cash-settled share-based payments are measured at the fair value of the liabilities (share-based or other equity instrument-based) assumed by the Company. Instruments which are exercisable immediately upon the grant are included in relevant costs or expenses at the fair value of liabilities assumed by the Company on the date of grant and liabilities are increased accordingly. If exercising is conditional upon completion of services in the pending period or fulfillment of performance conditions, on each balance sheet date during the pending period, based on the best estimate of the exercisable situation, the services received for the period are recognised as the costs or expenses and corresponding liabilities at fair value of the liabilities assumed by the Company. On each balance sheet date before the relevant liabilities are settled and settlement date, the fair value of liabilities is remeasured and the resulting changes are included in the profit and loss for the current period.

When the Company modifies the share-based payment plan, and if such modification increases the fair value of the equity instruments granted, the increase in services received will be recognised accordingly following the increase in fair value of the equity instruments; if such modification

increases the number of equity instruments granted, the increase in fair value of the equity instruments is recognised as a corresponding increase in services received. The increase in fair value of the equity instruments refers to the difference in fair values on the date of modification before and after the modification in respect of the equity instruments. If the modification reduces the total fair value of the share-based payments or adopts any form that is unfavorable to employees to modify the terms and conditions of the share-based payment plan, accounting treatment will be continued to be conducted in respect of the services received and the modification will be deemed to have never occurred, unless the Company had cancelled part or all of the equity instruments granted.

During the pending period, if the equity instruments granted are cancelled (except for failure to meet the non-market conditions of the exercising conditions), the Company will undertake an accelerated exercising in respect of the cancelled equity instruments that have been granted, include the remaining amount that shall be recognised during the pending period in the profit and loss for the current period immediately and recognise capital reserve accordingly. Where employees or other parties are permitted to choose to fulfill non-exercising conditions but have not fulfilled during the pending period, the Company will treat the granted equity instruments as cancelled.

(5) Accounting treatment for share-based payment transactions involving the Company and the shareholders or the actual controller of the Company

For share-based payment transactions involving the Company and the shareholders or the actual controller of the Company, the settlement enterprise and the enterprise receiving services (one under the Company while the other external to the Company) shall follow the requirements below to conduct accounting treatment in the Company's consolidated financial statements:

① For settlement enterprises settling through their own equity instruments, such share-based payment transaction will be treated as equity-settled share-based payment; except for this, such share-based payment transaction will be treated as cash-settled share-based payment.

Where a settlement enterprise is an investor of an enterprise receiving services, the fair value of the equity instruments on the date of grant or the fair value of the liabilities that shall be assumed are recognised as long-term equity investment in the enterprise receiving services, at the same time, capital reserve (other capital reserve) or liabilities are recognised.

② Where an enterprise receiving services has no settlement obligations or grants its own equity instruments to employees, such share-based payment transaction will be treated as equity-settled share-based payment;

where an enterprise receiving services has settlement obligations and grants equity instruments (other than its own) to employees, such share-based payment transaction will be treated as cash-settled share-based payment.

For a share-based payment transaction occurring among enterprises under the Company where the enterprise receiving services and the settlement enterprise are not the same enterprise, such share-based payment transaction shall be recognised and measured in each of the respective

financial statements of the enterprise receiving services and the settlement enterprise by reference to the above principles.

28. Preferred shares, perpetual bonds and other financial instruments

√Applicable □N/A

(1) Classification of financial liabilities and equity instruments

The Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments at the initial recognition based on the contract terms of the issued financial instrument and the economic substance it reflects, instead of only in legal form, and combine the definition of financial assets, financial liabilities and equity instruments.

(2) Accounting treatment of preferred shares, perpetual bonds and other financial instruments

The financial instruments issued by the Company are initially recognised and measured in accordance with the financial instrument standards; thereafter, interest or dividends are accrued or distributed on each balance sheet date and processed in accordance with relevant specific accounting standards for enterprises. That is, on the basis of the classification of the financial instrument issued, the accounting treatment of interest expenses or dividend distributions of the instrument is determined. For financial instruments classified as equity instruments, interest expenses or dividend distributions are treated as profit distribution of the Company, and repurchases and cancellations are treated as changes in equity; for financial instruments classified as financial liabilities, interest expenses or dividend distributions are in principle treated according to borrowing costs, and gains or losses arising from repurchase or redemption are credited to profit or loss for the current period.

The transaction costs such as charges and commissions incurred by the Company when issuing financial instruments, if classified as debt instruments and measured at amortised cost, are included in the initial measurement amount of the issued instrument; if classified as equity instruments, are deducted from equity.

29. Revenue

√Applicable □N/A

(1) General principle

The Company shall recognise revenue when the Company satisfies the performance obligation of the contract, that is, the customer obtains control of relevant goods or services.

When the contract contains two or more performance obligations, on the effective date of the contract, the Company allocates the transaction price to each performance obligation based on the percentage of respective unit price of a good or service guaranteed by each performance obligation, and the revenue is measured according to the transaction price allocated to each performance obligation.

If one of the following conditions is fulfilled, the Company satisfies a performance obligation over time; otherwise, it satisfies a performance obligation at a point in time:

① When the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract.

② When the customer is able to control the commodity in progress in the course of performance by the Company under the contract.

③ The product produced by the Company under the contract is irreplaceable and the Company has the right to payment for performance completed to date during the term of the contract.

For a performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the process towards complete satisfaction of the performance obligation. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be recoverable, the revenue will be recognised to the extent of the costs incurred until the progress of performance can be reasonably determined.

For a performance obligation satisfied at a point in time, the Company shall recognise revenue when the customer obtains control of relevant goods or services. When determining whether the customer has obtained control of the goods and services, the Company will consider the following indications:

① The Company has the current right to receive payment for the goods or services, which is when the customers have the current payment obligations for the goods.

② The Company has transferred the legal title of the goods to the client, which is when the client possesses the legal title of the goods.

③ The Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods.

④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the client obtains all of the substantial risks and rewards of ownership of the goods to the customer.

⑤ When the customer has accepted the goods or services.

⑥ When other information indicates that the customer has obtained control of the goods.

A contract asset represents the Company's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditioned on factors other than passage of time, for which the loss allowances for expected credit loss is recognised (see Note III.12(6)). The Company shall present any unconditional (i.e. if only the passage of time is required) rights to consideration separately as a receivable. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

The contract assets and liabilities under the same contract shall be shown on a net basis. If the net amount stated in debit balance, it will be presented under the items of "Contract assets" or "Other non-current assets" according to its mobility; If the net amount stated in credit balance, it will be presented under the items of "Contract liabilities" or "Other non-current liabilities" according to its mobility.

(2) Specific method

The Company enters into sales contracts with customers. Revenue from sales is recognised according to the invoiced amount upon the delivery of goods to the designated carrier or purchaser according to the orders received from customers; revenue from export sales is recognised mainly by adopting FOB mode according to custom declaration upon making declaration for goods and completing the export procedures.

The Company offers consistent credit terms to all types of customers, with no significant financing component involved.

The Company operates on a buyout sales model with distributors, and revenue recognition under the distribution model is consistent with the direct sales model.

For sales with sales return provisions, revenue recognition is limited to the amount expected not to result in significant returns based on the cumulative revenue recognized. The Company recognizes liabilities based on the expected refund amount, while recognizing an asset for the expected value of returned goods at the time of transfer, net of estimated costs (including the value impairment of returned goods).

30. Contract costs

√Applicable □N/A

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- ① The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs) , costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;
- ② The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;
- ③ The costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- ① Remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;
- ② The cost estimated to be happened for the transfer of related goods or services.

The costs of contract performance recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Inventories” item, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as “Other non-current assets” item.

The contract obtaining costs recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Other current assets” item, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as “Other non-current assets” item.

31. Government grants

☒Applicable ☐N/A

A government grant shall be recognised only when the enterprise can comply with the conditions attaching to the grant and the enterprise can receive the grant.

If a government grant is in the form of a transfer of a monetary asset, the item is measured at the amount received. If a government grant is in the form of a transfer of a non-monetary asset, the item is measured at fair value, when fair value is not reliably determinable, the item is measured at a nominal amount of RMB1.

Government grant related to assets represents the government grant received for acquisition and construction of long term assets, or forming long term assets in other ways. Except for these, all are government grant related to income.

Regarding to the government grant not clearly defined in the official documents and can form long term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to income. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to income.

The government grant related to assets is recognised as deferred income and would be transferred to profit or loss in reasonable and systematic manner within the period of use of the relevant assets. The government grant related to income which is used to compensate the relevant costs or losses incurred should be recognised in the profit or loss for the current period; the government grant related to income which is used to compensate the relevant costs or losses for the subsequent period is recognised as deferred income and shall be recognised in profit or loss during the relevant cost or loss confirmation period. Government grants measured in nominal terms are directly included in the profit or loss for the current period. The Company has adopted a consistent approach to the same or similar government grant business.

The government grants related to daily activities are recognised as other gains in accordance with the substance of economic business. Government grants that are not related to daily activities are recognised as non-operating income and expenses.

If the recognised government grants need to be refunded, adjust the carrying amount of assets when the carrying amount of assets is offset at the time of initial recognition; the balance of deferred income is offset against the carrying amount of the balance of deferred income and the excess is recognised in the profit or loss for the current period. Other circumstances, it is directly recognised in the profit or loss for the current period.

32. Deferred tax assets and deferred tax liabilities

☒Applicable ☐N/A

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to transactions or items recognized directly in equity and goodwill arising from a business combination.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognized as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs (Except for single transactions resulting in equal temporary differences and deductible temporary differences arising from initially recognized assets and liabilities);

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

At the balance sheet date, the Company reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are presented as a net amount after offsetting when they simultaneously meet the following conditions:

(1) The legal right exists for the tax-paying entity within the Company to settle current income tax assets and current income tax liabilities on a net basis.

(2) Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same tax-paying entity within the Company.

33. Leases

(1) Identification of leases

At the inception of a contract, the Company, as a lessee or lessor, assesses if the customer in a contract has the right to obtain substantially all the economic benefits from use of the identified assets and the right to direct the use of the identified assets in the period of use. The Company would identify that a contract is a lease, or contains a lease if a party of the contract transfers the right to control the use of one or more identified assets for a period of time in exchange for consideration.

(2) The Company as the lessee

At the inception of a lease, the Company recognises all its leases as the right-of-use assets and lease liabilities, except for the short-term leases and the leases of low-value assets which are treated with a simplified approach.

For the accounting policies on the right-of-use assets, please refer to Note III. 34.

Lease liabilities are initially measured based on the present value of outstanding lease payment at the inception of a lease, discounted using the interest rate implicit in the lease or the incremental borrowing rate. Lease payment include: fixed payments and in-substance fixed payments, less any lease incentives (if there is a lease incentive); variable lease payment that are based on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; payments of penalties for terminating the lease option, if the lease term reflects that the lessee will exercise that option; and amounts expected to be payable under the guaranteed residual value provided by the lessee. The Company shall subsequently calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into the profit or loss for the current period. Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period in which they actually arise.

Short-term lease

Short-term lease refers to the lease that the lease term does not exceed 12 months from the inception of a lease, and the lease that includes the option of purchase is not a short-term lease.

The Company recognises the amount of lease payments of short-term lease in the cost of the related asset or the profit or loss for the current period, on a straight-line method over each period of the lease term.

Leases of low-value assets

A low-value asset lease refers to a lease where the value of a single leased asset is below RMB 40,000 when it is a brand-new asset.

The Company recognised the lease payments for the leases of low-value assets in the relevant asset cost or the profit or loss for the current period on a straight-line basis over each period of the lease term.

Lease modification

When there is a lease modification and the following conditions are simultaneously met, the Company accounts for the lease modification as a separate lease: ① the lease modification expands the scope of the lease by adding the right to use one or more leased assets; ② the additional consideration is equal to the separate price of the expanded scope of the lease as adjusted for the circumstances of the contract.

If the lease modification is not accounted for as a separate lease, on the effective date of the lease modification, the Company reallocates the consideration of the modified contract, re-determines the lease term, and remeasures the lease liability based on the present value of the modified lease payment calculated at the revised discount rate.

If the lease modification results in a reduction in the scope of the lease or a shortened lease term, the Company reduces the carrying amount of the right-of-use assets accordingly, and includes the gains or losses in relation to partial or complete termination of the lease in profit or loss for the current period.

If other lease modifications result in the remeasurement of lease liabilities, the Company adjusts the carrying amount of the right-of-use assets accordingly.

(3) The Company as the lessor

When the Company is the lessor, the lease that substantially transfers all the risks and rewards related to the ownership of assets is recognised as a finance lease, and leases other than finance leases are recognised as operating leases.

Finance leases

In a financial lease, the Company uses the net investment in leases as the carrying amount of finance lease receivables at the inception of a lease. The net investment in leases is the sum of the unguaranteed residual value and the present value of the outstanding lease payment at the inception of a lease, discounted using the interest rate implicit in the lease. The Company, as the lessor, calculates and recognises the interest income over each period of the lease term at a fixed periodic

interest rate. Variable lease payments not included in the measurement of the lease liability, which are obtained by the Company as a lessor, are recognised in profit or loss as incurred.

The termination of recognition and impairment of financial lease receivables is accounted for in accordance with the provisions of “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instrument” and “Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets”.

Operating leases

For the rental of operating leases, the Company recognises it in the profit or loss for the current period on a straight- line basis over each period of the lease term. The initial direct cost incurred in connection with an operating lease shall be capitalised and amortised on the same basis for recognition of rental income during the lease term, and shall be included in instalments in the profit or loss for the current period. The variable lease payment, which is obtained in connection with an operating lease and not included in the lease receivables, shall be included in the profit and loss for the current period when they actually occur.

Lease modification

The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any receipts in advance or lease receivable relating to the original lease as part of the lease receivable for the new lease.

When there is a modification to a finance lease and the following conditions are simultaneously met, the Company accounts for the modification as a separate lease:①the modification expands the scope of the lease by adding the right to use one or more leased assets;②the additional consideration is equal to the separate price of the expanded scope of the lease as adjusted for the circumstances of the contract.

If the modification to finance lease is not accounted for as a separate lease, the Company will deal with the modified lease under the following circumstances:①If the modification takes effect on the commencement date of the lease and the lease will be classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease modification, and take the net lease investment before the effective date of the lease modification as the carrying amount of the leased assets;②If the modification takes effect on the commencement date of the lease and the lease will be classified as a finance lease, the Company will account for it in accordance with the requirements on modifying or renegotiating a contract under the “Accounting Standards for Business Enterprises No. 22 –Recognition and Measurement of Financial Instrument”.

34.Right-of-use assets

☒Applicable ☐N/A

(1) Recognition condition of right-of-use assets

The right-of-use assets of the Company are defined as the right of underlying assets in the lease term for the Company as a lessee.

Right-of-use assets are initially measured at cost as at the commencement date of the lease, which consists of: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received if any; initial direct expenses incurred by the Company as a lessee; costs to be incurred by the Company as a lessee in dismantling and removing a leased asset, restoring the site on which it is located or restoring the leased assets to the condition required by the terms and conditions of the lease. The Company as a lessee recognises and measures the costs of demolition and restoration according to “Accounting Standards for Business Enterprises No.13 – Contingencies”, and subsequently adjusts for any remeasurement of lease liability.

(2) Depreciation method of right-of-use assets

The Company calculates depreciation on a straight-line basis. Right-of-use assets in which the Company as a lessee is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and its remaining useful life.

(3) For methods of impairment testing and provision for impairment for right-of-use assets, please refer to note III. 23.

35. Repurchase of shares

Prior to cancellation or transfer of shares repurchased, the Company recognises all expenditures arising from share repurchase as cost of treasury shares in the treasury share account. Considerations and transaction fee incurred from the repurchase of shares shall lead to the elimination of owners' equity and does not recognise profit or loss when shares of the Company are repurchased, transferred or cancelled.

The difference between the actual amount received and the carrying amount of the treasury stock are recognised as capital reserve when the treasury stocks are transferred, if the capital reserve is not sufficient to be offset, the excess amount shall be recognised to offset surplus reserve and undistributed profit. When the treasury stocks are cancelled, the capital shall be eliminated according to the number of shares and par value of cancellation shares, the difference between the actual amount received and the carrying amount of the treasury stock are recognised as capital reserve, if the capital reserve is not sufficient to be offset, the excess amount shall be recognised to offset surplus reserve and undistributed profit.

36. Significant accounting judgements and estimates

☒Applicable ☐N/A

Significant accounting estimates and critical assumptions adopted by the Company are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The significant accounting estimates and critical assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are set out below:

(1) Classification of financial assets

Significant judgements involved in determining the classification of financial assets include analysis of business mode and characteristics of the contractual cash flows.

Factors considered by the Company in determining the business model of financial assets management for a group of financial assets include past experience on how financial asset's performance is evaluated and reported to key management personnel, how risks affecting the performance of financial asset are assessed and managed and how managers of related businesses are compensated.

When assessing whether the contractual cash flows of financial assets are consistent with basic lending arrangement, the Company adopts the following significant judgements: whether the time distribution or amounts of the principal within the duration may change due to early repayment and other reasons; whether the interest includes only the time value of money, credit risk, other basic lending risks and the consideration for cost and profit. For example, the amounts of early repayment only reflect principal unpaid, the interest based on principal unpaid and reasonable compensation paid for early termination of a contract.

(2) Measurement of ECL for accounts receivables

The Company calculates ECL of accounts receivables according to their exposure at default and ECL rate, and determines ECL rate based on probability of default and loss given default. When determining ECL rate, the Company adopts data like historical credit loss experience in combination with current situation and forward-looking information to adjust historical data. When considering forward-looking information, the Company uses indicators including the risk of economic downturn, external market environment, technology environment and changes on customer situation. The Company periodically monitors and reviews assumptions relevant to the measurement of ECL.

(3) Impairment of non-current assets other than financial assets (other than goodwill)

On the balance sheet date, the Company assesses whether there are indications of impairment for non-current assets other than financial assets. For intangible assets that have not yet reached the status of use, impairment testing is conducted when there are indications of impairment, in addition to the annual impairment test. For non-current assets other than financial assets, impairment testing is conducted when there are indications that their carrying amounts may not be recoverable. Impairment is recognized when the carrying amount of an asset or asset group exceeds the higher of its recoverable amount, which is the net amount of fair value less disposal costs and the present value of estimated future cash flows. The net amount of fair value less disposal costs is determined by reference to the selling price in similar assets in fair transactions or observable market prices, minus incremental costs directly attributable to the asset disposal. In estimating the present value of future cash flows, management estimates the expected future cash flows of the asset or asset group and selects an appropriate discount rate to determine the present value of future cash flows.

(4) Impairment of goodwill

The Company evaluates whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the asset groups to which the goodwill is allocated. In estimating the

value in use, the Company needs to estimate the future cash flows generated from the asset groups and also to choose an appropriate discount rate in order to calculate the present value of the future cash flows.

(5) Development costs

Determining the amounts to be capitalised requires the management to make assumptions regarding the expected future cash flows generated from the relevant assets, discount rates to be applied and the expected period of benefits.

(6) Deferred tax assets

The deferred income tax assets will be recognised for all unused tax losses to the extent that it is probable that there will be sufficient taxable profits against which the loss is utilised. This requires the management to exert numerous judgments to estimate the timing and amount of the future taxable profits so as to determine the amount of deferred income tax assets to be recognised with reference to the tax planning strategy.

(7) Revenue recognition

As stated in note III. 28, the Company makes the following significant accounting judgements and estimates in terms of revenue recognition: identifying customer contracts; estimating the recoverability of the considerations that are entitled to be obtained by transferring goods to customers; identifying the performance obligation in the contract; estimating the variable consideration in the contract and cumulative revenue recognised where it is highly probable that a significant reversal therein will not occur when the relevant uncertainty is resolved; assessing whether there is a significant financing component in the contract; estimating the individual selling price of the individual performance obligation in the contract, etc. The Company makes judgments primarily based on historical experiences and works. Changes in these significant judgments and estimates may have significant impacts on the operating income, operating costs, and profit or loss of the current or subsequent periods.

(8) Determination of the fair value of unlisted equity investment

The fair value of unlisted equity investments represents the expected future cash flows discounted at the prevailing discount rate of items with similar terms and risk characteristics. It requires the Company to estimate the expected future cash flows and discount rates, and therefore there is uncertainty. Under limited circumstances, if the information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and cost represents the best estimate of the fair value within such scope, the cost may represent an appropriate estimate of the fair value within such distribution scope.

37.Changes in significant accounting policies and accounting estimates and correction to accounting errors

(1) Changes in significant accounting policies

☐Applicable ☒N/A

(2) Changes in significant accounting estimates

☐Applicable ☒N/A

IV. Taxation

1. Major taxes and their tax rates

☒Applicable ☐N/A

Tax category	Basis of taxation	Statutory tax rate
Value added tax	Taxable revenue	3%, 6%, 13%
Urban maintenance and construction tax	Turnover tax to be paid	1%, 5%, 7%
Education surcharges	Turnover tax to be paid	3%
Local education surcharge	Turnover tax to be paid	Note 1
Enterprise income tax	Turnover tax to be paid	Note 2

Note 1: The Company and its subsidiaries that are incorporated in Shenzhen and Zhuhai shall pay local education surcharges that are charged as 2% of the turnover tax payable. Other subsidiaries shall pay local education surcharges according to the tax rate as specified at their places of incorporation on the basis of turnover tax payable.

Note 2: The implementation of enterprise income tax rate is as follows:

Disclosure of taxpayers (if any) with different rates of enterprise income tax

☒Applicable ☐N/A

Entity	Income tax rate %
Hong Kong Health Pharmaceutical Industry Company Limited (香港健康药业有限公司), Livzon Pharmaceutical Biotechnology Co., Ltd. (丽珠医药生物科技有限公司), Lian (Hong Kong) Co., Ltd. (丽安香港有限公司), Livzon Biologics Hong Kong Limited (丽珠生物科技香港有限公司)	16.5
Companhia de Macau Carason Limitada (澳门嘉安信有限公司), Li Zhu (Macau) Limitada (丽珠(澳门)有限公司), Macau Livzon Traditional Chinese Medicine Modern Technology Co., Ltd. (澳门丽珠中药现代化科技有限公司)	0 or 12% (Tax rate is 12% where the taxable income is MOP600,000 or more; for those with taxable income less than MOP600,000, they are exempted from income taxes.)
The Company and Shenzhen Taitai Pharmaceutical Co., Ltd. (深圳太太药业有限公司) (Taitai Pharmaceutical), Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司) (Haibin Pharma), Xinxiang Haibin Pharmaceutical Co., Ltd. (新乡海滨药业有限公司) (Xinxiang Haibin), Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司) (Jiaozuo Joincare), Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司) (Shanghai Frontier), Joincare Haibin Pharmaceutical Co., Ltd. (健康元海滨药业有限公司) (Joincare Haibin), Joincare Pharma Philippines Inc.; Livzon Group and Livzon Group Limin Pharmaceutical Factory (丽珠集团利民制药厂), Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂), Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司), Livzon Group Xinbeijiang Pharmaceutical	15

Entity	Income tax rate %
Manufacturing Inc. (丽珠集团新北江制药股份有限公司), Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司), Zhuhai Livzon Reagents Co., Ltd. (珠海丽珠试剂股份有限公司), Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司), Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司), Livzon Group (Ningxia) Pharmaceutical Co., Ltd. (丽珠集团(宁夏)制药有限公司), Zhuhai Lihe Medical Diagnostics Products Co., Ltd. (珠海丽禾医疗诊断产品有限公司), Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (珠海市丽珠中药现代化科技有限公司), Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Inc. (焦作丽珠合成制药有限公司)	
LIVZON MALAYSIA SDN. BHD	17% or 24% (registered capital of less than MYR 2.5 million, the tax rate is 17% on the first profit less than MYR 600,000; the registered capital exceeds MYR 2.5 million or the profit exceeds MYR 600,000, the tax rate is 24%)
JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD., LIAN SGP HOLDING PTE. LTD.	17
Joincare Pharma Netherlands B.V.	19
PT. LIVZON PHARMA INDONESIA	22
Livzon MAB Pharm (US) Inc. (丽珠单抗生物技术(美国)有限公司)	21
Health Investment Holdings Ltd, Joincare Pharmaceutical Group Industry Co., Ltd. (BVI), Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS), Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II, LIAN International Holding LTD	0 (Note3)
Other subsidiaries	25% or enjoy preferential tax policies for small and micro-profit enterprises

Note 3: Companies registered in the British Virgin Islands and the Cayman Islands are not subject to enterprise income tax.

2. Tax incentives

√Applicable □N/A

(1) Preferential value added tax

In accordance with the Announcement on Value Added Tax on Biological Products Sold by Pharmaceutical Operation Enterprises issued by the State Administration of Taxation (Announcement of State Administration of Taxation 2012 No. 20) and the Notice of the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation and the State Drug Administration on the Value-Added Tax Policies for Anti-Cancer Drugs (Caishui [2018] No. 47), the biological products sold by the Company are subject to value added tax at 3% by the simple approach.

(2) Preferential enterprise income tax

The Company's subsidiary, Joincare Haibin, has re-applied for the recognition as a high-tech enterprise in this period. The Company and its subsidiary, Jiaozuo Joincare, have enjoyed the preferential policies for high-tech enterprise income tax since 2022, for a period of three years. The Company's subsidiaries, Taitai Pharmaceutical, Haibin Pharma, Xinxiang Haibin, and Shanghai Frontier, have enjoyed the preferential policies for high-tech enterprise income tax starting from 2023, for a period of three years.

Livzon Group and its subsidiaries, Livzon Group Limin Pharmaceutical Manufacturing Factory (丽珠集团利民制药厂), Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂), Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司), Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司) and Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司) have been entitled to the preferential income tax policies for high and new technology enterprises since 2023 for a valid period of three years; Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司) and Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) have re-applied for the recognition as a high-tech enterprise in this period. Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (焦作丽珠合成制药有限公司) and Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司) have been entitled to the preferential income tax policies for high and new technology enterprise since 2024 for a valid period of three years; Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (丽珠集团(宁夏)制药有限公司) was approved to enjoy the enterprise taxation preference of the Encouraged Industries in Western China.

The above-mentioned companies are applying a 15% enterprise income tax rate for this period.

In accordance with Article 27 of the enterprise income tax Law of the People's Republic of China and Article 86 of the Regulations for the Implementation of the enterprise income tax Law of the People's Republic of China, the business of planting Chinese herbal medicines engaged by the subsidiaries of the Livzon, Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源药材有限公司) and Longxi Livzon Shenyuan Medicine Co., Ltd. (陇西丽珠参源药材有限公司) are exempted from enterprise income tax.

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the Preferential Policies for enterprise income tax in the Hengqin Guangdong-Macao Deep Cooperation Zone" (Cai Shui [2022] No. 19), enterprise income tax is levied at a reduced rate of 15% for qualified industrial enterprises located in the Hengqin Guangdong-Macao Deep Cooperation Zone. The Livzon Group's subsidiaries, Zhuhai Lihe Medical Diagnostic Products Co., Ltd. (珠海丽禾医疗诊断产品有限公司) and Zhuhai Livzon Chinese Medicine Modern

Technology Co., Ltd. (珠海市丽珠中药现代化科技有限公司) meet the relevant conditions and are subjected to 15% enterprise income tax rate for the current period.

According to the tax preferential policy for small and micro enterprises, until 31 December 2027, small and micro enterprises with annual taxable profits not exceeding RMB 3 million will be subject to a 5% enterprise income tax rate.

According to Indonesia's tax policy for small and medium enterprises (SMEs), SMEs with taxable income not exceeding 48 billion Indonesian Rupiah will be subject to an 11% enterprise income tax rate.

According to the Philippines' tax preferential policy for micro, small, and medium enterprises, enterprises with taxable revenue not exceeding 5 million Philippine pesos will be subject to a 15% tax rate.

3. Others

☐Applicable ☒N/A

V. Notes to the items of consolidated financial statements

1. Cash and bank balances

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Items	Balance at End of the Period	Balance at Beginning of the Period
Cash on hand	455,778.12	370,795.14
Bank deposits	14,360,173,787.82	14,725,113,389.94
Other monetary funds	125,698,728.61	126,492,936.86
Total	14,486,328,294.55	14,851,977,121.94
Including: total overseas deposits	3,492,897,659.39	2,613,756,749.91

Other descriptions:

① Other monetary funds are mainly deposits for investments, deposits for letter of credit and bank acceptance bills.

② Restricted funds relating to issuing letters of credit and bank acceptance bills in other monetary funds were deducted from cash and cash equivalents in the cash flow statement. Apart from these restricted funds, there is no other charge, pledge or lock up on the cash at bank balance that may limit its use, which is kept outside China and may have probable risks in its collection. Below are the details of the use of restricted monetary funds:

Item	30 June 2025	31 December 2024
Deposits for bank acceptance bills	10,356,971.52	9,331,443.62
Total	10,356,971.52	9,331,443.62

2. Financial assets held for trading

☒Applicable ☐N/A

(1) Classification

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
------	----------------------------------	--

Financial asset measured at fair value through profit or loss	490,624,181.31	89,363,055.07
Including:		
Funds	997,444.81	987,629.66
Structured deposits	432,302,591.80	15,081,807.66
Equity instrument investments	56,535,180.88	72,993,949.73
Derivative financial assets	788,963.82	299,668.02
Total	490,624,181.31	89,363,055.07

Other descriptions:

√Applicable □N/A

① The equity instruments investments and debt instruments investments held by the Company at the end of the period, which are listed and traded on exchanges such as Shenzhen, Hong Kong, and NASDAQ in the United States, have their fair value determined based on the closing price of the last trading day of the reporting period.

② Derivative financial assets represent foreign currency forward contracts, futures contracts and gains from unexpired contracts measured at fair value which were recognised as financial assets as at the balance sheet date.

(2) No restrictive financial asset measured at fair value through profit or loss was included in the closing balance.

(3) No hedging instruments in the closing balance and no hedging transactions have occurred during the period.

3. Notes receivable

(1) Classified presentation of notes receivable

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,644,458,811.36	1,951,213,189.48
Total	1,644,458,811.36	1,951,213,189.48

(2) Notes receivable pledged at period end

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Amount pledged at year end
Bank acceptance bills	773,308,187.19
Total	773,308,187.19

As at 30 June 2025, bank acceptance bills with carrying amount of RMB773,308,187.19 (31 December 2024: RMB805,827,262.43) have been used as pledge for opening of bills.

(3) Bills endorsed or discounted to other parties but not yet expired at balance sheet date

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Derecognised amount at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills not yet mature but already endorsed	45,661,199.62	0.00
Bank acceptance bills not yet mature but already discounted	0.00	0.00

Total	45,661,199.62	0.00
-------	---------------	------

In the current period, the Company discounted bank acceptance bills of RMB0.00 (previous year: RMB 9,767,218.08); Factoring expenses incurred were RMB0.00 (previous year: RMB73,911.09).

(4) Disclosure by method of provision for bad debts

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	1,644,458,811.36	100.00	0.00	0.00	1,644,458,811.36	1,951,213,189.48	100.00	0.00	0.00	1,951,213,189.48
Including:										
Bank acceptance bills	1,644,458,811.36	100.00	0.00	0.00	1,644,458,811.36	1,951,213,189.48	100.00	0.00	0.00	1,951,213,189.48
Total	1,644,458,811.36	100.00	0.00	0.00	1,644,458,811.36	1,951,213,189.48	100.00	0.00	0.00	1,951,213,189.48

Provision for bad debts on individual item:

□Applicable √N/A

Provision for bad debt on a portfolio basis:

√Applicable □N/A

Provision for bad debts on portfolio basis: Bank acceptance bills

Item	Balance at the End of the Period		
	Notes receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	1,644,458,811.36	0.00	0.00
Total	1,644,458,811.36	0.00	0.00

Explanation of bad debt provision calculated by combination:

□Applicable √N/A

Provision for bad debts is made according to the general model of expected credit losses

□Applicable √N/A

Explanation of significant changes in the book balance of notes receivable for which there were changes in loss provisions during the current period:

□Applicable √N/A

(5) Provision for bad debts

□Applicable √N/A

Significant recovery or reversal of bad debt provision for the current period:

□Applicable √N/A

(6) Actual write-off of notes receivable in the period

□Applicable √N/A

Other descriptions:

□Applicable √N/A

4. Accounts receivable**(1) Disclosed by aging**

√Applicable □N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year:	2,913,394,598.37	2,440,126,785.44
1-2 years	10,548,874.86	12,588,081.46
2-3 years	17,421,764.29	34,759,173.64
3-4 years	8,384,458.68	1,952,725.64
4-5 years	1,921,835.52	2,798,831.08
Over 5 years	20,483,959.08	19,981,423.56
Total	2,972,155,490.80	2,512,207,020.82

According to the credit policy of the Company, the Company usually grants a credit period ranging from 30 to 90 days to customers.

(2) Disclosure by method of provision for bad debts

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual item	21,590,973.02	0.73	17,915,262.68	82.98	3,675,710.34	33,793,283.02	1.35	26,456,879.68	78.29	7,336,403.34
Including:										
Receivables from domestic customers	21,590,973.02	0.73	17,915,262.68	82.98	3,675,710.34	33,793,283.02	1.35	26,456,879.68	78.29	7,336,403.34
Receivables from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	2,950,564,517.78	99.27	68,012,734.38	2.31	2,882,551,783.40	2,478,413,737.80	98.65	55,859,089.13	2.25	2,422,554,648.67
Including:										
Receivables from domestic customers	2,197,038,943.03	73.92	55,519,798.23	2.53	2,141,519,144.80	1,897,562,319.42	75.53	47,863,899.59	2.52	1,849,698,419.83
Receivables from overseas customers	753,525,574.75	25.35	12,492,936.15	1.66	741,032,638.60	580,851,418.38	23.12	7,995,189.54	1.38	572,856,228.84
Total	2,972,155,490.80	100.00	85,927,997.06	2.89	2,886,227,493.74	2,512,207,020.82	100.00	82,315,968.81	3.28	2,429,891,052.01

Provision for bad debt on individual item:

√Applicable □N/A

Unit: Yuan Currency: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason of provision
Purchase of goods	21,590,973.02	17,915,262.68	82.98	Full amount is unlikely to be recovered
Total	21,590,973.02	17,915,262.68	82.98	/

Descriptions of Provision for bad debt on individual item:

☐Applicable ☒N/A

Provision for bad debts on portfolio basis:

☒Applicable ☐N/A

Provision for bad debts on portfolio basis: Receivables from domestic customers

Unit: Yuan Currency: RMB

Ageing	Closing balance		
	Account receivables	Provision for bad debt	Expected credit loss rate (%)
Within 1 year:	2,160,717,412.21	31,755,493.71	1.47
1 to 2 years (inclusive of 2 years)	10,548,874.86	1,634,271.94	15.49
2 to 3 years (inclusive of 3 years)	4,321,007.89	2,628,334.11	60.83
3 to 4 years (inclusive of 4 years)	8,384,458.68	6,708,413.65	80.01
4 to 5 years (inclusive of 5 years)	1,921,835.52	1,647,930.95	85.75
Over 5 years	11,145,353.87	11,145,353.87	100.00
Total	2,197,038,943.03	55,519,798.23	2.53

Standards of provision for bad debts on portfolio basis and descriptions thereof:

☐Applicable ☒N/A

Provision for bad debts on portfolio basis: Receivables from overseas customers

Unit: Yuan Currency: RMB

Ageing	Closing balance		
	Account receivables	Provision for bad debt	Expected credit loss rate (%)
Within 1 year:	752,677,186.16	11,899,064.14	1.58
1 to 2 years (inclusive of 2 years)	0.00	0.00	0.00
2 to 3 years (inclusive of 3 years)	848,388.59	593,872.01	70.00
Total	753,525,574.75	12,492,936.15	1.66

Standards of provision for bad debts on portfolio basis and descriptions thereof:

☐Applicable ☒N/A

If the provision for bad debts is made in accordance with the general model of expected credit losses, please refer to other receivables disclosure:

☐Applicable ☒N/A

(3) Provision for bad debts

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Category	Beginning balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Removal/write-off	Others	
Provision for bad debts	82,315,968.81	5,216,270.63	0.00	1,604,242.38	0.00	85,927,997.06
Total	82,315,968.81	5,216,270.63	0.00	1,604,242.38	0.00	85,927,997.06

At 30 June 2025 and 31 December 2024, the Company had no overdue but not impaired accounts receivable.

Significant recovery or reversal of bad debt provision for the current period:

☐Applicable ☒N/A

(4) Actual write-off of accounts receivable in this period

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Amount written-off
Accounts receivable actually written off	1,604,242.38

Significant accounts receivable that are written off:

☐Applicable ☒N/A

Descriptions of write-off of accounts receivable:

☐Applicable ☒N/A

(5)Accounts receivable due from the top five debtors

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Unit name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balances of accounts receivable and contract assets	The proportion of the total ending balance of accounts receivable and contract assets (%)	Ending balance of the allowance for bad debts
Unit 1	135,192,706.91	0.00	135,192,706.91	4.55	2,641,906.79
Unit 2	84,393,523.97	0.00	84,393,523.97	2.84	843,935.24
Unit 3	52,348,532.31	0.00	52,348,532.31	1.76	523,485.32
Unit 4	44,558,526.98	0.00	44,558,526.98	1.50	922,495.51
Unit 5	38,763,880.04	0.00	38,763,880.04	1.30	1,251,862.45
Total	355,257,170.21	0.00	355,257,170.21	11.95	6,183,685.31

As of 30 June 2025, the total amount of the top five debtors in closing balance is RMB355,257,170.21, accounting for 11.95% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB6,183,685.31.

(6) Accounts receivable derecognized due to the transfer of financial assets in each reporting period.

☐Applicable ☒N/A

(7) Assets or liabilities formed by the continuing involvement of transferred accounts receivables in each reporting period.

☐Applicable ☒N/A

Other descriptions:

□Applicable √N/A

5. Prepayments

(1) Disclosure of prepayments by aging analysis

√Applicable □N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		Balance at the Beginning of the Period	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	239,307,677.47	93.25	228,324,008.00	94.59
1 to 2 years	11,282,837.89	4.40	9,222,102.11	3.82
2 to 3 years	3,036,116.18	1.18	1,609,594.21	0.67
Over 3 years	2,991,058.82	1.17	2,223,509.47	0.92
Total	256,617,690.36	100.00	241,379,213.79	100.00

(2) Prepayments due from the top five debtors

√Applicable □N/A

Unit name	Balance at the End of the Period	Proportion of the total balance of prepaid accounts at the end of the period (%)
Unit 1	18,000,000.00	7.01
Unit 2	10,422,514.04	4.06
Unit 3	7,001,060.00	2.73
Unit 4	6,327,600.80	2.47
Unit 5	6,050,000.00	2.36
Total	47,801,174.84	18.63

As of 30 June 2025, the total amount of the top five prepayments in closing balance is RMB47,801,174.84, accounting for 18.63% of the total amount of closing balance of prepayments.

Other descriptions:

□Applicable √N/A

6. Other receivables

Line items

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	146,732.76	0.00
Other receivables	61,631,469.80	51,166,649.86
Total	61,778,202.56	51,166,649.86

Other descriptions:

□Applicable √N/A

Dividends receivable

(1) Dividends receivable

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Kunlun Energy Company Limited	146,732.76	0.00
Total	146,732.76	0.00

(2) Significant dividends receivable aged over 1 year.

☐Applicable ☒N/A

(3) Provision made for bad debts

☐Applicable ☒N/A

Other receivables

(1) Disclosed by aging

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period	Balance at the Beginning of the Period
Subtotal within 1 year	55,470,106.43	46,472,958.88
1 to 2 years	9,494,562.78	4,112,309.31
2 to 3 years	2,865,431.67	5,192,192.02
3 to 4 years	538,884.05	1,848,522.45
4 to 5 years	1,733,553.29	807,066.65
Over 5 years	30,605,884.29	31,625,799.16
Total	100,708,422.51	90,058,848.47

(2) Disclosure by nature

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Security deposits, deposits and rental fees	15,208,191.87	14,929,961.98
Reserved fund and advances	25,024,907.06	17,986,570.07
Related party balances	933,714.01	989,830.90
External entities balances	10,552,827.07	13,489,154.97
Tax refund on exports	14,786,187.12	12,746,669.03
Treasury bonds and security deposits	16,954,735.37	16,954,735.37
Others	17,247,860.01	12,961,926.15
Total	100,708,422.51	90,058,848.47

(3) Information of provision for bad debts

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss within 12 months	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit impairment has occurred)	
Beginning balance	0.00	11,712,648.79	27,179,549.82	38,892,198.61
Movement of beginning balance during the period				
--transfer to second stage	0.00	0.00	0.00	0.00
--transfer to third stage	0.00	0.00	0.00	0.00
--Reverse to second stage	0.00	0.00	0.00	0.00
--Reverse to first stage	0.00	0.00	0.00	0.00
Provision for the year	0.00	2,116,153.12	0.00	2,116,153.12
Reversal in the year	0.00	0.00	0.00	0.00

Transfer in the year	0.00	0.00	0.00	0.00
Write-off in the year	0.00	0.00	1,890,000.00	1,890,000.00
Other movement	0.00	-41,399.02	0.00	-41,399.02
Closing balance	0.00	13,787,402.89	25,289,549.82	39,076,952.71

Basis for division of each stage and bad debt provision ratio

At the End of the Period, there is no provision for bad debts on those in first stage:

At the End of the Period, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	75,418,872.69	18.28	13,787,402.89	61,631,469.80	
Export tax refund receivable	14,786,187.12	2.53	373,383.52	14,412,803.60	
Security deposits, deposits and rental receivable	15,208,191.87	31.47	4,785,511.15	10,422,680.72	
Other receivables	45,424,493.70	19.00	8,628,508.22	36,795,985.48	
Total	75,418,872.69	18.28	13,787,402.89	61,631,469.80	

At the End of the Period, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	25,289,549.82	100.00	25,289,549.82	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Likelihood of recovery is expected to be low
Other receivables	8,334,814.45	100.00	8,334,814.45	0.00	Likelihood of recovery is expected to be low
Total	25,289,549.82	100.00	25,289,549.82	0.00	

As of 31 December 2024, information of provision for bad debts:

As of 31 December 2024, there is no provision for bad debts on those in first stage:

As of 31 December 2024, Provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis	62,879,298.65	18.63	11,712,648.79	51,166,649.86	
Export tax refund receivable	12,746,669.03	1.08	137,836.48	12,608,832.55	
Security deposits, deposits and rental receivable	14,929,961.98	21.06	3,144,110.61	11,785,851.37	
Other receivables	35,202,667.64	23.95	8,430,701.70	26,771,965.94	
Total	62,879,298.65	18.63	11,712,648.79	51,166,649.86	

As of 31 December 2024, Provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	27,179,549.82	100.00	27,179,549.82	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Likelihood of recovery is expected to be low
Other receivables	10,224,814.45	100.00	10,224,814.45	0.00	Likelihood of recovery is expected to be low
Total	27,179,549.82	100.00	27,179,549.82	0.00	

Descriptions of the significant changes in the gross carrying amount of other receivables for which the changes in loss allowance occur for the current period

☐Applicable ☒N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

☐Applicable ☒N/A

(4) The situation of bad debt provision

☐Applicable ☒N/A

Among them, the amount of reversal or recovery of bad debt provisions in this period is significant:

☐Applicable ☒N/A

(5) Actual written-off of other receivables in this period

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Amount written off
Other receivables actually written off	1,890,000.00

Significant other receivables that are written off:

☐Applicable ☒N/A

Descriptions of write-off of other receivables:

☐Applicable ☒N/A

(6) Other receivables due from the top five debtors

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Name of entity	Nature	Other receivables Closing balance	Ageing	Proportion to total other receivables (%)	Provision for bad debts Closing balance
Hua Xia Securities Co., Ltd. (华夏证券股份有限公司)	Treasury bonds and security deposits	16,954,735.37	Over 5 years	16.84	16,954,735.37
Tax refund on exports	Export tax refund	14,786,187.12	Within 1 year	14.68	373,383.52
Guangzhou Galaxy Sunshine Biological Products Co., Ltd. (广州银河阳光生物制品有限公司)	Loan	5,000,000.00	Over 5 years	4.96	5,000,000.00
Zhongnuo Kailin Pharmaceutical Development (Suzhou) Co., Ltd. (中诺凯琳医药发展(苏州)有限公司) and its subsidiaries	Security deposits and Purchase of goods	3,190,000.00	Within 1 year: 2,390,000.00; Within 3-4 years: 800,000.00;	3.17	793,500.00
Qingdao Jieyunhang International Logistics Co., Ltd. (青岛捷运航国际物流有限公司)	Security deposits	1,200,000.00	Within 1-2 years	1.19	60,000.00
Total	/	41,130,922.49	/	40.84	23,181,618.89

(7) Receivables involving government subsidies

☐Applicable ☒N/A

(8). The company has no other accounts receivable that are derecognized due to the transfer of financial assets.

(9). The company has no assets or liabilities formed from the transfer of other accounts receivable while continuing to be involved.

7. Inventories

(1) Inventories by category

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Raw materials	545,980,783.61	24,366,961.62	521,613,821.99	578,598,167.92	25,605,062.73	552,993,105.19
Packaging materials	116,403,179.15	29,622,957.37	86,780,221.78	111,420,474.51	30,531,140.26	80,889,334.25
Work-in-progress and semi-finished products	854,561,725.92	93,785,898.33	760,775,827.59	870,979,516.35	105,746,474.26	765,233,042.09
Low-value consumables	80,492,536.55	9,620,263.39	70,872,273.16	78,190,010.45	13,387,887.24	64,802,123.21
Finished goods and stock goods	877,137,446.61	25,852,277.53	851,285,169.08	1,123,460,413.82	28,624,595.64	1,094,835,818.18

Sub-contracting materials	896,801.89	0.00	896,801.89	1,734,123.93	0.00	1,734,123.93
Consumptive biological assets	20,761,725.00	0.00	20,761,725.00	17,112,905.05	0.00	17,112,905.05
Issued goods	7,721,827.87	0.00	7,721,827.87	43,742,665.60	0.00	43,742,665.60
Total	2,503,956,026.60	183,248,358.24	2,320,707,668.36	2,825,238,277.63	203,895,160.13	2,621,343,117.50

(2) Provision for diminution in value of inventories and provision for diminution in value of contract performance costs

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase during the Period		Decrease during the Period		Balance at the End of the Period
		Provision	Others	Reversal or written-off	Others	
Raw materials	25,605,062.73	2,199,265.52	0.00	3,437,366.63	0.00	24,366,961.62
Packaging materials	30,531,140.26	189,624.27	0.00	1,097,807.16	0.00	29,622,957.37
Work-in-progress and semi-finished products	105,746,474.26	0.00	0.00	11,960,575.93	0.00	93,785,898.33
Low-value consumables	13,387,887.24	217,222.73	0.00	3,984,846.58	0.00	9,620,263.39
Finished goods and stock goods	28,624,595.64	12,198,312.83	0.00	14,970,630.94	0.00	25,852,277.53
Total	203,895,160.13	14,804,425.35	0.00	35,451,227.24	0.00	183,248,358.24

Provision for decline in value of inventories (Continued)

Item	Basis in determination of net recoverable amount/residual value and cost to be incurred	Reason for reversal or written-off of provision for decline in value of inventories/ Provision for impairment of contract performance cost
Raw materials	Estimated selling price less estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Packaging materials	The estimated selling price less related taxes Discard	Discard
Work-in-progress and semi-finished products	Estimated selling price less estimated costs of completion, selling expenses and related taxes	Processing of finished goods and discard
Low-value consumables	Estimated selling price less the related taxes	Used or discard
Finished goods	Estimated selling price less the estimated selling expenses and related taxes	Sale and discard

(3) Descriptions at the End of the Period of inventories including capitalised amount of borrowing costs

☐Applicable ☒N/A

(4) Description of amortization amount of contract performance cost in the current period

☐Applicable ☒N/A

Other descriptions:

☐Applicable ☒N/A

8. Assets held-for-sale

Item	Balance at the End of the Period		
	Book balance	Provision for impairment	Carrying amount
Non-current assets held-for-sale	54,029,237.68	0.00	54,029,237.68
Including: Construction in progress	25,445,035.68	0.00	25,445,035.68
Intangible assets	28,584,202.00	0.00	28,584,202.00
Total	54,029,237.68	0.00	54,029,237.68

In September 2024, the company's Board of Directors reviewed and approved the proposal of "Proposal on the Transfer of Land Use Rights and Associated Buildings by Wholly-owned Subsidiary, Involving Fundraising Investment Project Transfer." The proposal approves the wholly-owned subsidiary, Healthy China, to transfer its ownership of the state-owned land use rights located on the south side of Hubin Road and the east side of Binhai Road, Sanzao Town, Jinwan District, Zhuhai City, with a land area of 94,538 m², along with all buildings, other attachments, and construction in progress, to Zhuhai Yangyi Biopharmaceutical Co., Ltd. The transfer price is RMB 79.52 million (tax included).

9. Non-current assets due within one year

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Fixed deposits due within 1 year	1,068,421,283.81	556,410,803.22
Total	1,068,421,283.81	556,410,803.22

Significant debt investments and other debt investments at the end of the period:

□Applicable √N/A

10. Other current assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Input VAT pending deduction /Input tax pending for verification	76,949,198.46	121,986,411.58
Prepaid income tax	44,255,688.09	36,657,570.07
Others	462,781.94	443,555.11
Total	121,667,668.49	159,087,536.76

11. Long-term equity investment

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	2024.12.31	Beginning balance of provision for impairment	Movement in the year								2025.6.30	Closing balance of provision for impairment
			Additions in investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
②Associates												
Livzon Medical Electronic Equipment (Plant) Co., Ltd. (丽珠集团丽珠医用电子设备有限公司)	1,200,000.00	1,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200,000.00	1,200,000.00
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	120,452,740.87	0.00	0.00	0.00	10,308,520.74	0.00	0.00	8,313,401.29	0.00	0.00	122,447,860.32	0.00
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	1,299,140.19	0.00	0.00	1,299,140.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AbCyte Therapeutics Inc.	11,543,155.66	0.00	0.00	0.00	-55,361.04	0.00	0.00	0.00	0.00	0.00	11,487,794.62	0.00
L&L Biopharma, Co. Ltd. (上海健信生物医药科技有限公司)	13,815,403.19	0.00	0.00	0.00	-582,669.05	0.00	0.00	0.00	0.00	0.00	13,232,734.14	0.00
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	23,371,683.53	0.00	0.00	0.00	-10,586,967.53	0.00	0.00	0.00	0.00	0.00	12,784,716.00	0.00
Aetio Biotherapy, Inc.	14,985,614.41	0.00	0.00	0.00	-27,717.73	0.00	0.00	0.00	0.00	0.00	14,957,896.68	0.00
Hangzhou New Element Pharmaceutical Co., Ltd. (formerly known as Jiangsu New Element Pharmaceutical Technology Co., Ltd (杭州新元素药业有限公司(曾用名:江苏新元素医药科技有限公司))	86,902,370.94	0.00	0.00	0.00	-5,269,649.64	2,410.36	0.00	0.00	0.00	0.00	81,635,131.66	0.00
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	749,294,204.58	0.00	0.00	0.00	37,317,539.31	0.00	0.00	0.00	0.00	0.00	786,611,743.89	0.00
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	17,570,377.24	0.00	0.00	0.00	-83,379.60	0.00	0.00	0.00	0.00	0.00	17,486,997.64	0.00
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物医药科技有限公司)	10,219,022.71	0.00	0.00	0.00	31,607.40	0.00	8,712.25	0.00	0.00	0.00	10,259,342.36	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	308,344,956.56	0.00	0.00	0.00	8,449,719.42	0.00	0.00	0.00	0.00	0.00	316,794,675.98	0.00
Ningbo Ningrong Biomedical Co., Ltd. (宁波宁融生物医药有限公司)	27,499,631.47	0.00	0.00	0.00	-166,877.00	0.00	0.00	0.00	0.00	0.00	27,332,754.47	0.00

Investee	2024.12.31	Beginning balance of provision for impairment	Movement in the year								2025.6.30	Closing balance of provision for impairment
			Additions in investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
Feellife Health Inc. (深圳来福士雾化医学有限公司)	10,092,208.38	0.00	0.00	0.00	-585,195.28	0.00	0.00	0.00	0.00	0.00	9,507,013.10	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd. (江苏百宁盈创医疗科技有限公司)	31,960,440.67	0.00	0.00	0.00	1,093,606.87	0.00	0.00	0.00	0.00	0.00	33,054,047.54	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	17,308,834.37	0.00	0.00	0.00	-324,008.77	0.00	0.00	0.00	0.00	0.00	16,984,825.60	0.00
Haisong Precision Parts (Taicang) Co., Ltd. (海嵩精密零部件(太仓) 有限公司)	1,638,813.69	0.00	0.00	0.00	-43,069.90	0.00	0.00	0.00	0.00	0.00	1,595,743.79	0.00
Subtotal	1,447,498,598.46	1,200,000.00	0.00	1,299,140.19	39,476,098.20	2,410.36	8,712.25	8,313,401.29	0.00	0.00	1,477,373,277.79	1,200,000.00

Investee	2024.12.31	Beginning balance of provision for impairment	Movement in the year								2025.6.30	Closing balance of provision for impairment
			Additions in investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
①Subsidiaries												
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	6,337,823.35	6,337,823.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,337,823.35	6,337,823.35
Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司)	1,949,893.45	1,949,893.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,949,893.45	1,949,893.45
Subtotal	8,287,716.80	8,287,716.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,287,716.80	8,287,716.80

12. Other equity instruments investment

(1) Other equity instruments investment

√Applicable □N/A

Item	2024.12.31	Increase and decrease changes in this period					2025.06.30	Dividend income recognized in this period	Gains accumulated and recorded in other comprehensive income	Losses accumulated in other comprehensive income	Reasons for designating as measured at fair value and with changes recorded in other comprehensive income
		Additional investment	Decrease in investment	Gains included in other comprehensive income for this period	Losses included in other comprehensive income for this period	Others					
Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新创投股权投资中心)	54,973,447.09				5,205,974.88		49,767,472.21	-		3,940,528.23	Non-trading
Shanghai JingYi Investment Center (上海经颐投资中心)	68,241,884.52				174,497.28		68,067,387.24	1,505,811.26	302,911.59		Non-trading
Qianhai Equity Investment Fund (前海股权投资基金)	222,903,402.11			7,209,027.76			230,112,429.87	-	28,642,278.90		Non-trading
Apricot Forest, Inc (杏树林)	83,774,400.00				1,274,654.75		82,499,745.25	-		91,934,445.96	Non-trading
Chengdu Jinrui Jiye Biotechnology Co., Ltd. (成都金瑞基业生物科技有限公司)	20,000,000.00			-	-		20,000,000.00	-	0.00		Non-trading
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	15,000,000.00			-	-		15,000,000.00	-	0.00		Non-trading
Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	228,006,000.00			-	-		228,006,000.00	-	129,778,204.00		Non-trading

GLOBAL HEALTH SCIENCE	143,205,685.40		-		2,466,734.50		140,738,950.90	-		20,427,406.56	Non-trading
Nextech V Oncology S.C.S., SICAV-SIF	22,515,721.72	407,603.40			4,450,383.53		18,472,941.59	-		11,897,021.39	Non-trading
Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海)有限公司)	24,737,630.38			-	-		24,737,630.38	-		2,694,052.73	Non-trading
ELICIO THERAPEUTICS, INC.	4,853,421.34			2,633,450.38			7,486,871.72	-		27,876,430.33	Non-trading
CARISMA THERAPEUTICS, INC.	2,168,737.47				111,837.54		2,056,899.93			36,750,366.07	Non-trading
Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司)	49,572,318.75			1,796,267.54			51,368,586.29	-	16,026,439.71		Non-trading
Guangzhou Kentai Biopharmaceutical Technology Co., Ltd. (广州科恩泰生物医药科技有限公司)	12,000,000.00			-	-		12,000,000.00	-	0.00		Non-trading
Huino Biopharmaceutical Technology (Hangzhou) Co., Ltd. (辉诺生物医药科技(杭州)有限公司)	0.00	15,000,000.00		-	-		15,000,000.00	-	0.00		Non-trading
Others	74,596,094.37		422,631.43		721,979.04		73,451,483.90	-	54,286,015.48		Non-trading
Total	1,026,548,743.15	15,407,603.40	422,631.43	11,638,745.68	14,406,061.52	0.00	1,038,766,399.28	1,505,811.26	229,035,849.68	195,520,251.27	/

Since the above-mentioned project is an investment that the company plans to hold long-term for strategic purposes, the company has designated it as a financial asset measured at fair value through other comprehensive income.

(2) Explanation of the situation of termination of recognition in this period

Item	Gains recognized in other comprehensive income for the current period	Losses recognized in other comprehensive income for the current period	Reason of derecognition
Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新股权投资中心)	0.00	0.00	—
Shanghai JingYi Investment Center (上海经颐投资中心)	0.00	0.00	—
Qianhai Equity Investment Fund (前海股权投资基金)	0.00	0.00	—
Apricot Forest, Inc (杏树林)	0.00	0.00	—
Chengdu Jinrui Jiye Biotechnology Co., Ltd. (成都金瑞基业生物科技有限公司)	0.00	0.00	—
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	0.00	0.00	—
Huino Biopharmaceutical Technology (Hangzhou) Co., Ltd. (辉诺生物医药科技(杭州)有限公司)	0.00	0.00	—
Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	0.00	0.00	—
GLOBAL HEALTH SCIENCE	0.00	0.00	—
Nextech V Oncology S.C.S., SICAV-SIF	0.00	0.00	—
Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海)有限公司)	0.00	0.00	—
ELICIO THERAPEUTICS, INC.	0.00	0.00	—
CARISMA THERAPEUTICS, INC.	0.00	0.00	—
Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司)	0.00	0.00	—
Guangzhou Kentai Biopharmaceutical Technology Co., Ltd. (广州科恩泰生物医药科技有限公司)	0.00	0.00	—
Others	0.00	7,151,648.63	Recovery of partial investment
Total	0.00	7,151,648.63	--

13. Investment properties

Measurement of investment properties

(1) Investment properties measured at cost

Unit: Yuan Currency: RMB

Item	Housing and buildings	Total
I. Book value:		
1. Beginning balance	79,641,895.79	79,641,895.79
2. Increase	0.00	0.00
(1) Transfer of fixed assets	0.00	0.00
3. Decrease	0.00	0.00
4. Closing balance	79,641,895.79	79,641,895.79
II. Accumulated depreciation and amortisation		
1. Beginning balance	63,524,566.22	63,524,566.22

2.Increase	420,441.72	420,441.72
(1) Amortisation for the year	420,441.72	420,441.72
(2) Transfer of fixed assets	0.00	0.00
3.Decrease	0.00	0.00
4. Closing balance	63,945,007.94	63,945,007.94
III. Provision for impairment		
1.Beginning balance	0.00	0.00
2.Increase	0.00	0.00
3. Decrease	0.00	0.00
4.Closing balance	0.00	0.00
IV. Carrying amount		
1.Carrying value at period end	15,696,887.85	15,696,887.85
2.Carrying value at beginning of the period	16,117,329.57	16,117,329.57

(2) Investment properties whose title certificate has not completed:

☐Applicable ☒N/A

14. Fixed assets

Line items

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Year
Fixed assets	5,506,577,329.64	5,689,216,337.13
Fixed assets for disposal	0.00	0.00
Total	5,506,577,329.64	5,689,216,337.13

Fixed assets

(1) Details of fixed assets

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
I. Book value:					
1.Beginning balance	4,855,407,551.52	6,522,076,264.03	115,784,559.29	978,353,100.56	12,471,621,475.40
2.Increase	20,962,397.81	117,084,375.17	2,658,221.04	27,587,109.04	168,292,103.06
(1) Purchase	8,969,809.12	36,862,295.68	2,658,221.04	25,715,198.09	74,205,523.93
(2) Transfer from construction in progress	11,992,588.69	80,222,079.49	0.00	1,871,910.95	94,086,579.13
3.Decrease	1,964,766.16	29,788,089.52	1,872,243.18	12,551,245.58	46,176,344.44
(1) Disposal or scrap	1,964,766.16	29,788,089.52	1,629,527.85	12,545,228.43	45,927,611.96
(2) Others	0.00	0.00	242,715.33	6,017.15	248,732.48
4.Closing balance	4,874,405,183.17	6,609,372,549.68	116,570,537.15	993,388,964.02	12,593,737,234.02
II. Accumulated depreciation					
1.Beginning balance	2,177,892,810.97	3,746,279,934.97	85,643,354.38	659,960,595.35	6,669,776,695.67
2.Increase	108,938,226.78	184,904,466.18	4,020,865.49	41,109,439.81	338,972,998.26
(1) Provision	108,938,226.78	184,904,466.18	4,020,865.49	41,109,439.81	338,972,998.26
3.Decrease	687,846.76	20,808,801.35	1,676,424.06	10,274,332.15	33,447,404.32
(1) Disposal or scrap	687,846.76	20,808,801.35	1,447,619.77	10,274,332.15	33,218,600.03

(2) Others	0.00	0.00	228,804.29	0.00	228,804.29
4.Closing balance	2,286,143,190.99	3,910,375,599.80	87,987,795.81	690,795,703.01	6,975,302,289.61
III. Provision for impairment					
1.Beginning balance	30,547,641.17	63,202,987.97	0.00	18,877,813.46	112,628,442.60
2.Increase	0.00	0.00	0.00	9,636.13	9,636.13
(1) Provision	0.00	0.00	0.00	9,636.13	9,636.13
3.Decrease	0.00	768,771.97	0.00	11,691.99	780,463.96
(1) Disposal or scrap	0.00	768,771.97	0.00	11,691.99	780,463.96
4.Closing balance	30,547,641.17	62,434,216.00	0.00	18,875,757.60	111,857,614.77
IV. Carrying amount					
1.Carrying value at period end	2,557,714,351.01	2,636,562,733.88	28,582,741.34	283,717,503.41	5,506,577,329.64
2.Carrying value at beginning of the period	2,646,967,099.38	2,712,593,341.09	30,141,204.91	299,514,691.75	5,689,216,337.13

(2) Fixed assets with temporary idle

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Book value	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Housing and buildings	23,926,279.99	16,173,769.61	5,155,770.80	2,596,739.58	
Machinery and equipment	158,852,582.08	108,829,504.66	34,772,867.40	15,250,210.02	
Electronic equipment and others	3,693,611.35	3,206,761.32	130,163.84	356,686.19	
Total	186,472,473.42	128,210,035.59	40,058,802.04	18,203,635.79	

(3) Fixed assets leased out under operating leases

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount
Housing and buildings	1,368,885.98

(4) Fixed assets without property certificate

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount	Reason for pending certificate of ownership
Housing and buildings	458,717,918.46	Application in progress

Other descriptions

□Applicable √N/A

Disposal of fixed assets

□Applicable √N/A

15. Construction in progress

Line items

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Construction in progress	582,635,379.81	530,598,976.80
Construction materials	32,000.00	464,794.99
Total	582,667,379.81	531,063,771.79

Construction in progress

(1) Descriptions of construction in progress

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	217,046,458.89	13,576,290.39	203,470,168.50	197,467,459.58	13,576,290.39	183,891,169.19
Simei project (司美项目)	54,028,974.21	0.00	54,028,974.21	47,742,942.52	0.00	47,742,942.52
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂 P03 建设项目)	57,909,448.31	0.00	57,909,448.31	41,750,648.05	0.00	41,750,648.05
Jiaozuo new factory relocation project (焦作新厂迁建项目)	64,192,340.65	0.00	64,192,340.65	55,831,987.95	0.00	55,831,987.95
Construction Project of Livzon Group Indonesia Factory (丽珠集团印尼工厂建设项目)	18,288,794.63	0.00	18,288,794.63	0.00	0.00	0.00
Others	190,596,464.40	5,850,810.89	184,745,653.51	207,233,039.98	5,850,810.89	201,382,229.09
Total	602,062,481.09	19,427,101.28	582,635,379.81	550,026,078.08	19,427,101.28	530,598,976.80

(2) Changes in significant construction in progress

√Applicable □N/A

Unit: Yuan Currency: RMB

Project item	Budget	Balance at the Beginning of the Period	Increase	Transfer to fixed assets	Other decrease	Balance at the End of the Period
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	1,436,107,400.00	197,467,459.58	19,866,398.85	287,399.54	0.00	197,467,459.58
Simei project (司美项目)	168,900,000.00	47,742,942.52	7,507,639.94	1,221,608.25	0.00	47,742,942.52
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂 P03 建设项目)	106,033,900.00	41,750,648.05	16,713,980.07	555,179.81	0.00	41,750,648.05

Jiaozuo new factory relocation project (焦作新厂迁建项目)	184,261,900.00	55,831,987.95	8,360,352.70	0.00	0.00	55,831,987.95
Construction Project of Livzon Group Indonesia Factory (丽珠集团印尼工厂建设项目)	191,000,000.00	0.00	18,288,794.63	0.00	0.00	0.00
Total	2,086,303,200.00	342,793,038.10	70,737,166.19	2,064,187.60	0.00	342,793,038.10

(Continued)

Project item	Proportion of cumulative input to budget %	Progress %	Cumulative amount of interest capitalised	Interest capitalisation rate for the year (%)	Including: interest capitalised in the year	Source of fund
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	89.91	Completion of some projects	0.00	0.00	0.00	Self-funding and funds raised
Simei project (司美项目)	76.33	Under construction	0.00	0.00	0.00	Self-funding
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂 P03 建设项目)	55.14	Completion of some projects	0.00	0.00	0.00	Self-funding
Jiaozuo new factory relocation project (焦作新厂迁建项目)	74.47	Completion of some projects	0.00	0.00	0.00	Self-funding
Construction Project of Livzon Group Indonesia Factory (丽珠集团印尼工厂建设项目)	9.58	Completion of some projects	0.00	0.00	0.00	Self-funding
Total			0.00	0.00	0.00	-

Other decrease is mainly transferred to long-term deferred expenses.

(3). Provision for impairment of construction in progress in the current period

☐Applicable ☒N/A

(4). Impairment testing of construction in progress

☐Applicable ☒N/A**16. Right-of-use assets**☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Housing and buildings	Total
I. Book value:		
1.Beginning balance	77,457,499.50	77,457,499.50
2.Increase	18,261,380.89	18,261,380.89
(1) Leasing	18,261,380.89	18,261,380.89
3.Decrease	11,543,971.78	11,543,971.78
4. Closing balance	84,174,908.61	84,174,908.61
II. Accumulated depreciation		
1.Beginning balance	38,830,765.93	38,830,765.93
2.Increase	14,127,614.55	14,127,614.55
(1) Provision	14,127,614.55	14,127,614.55

3.Decrease	11,543,971.78	11,543,971.78
4.Closing balance	41,414,408.70	41,414,408.70
III. Provision for impairment		
1.Beginning balance	0.00	0.00
2.Increase	0.00	0.00
3.Decrease	0.00	0.00
4.Closing balance	0.00	0.00
IV. Carrying amount		
1.Carrying value at period end	42,760,499.91	42,760,499.91
2.Carrying value at beginning of the period	38,626,733.57	38,626,733.57

Other descriptions:

In this period, the company recognized rental fees related to short-term leases and leases of low-value assets amounting to RMB3.38 million.

17. Intangible assets

(1) Details of intangible assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Land use rights	Patent and technical know-how	Software	Trademark rights	Others	Total
I. Book value						
1.Beginning balance	424,237,895.05	1,343,088,280.41	102,496,927.77	62,769,716.98	13,201,934.53	1,945,794,754.74
2.Increase	91,793,833.79	11,468,648.34	4,725,486.86	0.00	0.00	107,987,968.99
(1) Purchase	91,793,833.79	11,468,648.34	4,725,486.86	0.00	0.00	107,987,968.99
(2) Internal R&D	0.00	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	0.00	1,380,579.05	0.00	0.00	1,380,579.05
(1) Disposal	0.00	0.00	1,380,579.05	0.00	0.00	1,380,579.05
4.Closing balance	516,031,728.84	1,354,556,928.75	105,841,835.58	62,769,716.98	13,201,934.53	2,052,402,144.68
II. Accumulated amortisation						
1.Beginning balance	140,207,190.88	950,695,107.32	80,077,098.80	62,766,611.71	8,898,251.72	1,242,644,260.43
2.Increase	4,583,339.58	44,958,448.57	3,972,754.83	235.86	660,096.72	54,174,875.56
(1) Provision	4,583,339.58	44,958,448.57	3,972,754.83	235.86	660,096.72	54,174,875.56
3.Decrease	0.00	0.00	1,380,579.05	0.00	0.00	1,380,579.05
(1) Disposal	0.00	0.00	1,380,579.05	0.00	0.00	1,380,579.05
4.Closing balance	144,790,530.46	995,653,555.89	82,669,274.58	62,766,847.57	9,558,348.44	1,295,438,556.94
III. Provision for impairment						
1.Beginning balance	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36
2.Increase	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	0.00	0.00	0.00	0.00	0.00
4.Closing balance	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36

IV. Carrying amount						
1. Carrying value at period end	370,259,371.44	344,165,426.44	23,172,561.00	2,869.41	3,643,586.09	741,243,814.38
2. Carrying value at beginning of the period	283,048,877.23	377,655,226.67	22,419,828.97	3,105.27	4,303,682.81	687,430,720.95

The proportion of intangible assets created due to the internal R&D in the balance of intangible assets at the End of the Period is 54.39%

(2) Intangible assets pending for certificates of ownership

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying amount	Reasons for pending title certificate
Land use rights	19,478,694.50	Application in progress

Other descriptions

√Applicable □N/A

The land use rights represent the state-owned land use rights obtained by the Company in accordance with PRC laws in China, and the term of grant will be 50 years commencing from the date of obtaining the land use rights

18. Development Costs

Item	2024.12.31	Increase	Decrease	2025.6.30
Development costs	362,703,730.11	83,891,305.81	469,515.74	446,125,520.18

For details, please refer to Note VI. Research and Development Expenses

19. Goodwill

(1) Book value of goodwill

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of investee or matter from which goodwill arose	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Formation by business combination	Others	Disposal	Others	
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司)	2,045,990.12	0.00	0.00	0.00	0.00	2,045,990.12
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司)	3,492,752.58	0.00	0.00	0.00	0.00	3,492,752.58
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司)	13,863,330.24	0.00	0.00	0.00	0.00	13,863,330.24
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司)	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司)	46,926,155.25	0.00	0.00	0.00	0.00	46,926,155.25

Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂)	47,912,269.66	0.00	0.00	0.00	0.00	47,912,269.66
Livzon Group	395,306,126.41	0.00	0.00	0.00	0.00	395,306,126.41
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司)	91,878,068.72	0.00	0.00	0.00	0.00	91,878,068.72
Joincare Daily-Use & Health Care Co., Ltd. (健康元日用保健品有限公司)	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Shenzhen Taitai Pharmaceutical Co., Ltd. (深圳太太药业有限公司)	635,417.23	0.00	0.00	0.00	0.00	635,417.23
Health Pharmaceuticals (China) Limited (健康药业(中国)有限公司)	23,516,552.65	0.00	0.00	0.00	0.00	23,516,552.65
Shenzhen Hiyeah Industry Co., Ltd (深圳市喜悦实业有限公司)	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司)	92,035.87	0.00	0.00	0.00	0.00	92,035.87
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公司)	21,870,805.09	0.00	0.00	0.00	0.00	21,870,805.09
Total	662,420,858.76	0.00	0.00	0.00	0.00	662,420,858.76

(2) Provision for impairment of goodwill

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee or matters formed the goodwill	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Provision	Others	Disposal	Others	
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司)	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司)	11,200,000.00	0.00	0.00	0.00	0.00	11,200,000.00
Shenzhen Hiyeah Industry Co., Ltd (深圳市喜悦实业有限公司)	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Joincare Daily-Use & Health Care Co., Ltd. (健康元日用保健品有限公司)	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Total	26,081,354.94	0.00	0.00	0.00	0.00	26,081,354.94

(3) Relevant information regarding the asset portfolio and set of asset portfolios to which the goodwill belongs

□Applicable √N/A

Changes occur in the asset group or asset group combination

□Applicable √N/A

Other descriptions

√Applicable □N/A

On the balance sheet date, the Company conducts an impairment test on goodwill. When estimating the recoverable amount of input costs, it uses an assets group related to goodwill to estimate the present value of future cash flows.

The estimated future cash flow of asset groups is calculated according to the five-year financial budget plan made by the management, the cash flows in the years beyond the five-year budget plan remain stable.

Key assumptions of discounted future cash flow for goodwill impairment test are as follows:

For the Livzon Group and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 64.23% to 64.33%, an operating income growth rate of 0% to 5.01%, and a discount rate for cash flows of 12.07%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Shenzhen Haibin Pharmaceutical Co., Ltd. and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 34.16% to 35.06%, an operating income growth rate of -0.54% to 2.75%, and a discount rate for cash flows of 13.99%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Livzon Group Livzon Pharmaceutical Factory and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 84.97% to 86.32%, an operating income growth rate of -2.63% to 6.45%, and a discount rate for cash flows of 14.71%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 56.17% to 60.53%, an operating income growth rate of 0% to 14.43%, and a discount rate for cash flows of 15.15%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 58.50% to 63.85%, an operating income growth rate of -2.02% to 2.16%, and a discount rate for cash flows of 15.04%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 2.09% to 63.30%, an operating income growth rate of 0% to 450%,

and a discount rate for cash flows of 15.53%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

Based on the testing, the company's management expects that at the end of the reporting period, no provision for impairment of goodwill will be required.

20. Long-term deferred expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Amortisation	Other decrease	Balance at the End of the Period
Renovation costs of offices	30,697,804.67	624,971.17	2,401,591.57	0.00	28,921,184.27
Renovation costs of plants	207,127,752.69	9,949,635.03	23,065,527.95	0.00	194,011,859.77
Others	81,571,071.52	11,279,809.72	20,078,153.74	0.00	72,772,727.50
Total	319,396,628.88	21,854,415.92	45,545,273.26	0.00	295,705,771.54

21. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Deductible timing differences	Deferred tax assets	Deductible timing differences	Deferred tax assets
Provision for impairment of assets	501,942,501.81	77,550,071.66	497,255,302.54	77,890,020.01
Deductible difference arising from accrued expenses	1,265,870,939.33	190,503,229.29	1,081,237,575.78	162,676,632.60
Deductible difference arising from tax loss	1,629,401,799.44	245,272,684.21	1,124,126,741.94	169,481,425.60
Deferred income	323,171,790.40	48,475,768.56	319,424,690.91	47,913,703.64
Unrealised gains from intra-company transactions	409,651,802.20	62,042,140.97	582,247,811.23	81,697,884.59
Changes in fair value of other equity instruments	196,035,561.89	48,575,235.88	189,509,120.56	47,377,280.14
Deductible differences arising from equity incentive expenses	107,045,841.91	16,056,876.29	146,291,679.62	21,943,454.98
Lease liabilities	42,373,910.05	6,366,511.59	39,778,647.46	5,977,222.22
Other deductible temporary difference	428,112,281.43	68,064,139.41	464,123,445.06	70,510,913.07
Total	4,903,606,428.46	762,906,657.86	4,443,995,015.10	685,468,536.85

(2) Deferred tax liabilities before offsetting

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Taxable timing difference	Deferred tax liabilities	Taxable timing difference	Deferred tax liabilities
Changes in fair value of financial assets held for trading	14,146,881.73	2,139,031.66	12,583,829.07	1,925,721.93

Accelerated depreciation of fixed assets	1,279,210,401.53	193,099,316.36	1,264,973,405.97	190,963,767.03
Changes in fair value of other equity instrument investments	311,780,184.99	49,499,533.02	303,899,212.60	48,137,760.40
Unrealised gains from intra-company transactions	105,940,000.00	20,791,000.00	105,940,000.00	20,791,000.00
Right-of-use assets	42,760,499.93	6,424,500.08	38,626,733.57	5,804,435.14
Total	1,753,837,968.18	271,953,381.12	1,726,023,181.21	267,622,684.50

(3) Deferred income tax assets or liabilities listed as net amount after offset

☐Applicable ☒N/A

(4) Details of unrecognized deferred tax assets

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Deductible temporary difference	567,833,680.00	583,028,483.03
Deductible tax losses	3,624,295,239.20	3,993,110,992.36
Total	4,192,128,919.20	4,576,139,475.39

(5) Expiry of deductible tax losses in subsequent period

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Year	Balance at the End of the Period	Balance at the Beginning of the Period	Note
2025	410,782,848.44	410,864,162.21	
2026	571,688,356.85	571,689,375.28	
2027	748,573,186.42	750,372,752.42	
2028	896,643,496.68	1,134,535,777.60	
2029	659,451,080.54	986,529,397.34	
2030	183,610,899.54	0.00	
Indefinite	153,545,370.73	139,119,527.51	
Total	3,624,295,239.20	3,993,110,992.36	

Other descriptions:

☐Applicable ☒N/A

22. Other non-current assets

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book Balance	Provision for impairment	Carrying amount	Book Balance	Provision for impairment	Carrying amount
Term deposit and interests	339,564,859.20	0.00	339,564,859.20	1,058,626,418.54	0.00	1,058,626,418.54
VAT carry forward	14,205,132.10	0.00	14,205,132.10	3,338,832.19	0.00	3,338,832.19
Prepayment for acquisition of	254,353,115.42	0.00	254,353,115.42	211,092,593.81	0.00	211,092,593.81

project and equipment						
Others	8,251,101.00	0.00	8,251,101.00	0.00	0.00	0.00
Total	616,374,207.72	0.00	616,374,207.72	1,273,057,844.54	0.00	1,273,057,844.54

23. Ownership or using rights of assets subject to restriction

Item	End of the Period				Beginning of the Period			
	Book balance	Carrying amount	Restricted types	Restricted situations	Book balance	Carrying amount	Restricted types	Restricted situations
Other monetary funds	10,356,971.52	10,356,971.52	Frozen	Deposits for letter of credit and bank acceptance bills	9,331,443.62	9,331,443.62	Frozen	Deposits for letter of credit and bank acceptance bills
Notes receivable	773,308,187.19	773,308,187.19	Mortgaged	Acceptance bills and pledged notes receivable	805,827,262.43	805,827,262.43	Mortgaged	Acceptance bills and pledged notes receivable
Total	783,665,158.71	783,665,158.71			815,158,706.05	815,158,706.05		/

24. Short-term loans

(1) Short-term loans by category

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Unsecured loans	2,070,000,000.00	2,295,000,000.00
Guaranteed loans	60,000,000.00	100,000,000.00
Pledge loans	0.00	60,000,000.00
Total	2,130,000,000.00	2,455,000,000.00

(2) Overdue short-term loans

☐Applicable ☒N/A

Other descriptions:

☐Applicable ☒N/A

25. Financial liabilities held for trading

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period	The specified reasons and basis
Financial liabilities held for trading	8,581.94	9,046,554.29	/
Including:			
Derivative financial liabilities	8,581.94	9,046,554.29	/
Total	8,581.94	9,046,554.29	/

Other descriptions:

Derivative financial liabilities represent foreign currency forward contracts. The loss from unexpired onerous contracts measured at fair value on balance sheet date was recognised as financial liabilities held for trading.

26. Notes payable

√Applicable □N/A

Unit: Yuan Currency: RMB

Type	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,210,521,011.10	1,384,943,947.17
Total	1,210,521,011.10	1,384,943,947.17

The total of bills payable due but not yet paid during the period is RMB 0.00.

27. Accounts payable

(1) Presentations of accounts payable

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	581,594,369.18	593,290,648.61
Over 1 year	159,711,645.50	172,221,544.62
Total	741,306,014.68	765,512,193.23

(2) Significant accounts payable aged over one year

□Applicable √N/A

Other descriptions:

√Applicable □N/A

(1) The aging of accounts payable is calculated from the date of entry.

(2) There are no significant accounts payable with an aging of more than 1 year at the end of the period.

28. Contract liabilities

(1) Descriptions of contract liabilities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	64,830,570.78	108,160,158.48
Over 1 year	33,129,360.59	34,235,380.73
Total	97,959,931.37	142,395,539.21

(2). Significant contract liabilities with an aging of more than 1 year

□Applicable √N/A

(3) Significant changes in the carrying amount during the Reporting Period and reasons therefor

□Applicable √N/A

Other descriptions:

√Applicable □N/A

The amount of revenue recognized in the current period that was included in the carrying amount of contract liabilities at the end of the previous year is RMB 109,266,178.62.

29. Employee benefits payables

(1) Descriptions of employee benefits payables

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
I. Short-term employee benefits	472,002,916.58	1,224,597,131.33	1,375,345,176.61	321,254,871.30
II. Post-employment benefits -Defined contribution plans	982,138.87	102,810,217.83	103,731,032.07	61,324.63
III. Termination benefits	586,250.00	11,914,164.00	12,500,414.00	0.00
Total	473,571,305.45	1,339,321,513.16	1,491,576,622.68	321,316,195.93

(2) Descriptions of Short-term employee benefits

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
I Salaries, bonus and allowances	464,545,997.54	1,089,963,353.55	1,240,628,125.50	313,881,225.59
II Staff welfare	4,940,668.30	54,494,571.93	54,599,278.79	4,835,961.44
III Social insurances	238,685.79	38,065,470.40	38,163,441.11	140,715.08
Including: 1. Medical insurance	142,755.93	32,390,593.63	32,489,233.52	44,116.04
2. Work injury insurance	94,442.37	4,198,210.09	4,197,540.91	95,111.55
3. Maternity insurance	1,487.49	1,476,666.68	1,476,666.68	1,487.49
IV Housing fund	1,426,156.18	38,353,417.01	38,362,209.85	1,417,363.34
V Union funds and staff education	851,408.77	3,720,318.44	3,592,121.36	979,605.85
VI Stock Ownership Plan Special Fund	0.00	0.00	0.00	0.00
Total	472,002,916.58	1,224,597,131.33	1,375,345,176.61	321,254,871.30

(3) Defined contribution plans

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Post-employment benefits	982,138.87	102,810,217.83	103,731,032.07	61,324.63
Including: 1. Basic pension insurance	961,965.02	98,169,739.78	99,093,954.92	37,749.88
2. Unemployment insurance	20,173.85	4,640,478.05	4,637,077.15	23,574.75
Total	982,138.87	102,810,217.83	103,731,032.07	61,324.63

Other descriptions:

√Applicable □N/A

The Company participates in pension insurance and unemployment insurance plans established by the government in accordance with relevant requirements. According to the plans, the Company makes contributions to these plans in accordance with relevant requirements of the local government. Besides the above contributions, the Company no longer undertakes further payment obligation. The corresponding cost is charged to the profit or loss for the current period or the cost of relevant assets when it occurs.

30. Taxes payable

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Value added tax	89,294,823.33	76,516,228.55
Urban maintenance and construction tax	9,579,380.57	9,460,165.40
Enterprise income tax	151,425,647.81	150,514,660.37
Property tax	12,159,179.39	6,620,755.79
Land use tax	3,122,347.85	2,581,318.12
Individual income tax	2,914,260.12	6,048,274.85
Stamp duty	2,893,138.97	3,111,598.15
Education surcharges	6,388,865.05	6,321,350.34
Others	1,879,047.94	2,205,988.23
Total	279,656,691.03	263,380,339.80

31. Other payables

Line items

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends payable	345,350,501.55	9,890,041.38
Other payables	3,425,662,686.35	3,359,225,199.29
Total	3,771,013,187.90	3,369,115,240.67

Dividends payable

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Common shares dividend	335,940,005.88	20,174.46
Qingyuan Xinbeijiang (Group) Company	1,200,710.00	1,200,710.00
Other legal persons and individual shares of subsidiaries	5,098,851.73	5,302,168.02
Staff shares of subsidiaries	3,110,933.94	3,366,988.90
Total	345,350,501.55	9,890,041.38

Other payables

(1) Other payables by nature

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Office expenses	57,347,637.70	70,346,214.43
Security deposits	67,317,395.98	63,916,974.36
Utility bill	34,188,422.67	30,909,899.69
Scientific research expenses	78,775,977.06	74,508,883.71
Business promotion expenses	2,984,591,858.41	2,929,007,055.89
Others	203,441,394.53	190,536,171.21
Total	3,425,662,686.35	3,359,225,199.29

(2) Significant other payables aged over 1 year

□Applicable √N/A

Other descriptions:

☒Applicable ☐N/A

The obligations of repurchasing restricted shares of the directors, the senior management and their spouses amounted RMB0.00 at the End of the Period.

32. Non-current liabilities due within one year

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Lease liabilities due within one year	21,323,188.93	19,802,827.69
Long-term loans and interest due within one year	517,953,227.22	376,173,163.67
Total	539,276,416.15	395,975,991.36

33. Other current liabilities

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Output VAT pending for transfer	6,492,734.60	11,841,940.51
Total	6,492,734.60	11,841,940.51

Change of short-term bonds payable

☐Applicable ☒N/A

Other descriptions:

☐Applicable ☒N/A

34. Long-term loans

(1) Classification of long-term loans

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Range of interest rate	Balance at the Beginning of the Period	Range of interest rate
Unsecured loans	1,345,893,227.22	1.70%-2.45%	1,200,698,463.32	1.80%-2.95%
Guaranteed loans	1,457,623,489.02	1.80%-2.50%	1,600,109,812.72	2.15%-2.65%
Long-term loans due within one year	-517,953,227.22	1.70%-2.45%	-376,173,163.67	2.15%-2.95%
Total	2,285,563,489.02		2,424,635,112.37	

Other descriptions, including interest rate range:

☐Applicable ☒N/A

35. Lease liabilities

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
------	----------------------------------	--

Lease payments payable	42,455,800.87	39,778,647.46
Lease liabilities due within one year	-21,323,188.93	-19,802,827.69
Total	21,132,611.94	19,975,819.77

Other descriptions:

The interest expense of lease liabilities accrued for the period amounts to RMB0.9961 million, which is included in financial expenses - interest expense.

36. Deferred income

Deferred income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period	Reason of formation
Government grants	334,970,008.52	36,330,550.00	31,900,233.17	339,400,325.35	/
Total	334,970,008.52	36,330,550.00	31,900,233.17	339,400,325.35	/

Other descriptions:

√Applicable □N/A

Government grants recorded as deferred income refer to Note VIII. Government grants.

37. Share capital

√Applicable □N/A

Unit: Yuan Currency: RMB

	Balance at the Beginning of the Period	Changes for the Period (+ -)					Balance at the End of the Period
		Issuance of new shares	Stock bonus	Conversion from capital reserve	Others	Subtotal	
I. Tradable shares subject to selling restrictions							
1. Domestic legal person shares	0	0	0	0	0	0	0
2. Domestic natural person shares	0	0	0	0	0	0	0
3. Overseas legal person shares	0	0	0	0	0	0	0
Tradable shares subject to selling restrictions in aggregate	0	0	0	0	0	0	0
II. Tradable shares							
1. Ordinary shares denominated in RMB	1,874,200,420	0	0	0	-44,747,034	-44,747,034	1,829,453,386
2. Domestically listed foreign shares	0	0	0	0	0	0	0
Tradable shares in aggregate	1,874,200,420	0	0	0	-44,747,034	-44,747,034	1,829,453,386

III. Total number of shares	1,874,200,420	0	0	0	-44,747,034	-44,747,034	1,829,453,386
-----------------------------	---------------	---	---	---	-------------	-------------	---------------

Other descriptions:

The reduction in the current period's share capital is due to the cancellation of treasury shares.

38. Capital reserve

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Capital premium (Share premium)	1,175,363,032.47	88,136,269.07	631,459,257.89	632,040,043.65
Other capital reserve	479,020,458.94	4,087.65	0.00	479,024,546.59
Total	1,654,383,491.41	88,140,356.72	631,459,257.89	1,111,064,590.24

Other descriptions, including changes for the current period and reasons therefor:

(1) The increase in share capital premium in the current period is:

① For non-proportionate capital increases of subsidiaries and acquisition of minority equity of subsidiaries, the difference between the capital contribution and acquisition amount and the corresponding share of the net assets of the subsidiaries was RMB12,854,784.35.

② The repurchase and cancellation of shares by the subsidiary Livzon Group led to changes in the company's equity ratio and other equity changes, resulting in an increase in capital reserve of RMB75,281,484.72.

(2) The reduction in share capital premium in the current period is:

The share repurchase by the Company and its subsidiaries, Livzon Group, decreased the capital premium by RMB631,459,257.89.

(3) The increase in other capital reserves in the current period is:

The equity method accounting units of the company and its subsidiary Livzon Group had other equity changes, resulting in an increase in capital reserve of RMB 4,087.65.

39. Treasury shares

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Repurchase of shares to be cancelled	328,221,279.42	171,762,288.14	499,983,567.56	0.00
Total	328,221,279.42	171,762,288.14	499,983,567.56	0.00

Other descriptions, including changes for the current period and reasons therefor:

The increase in treasury shares in the current period is: the total amount of funds used by the company to repurchase 15,718,664 shares of the company through centralized bidding transactions. The reduction in treasury shares in the current period was: 44,747,034 shares were cancelled.

40. Other comprehensive income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of The Period	For the Period						Balance at the End of the Period
		Amount before tax	Less: Amount transferred to profit or loss in the current period that was previously recognized in other comprehensive income	Less: transferred to profit or loss in current year or retained earnings	Less: Income tax expenses	Amount attributable to parent company after tax(2)	Amount attributable to minority interests after tax	
I. Other comprehensive income not reclassified into profit or loss subsequently	-75,152,067.26	-1,492,661.09	0.00	-3,355,439.11	1,692,965.05	2,572,255.43	-2,402,442.46	-72,579,811.83
1.Other comprehensive income not reclassified to profit or loss under equity method	4,463,915.23	0.00	0.00	0.00	0.00	0.00	0.00	4,463,915.23
2.Changes in fair value of other equity instrument investments	-79,615,982.49	-1,492,661.09	0.00	-3,355,439.11	1,692,965.05	2,572,255.43	-2,402,442.46	-77,043,727.06
II. Other comprehensive income that will be reclassified into profit or loss subsequently	33,974,519.84	-76,859,027.22	0.00	0.00	0.00	-47,740,425.81	-29,118,601.41	-13,765,905.97
Including:Other comprehensive income that will be transferred to profit or loss under equity method	343,001.75	2,410.36	0.00	0.00	0.00	1,130.90	1,279.46	344,132.65
Translation difference of foreign currency financial statements	33,631,518.09	-76,861,437.58	0.00	0.00	0.00	-47,741,556.71	-29,119,880.87	-14,110,038.62
Total of other comprehensive income	-41,177,547.42	-78,351,688.31	0.00	-3,355,439.11	1,692,965.05	-45,168,170.38	-31,521,043.87	-86,345,717.80

41. Surplus reserve

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Statutory surplus reserve	842,526,986.12	0.00	0.00	842,526,986.12
Discretionary surplus reserve	40,210,642.44	0.00	0.00	40,210,642.44
Reserve funds	1,103,954.93	0.00	0.00	1,103,954.93
Total	883,841,583.49	0.00	0.00	883,841,583.49

42. Undistributed profits

√Applicable □N/A

Item	For the Period	For the Previous Year
Retained earnings in previous period before adjustments	10,491,692,921.28	9,441,857,956.80
Adjustments to opening balance of retained earnings (increase +, decrease -)	0.00	0.00
Opening balance of retained earnings after adjustments	10,491,692,921.28	9,441,857,956.80
Add: Net profit attributable to parent company for the current year	784,939,913.34	1,386,570,192.56
Gains from disposal of other equity instruments investment	-3,355,439.11	25,413,707.24
Less: Appropriation of statutory surplus reserve	0.00	24,795,379.72
Appropriation of discretionary surplus reserve	0.00	0.00
Appropriation for dividends to ordinary shares	365,890,677.20	337,353,555.60
Dividend to ordinary shares converted to share capital	0.00	0.00
Closing balance of undistributed profits	10,907,386,718.31	10,491,692,921.28

Profit distributions

Item	For the Period	For the Previous Period
Dividends:		
2024 year-end dividend, paid (Note 1)	179,130,730.60	
2023 year-end dividend, paid (Note 2)	--	161,217,657.54
Balance sheet: Dividends proposed for future distribution:		
2024 year-end dividend distribution (Note 1)	365,890,677.20	--
2023 year-end dividend distribution (Note 2)	--	337,353,555.60

Note 1: On 7 April 2025, the eighth meeting of the ninth board of directors of the company resolved to approve the 2024 profit distribution plan. According to the plan, based on the total share capital as of the record date for the 2024 profit distribution, a cash dividend of RMB2.00 per 10 shares (including tax) will be distributed to all shareholders of the company, and the remaining

undistributed profits will be carried forward to future annual distributions. The profit distribution plan was approved by the general meeting of shareholders on 6 June 2025, and RMB179,130,730.60 was paid before 30 June 2025.

Note 2: On 2 April 2024, the 38th meeting of the 8th Board of Directors of the company resolved to approve the profit distribution plan for 2023. Based on the total share capital of the company as determined by the equity registration date for the implementation of the 2023 profit distribution plan, a cash dividend of RMB 1.80 per 10 shares (including tax) will be distributed to all shareholders. The remaining undistributed profits will be carried forward for distribution in subsequent years. This profit distribution plan was approved by the shareholders' meeting on 7 June 2024, and RMB161,217,657.54 was paid before 30 June 2024.

43. Operating income and operating cost

(1) The information of operating income and operating cost

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Primary operations	7,830,218,720.39	2,934,347,562.81	8,173,461,033.34	2,974,282,136.23
Other operations	68,109,530.02	50,785,013.14	61,173,066.11	46,843,748.10
Total	7,898,328,250.41	2,985,132,575.95	8,234,634,099.45	3,021,125,884.33

(2) Breakdown information of principal activities income

Item	For the Period	
	Revenue	Cost
Segregation by products		
Chemical pharmaceuticals (化学制剂)	3,768,397,541.37	835,301,991.09
Chemical active pharmaceutical ingredients (APIs) and intermediates (化学原料药及中间体)	2,525,232,005.46	1,621,005,352.12
Traditional Chinese medicine (中药制剂)	811,989,019.94	216,941,469.41
Biological product (生物制品)	94,818,856.99	44,399,451.25
Health care products (保健食品)	243,554,008.45	52,577,327.12
Diagnostic reagents and equipment (诊断试剂及设备)	374,135,046.17	155,981,431.37
Others	12,092,242.01	8,140,540.45
Segregation by operating location		
Domestic	6,349,632,796.55	2,042,425,170.47
Overseas	1,480,585,923.84	891,922,392.34
Total	7,830,218,720.39	2,934,347,562.81

Other descriptions:

√Applicable □N/A

Segregation by other operations

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Sale of materials, processing fees, etc.	20,576,139.31	15,168,621.27	25,800,600.50	18,997,877.26
Rental fees	2,929,706.93	449,082.91	3,024,342.21	148,201.49
Others	44,603,683.78	35,167,308.96	32,348,123.40	27,697,669.35

Total	68,109,530.02	50,785,013.14	61,173,066.11	46,843,748.10
-------	---------------	---------------	---------------	---------------

Segregation by timing of revenue recognition

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Primary operations:				
Including: Recognized at a point in time	7,830,218,720.39	2,934,347,562.81	8,173,461,033.34	2,974,282,136.23
Other operations:				
Including: Recognized at a point in time	65,179,823.09	50,335,930.23	58,148,723.90	46,695,546.61
Rental income	2,929,706.93	449,082.91	3,024,342.21	148,201.49
Total	7,898,328,250.41	2,985,132,575.95	8,234,634,099.45	3,021,125,884.33

Information of top five customers of business revenue

Period	Total operating income of the top five customers	Proportion to primary operating income in the period (%)
January to June 2025	730,163,348.03	9.32
January to June 2024	715,005,732.49	8.75

44. Taxes and surcharges

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Urban construction tax	39,869,596.03	37,554,614.36
Education surcharge	30,265,248.52	28,260,945.88
Land use tax	5,250,361.03	5,267,621.69
Property tax	17,383,491.54	16,642,223.76
Stamp duty and others	6,731,566.60	6,273,783.07
Total	99,500,263.72	93,999,188.76

Other descriptions:

The bases of calculations for major taxes and surcharges are set out in Note IV. Taxation.

45. Selling expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Marketing and promotional expenses	1,567,645,657.62	1,640,113,871.36
Staff salaries	355,211,344.49	386,607,163.05
Entertainment and travel expenses	30,039,977.93	27,182,049.32
Conference fees	33,682,098.36	12,546,131.84
Others	30,215,410.44	30,188,605.88
Total	2,016,794,488.84	2,096,637,821.45

46. Administrative expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Staff salaries	261,216,044.63	248,101,172.69
Depreciation and amortization	54,876,173.79	66,928,239.88
Shares incentive expenses	0.00	19,109,462.08
Advisory, consultancy and information disclosure fees	7,768,803.85	14,251,893.07
Quality project expenses	15,351,835.48	14,317,285.79

Office, entertainment and travelling expenses	27,369,298.00	33,580,656.82
Repair of utilities, transportation and miscellaneous expenses	9,991,950.15	9,835,202.93
Recruitment and staff training expenses	2,181,985.49	3,085,907.19
Others	43,134,631.72	35,814,512.37
Total	421,890,723.11	445,024,332.82

47. R&D expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Material fee	87,370,397.20	116,587,935.74
Staff salaries	217,466,763.10	226,560,094.36
Testing fee	148,399,711.74	186,082,969.68
Depreciation and amortization	73,411,944.38	82,573,107.00
External purchased R&D expenses	47,150,943.40	73,924,498.23
Others	37,353,308.79	29,001,124.74
Total	611,153,068.61	714,729,729.75

48. Finance expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Interest expenses	45,725,827.28	72,457,072.68
Less: Interest income	246,070,795.96	187,438,919.12
Exchange (gains)/losses	-24,822,171.64	-11,834,527.48
Bank charges and others	3,463,828.78	3,087,407.79
Total	-221,703,311.54	-123,728,966.13

49. Other income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Related to assets/ Related to income
Government grants	31,779,020.73	20,738,663.26	Related to assets
Government grants	36,660,019.43	31,582,303.89	Related to income
Handling fees for tax withholding	4,361,632.40	2,943,693.85	
Tax refund on super-deduction	12,596,104.90	15,174,169.56	
Total	85,396,777.46	70,438,830.56	

Other descriptions:

For specific information on government grants, please refer to Note VIII, Government Subsidies; for the reasons of government subsidies recognized as non-recurring gains and losses, please refer to Note XVIII, 1.

50. Investment income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
-------------	-----------------------	--------------------------------

Long-term equity investments income under equity method	39,476,098.20	23,799,217.29
Investment income from financial assets held for trading during the holding period	3,382,790.06	191,174.96
Dividend income from other equity instrument investments	1,505,811.26	8,551,779.20
Investment income from disposal of long-term equity investments	-731,350.19	0.00
Investment income from disposal of financial assets held for trading	-4,091,436.47	2,803,134.42
Total	39,541,912.86	35,345,305.87

Note 1: The details of investment income from the disposal of financial assets held for trading are as follows:

Item	For the Period	For the Previous Period
Trading equity instruments investment - Stock investments	0.00	0.00
Trading debt instruments investment	101,250.00	0.00
Derivatives not designated as hedging instruments	-4,192,686.47	2,803,134.42
Including: Forward foreign exchange contracts	-4,192,686.47	2,803,134.42
Total	-4,091,436.47	2,803,134.42

51. Gains from changes in fair value

√Applicable □N/A

Unit: Yuan Currency: RMB

Sources of gains from changes in fair value	For the Period	For the Previous Period
Financial assets held for trading	-15,737,790.86	-14,957,580.08
Including:		
Funds	9,815.15	41,271.91
Structured deposits	220,784.14	0.00
Equity instruments investment	-16,458,768.85	-11,276,951.07
Derivative financial assets	490,378.70	-3,135,586.92
Bank wealth management products	0.00	-586,314.00
Financial liabilities held for trading	9,037,972.35	-4,618,887.47
Including: Derivative financial liabilities	9,037,972.35	-4,618,887.47
Total	-6,699,818.51	-19,576,467.55

52. Credit impairment loss

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Bad debts of notes receivable	-5,216,270.63	-1,625,649.65
Bad debts of accounts receivable	-2,116,153.12	-2,247,797.05
Total	-7,332,423.75	-3,873,446.70

53. Asset impairment losses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
I. Losses on bad debts		

II. Losses on decline in value of inventories and on impairment of contract performance costs	-14,804,425.35	-29,755,574.41
III. Losses on impairment of long-term equity investments		
IV. Losses on impairment of property		
V. Losses on impairment of fixed assets	-9,636.13	-25,498.94
VI. Losses on impairment of project materials		
VII. Losses on impairment of construction in progress		
VIII. Losses on impairment of bearer biological assets		
IX. Losses on impairment of oil and gas assets		
X. Losses on impairment of intangible assets		
XI. Losses on impairment of goodwill		
XII. Losses on impairment of development expenditure	0.00	-52,404,181.63
Total	-14,814,061.48	-82,185,254.98

54. Gains on disposal of assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Gain from disposal of fixed assets (“-” for Loss)	-149,723.72	-76,440.36
Total	-149,723.72	-76,440.36

55. Non-operating income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount included in non-recurring gains and losses
Income from scraps	1,443,497.38	1,056,550.93	1,443,497.38
Amount not required to be paid	2,766,893.56	2,770,586.34	2,766,893.56
Compensation income	359,027.48	423,432.89	359,027.48
Gains on destruction or retirement of non-current assets	1,168.15	208,198.42	1,168.15
Others	623,677.15	482,333.50	623,677.15
Total	5,194,263.72	4,941,102.08	5,194,263.72

Government grants included in current profit or loss

□Applicable √N/A

56. Non-operating expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount included in non-recurring gains and losses
------	----------------	-------------------------	---

Loss on retirement of non-current assets	1,699,555.01	1,164,109.18	1,699,555.01
Donation expenses	4,672,542.76	3,127,095.07	4,672,542.76
Others	7,583,245.07	5,539,182.27	7,583,245.07
Total	13,955,342.84	9,830,386.52	13,955,342.84

57. Income tax expenses

(1) Table of income tax expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Current income tax	384,597,530.87	326,704,262.92
Deferred income tax	-75,570,304.32	-40,890,419.06
Total	309,027,226.55	285,813,843.86

(2) Reconciliation between income tax expenses and accounting profits

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period
Profit before tax	2,072,742,025.46
Income tax expenses calculated at statutory (or applicable) tax rates	518,185,506.37
Impact from tax preferential rate in certain subsidiaries	-314,094.45
Effect of tax reduction and exemption	-255,098,920.57
Effect of non-deductible costs, expenses and losses	4,984,405.81
Effect of deductible tax losses for which no deferred tax assets were recognised in prior periods	-569,927.52
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognised in the current period	44,870,558.53
Others	-3,030,301.62
Income tax expenses	309,027,226.55

Other descriptions:

□Applicable √N/A

58. Notes to cash flows statement**(1) Cash related to operating activities**

Other cash received relating to operating activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Government grants	73,697,228.18	39,954,273.83
Interest income	224,104,487.80	206,243,681.08
Deposits & security deposits	16,514,248.79	42,029,489.24
Current accounts and others	27,731,148.43	37,142,996.31
Total	342,047,113.20	325,370,440.46

Other cash paid relating to operating activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Business promotion expenses	1,669,141,529.12	1,682,132,413.13
Research and development expenses	256,398,806.60	330,004,311.93

Bank charges	3,480,877.87	3,101,436.48
Deposits & security deposits	15,183,367.91	9,661,803.40
Other expenses paid	220,029,336.53	242,750,496.66
Current accounts and others	13,382,383.19	26,601,157.28
Total	2,177,616,301.22	2,294,251,618.88

(2) Cash related to investing activities

Significant cash received relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Fixed deposits/Structured deposit	3,131,877,262.48	610,855,000.00
Cash management	109,993,408.80	102,484,966.04
Total	3,241,870,671.28	713,339,966.04

Significant cash paid relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Fixed deposits/Structured deposit	3,302,000,000.00	560,199,497.71
Cash management	110,644,515.80	102,139,574.41
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	17,557,203.92	55,517,815.42
Total	3,430,201,719.72	717,856,887.54

Other cash received relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Others	75,249.03	0.00
Total	75,249.03	0.00

Other cash paid relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Foreign exchange forward contract losses	4,517,299.69	931,044.37
Total	4,517,299.69	931,044.37

(3)Cash related to financing activities

Other cash received relating to financing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Discount of acceptance bills	0.00	0.00
Collection and advance payment of individual income tax	0.00	1,040,757.54
Total	0.00	1,040,757.54

Other cash paid relating to financing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Repurchase of shares and transaction fees	558,124,454.63	135,510,814.56
Rental payments	14,070,372.31	18,170,767.66
Collection and advance payment of individual income tax	6,000.00	50,394.83
Withholding income tax	18,493,376.16	0.00
Total	590,694,203.10	153,731,977.05

Changes in liabilities arising from financing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase of the current period		Decrease of the current period		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Short-term loans	2,455,000,000.00	1,730,000,000.00	10,550,359.49	2,063,907,183.34	1,643,176.15	2,130,000,000.00
Long-term loans	2,800,808,276.04	212,140,000.00	34,179,394.22	243,610,954.02	0.00	2,803,516,716.24
Lease liabilities	39,778,647.46	0.00	16,747,525.72	14,070,372.31	0.00	42,455,800.87
Total	5,295,586,923.50	1,942,140,000.00	61,477,279.43	2,321,588,509.67	1,643,176.15	4,975,972,517.11

Notes to the presentation of cash flows on a net basis

□Applicable √N/A

Significant activities and financial effects that do not involve current cash receipts and payments but affect the financial position of the enterprise or may affect the enterprise's cash flows in the future

□Applicable √N/A

59. Supplemental to cash flow statement

(1) Supplemental to cash flow statement

√Applicable □N/A

Unit: Yuan Currency: RMB

Supplemental information	For the Period	For the Previous Period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,763,714,798.91	1,696,215,507.01
Add: Assets impairment loss	14,814,061.48	82,185,254.98
Credit impairment loss	7,332,423.75	3,873,446.70
Depreciation of fixed assets	339,393,439.98	323,427,510.43
Amortization of right-of-use assets	14,127,614.55	16,677,138.23
Amortization of intangible assets	54,174,875.56	48,998,552.05
Long-term prepaid expenses amortization	45,545,273.26	82,339,421.37
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in “-”)	149,723.72	76,440.36
Loss on retirement of fixed assets (Gain as in “-”)	1,698,386.86	955,910.76

Losses on changes in fair value (Gain as in “-”)	6,699,818.51	19,576,467.55
Financial expenses (Gain as in “-”)	31,931,171.41	43,451,326.34
Investment losses (Gain as in “-”)	-39,541,912.86	-35,345,305.87
Decrease in deferred tax assets (Increase as in “-”)	-78,506,758.96	-38,050,714.67
Increase in deferred tax liabilities (Decrease as in “-”)	2,936,454.64	-2,839,704.39
Decrease in inventories (Increase as in “-”)	291,311,960.30	31,330,850.55
Decrease in operating receivables (Increase as in “-”)	-129,847,275.66	-817,376,945.52
Increase in operating payables (Decrease as in “-”)	-399,577,397.35	275,230,296.80
Others	0.00	6,574,319.57
Net cash flows from operating activities	1,926,356,658.10	1,737,299,772.25
2. Significant investment or finance activities not involving cash:		
Conversion of debt into capital	0.00	0.00
Convertible bonds mature within one year	0.00	0.00
Right-of-use assets newly recognized in the current period	18,261,380.89	11,571,656.96
3. Net increase/(decrease) in cash and cash equivalents:		
Cash and bank balance as at end of period	14,475,971,323.03	15,240,011,240.15
Less: cash and bank balance at beginning of period	14,842,645,678.32	15,340,869,372.73
Add: cash equivalents at end of period	0.00	0.00
Less: cash equivalents at beginning of period	0.00	0.00
Net increase in cash and cash equivalents	-366,674,355.29	-100,858,132.58

(2) Net cash paid for acquisition of subsidiaries during the period

☐Applicable ☒N/A

(3). Net cash received from disposal of subsidiaries during the period

☐Applicable ☒N/A

(4). Details of cash and cash equivalents

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
I. Cash	14,475,971,323.03	14,842,645,678.32
Including: Cash on hand	455,778.12	370,795.14
Cash at bank readily available for payment	14,349,821,520.23	14,715,786,650.25
Other monetary fund readily available for payment	125,694,024.68	126,488,232.93
II. Cash equivalents	0.00	0.00
Including: bonds investment mature within 3 months	0.00	0.00
III. Cash and cash equivalents as at closing balance	14,475,971,323.03	14,842,645,678.32

(5).Presentation of cash and cash equivalents with restricted use

☐Applicable ☒N/A

(6).Monetary funds not classified as cash and cash equivalents

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Closing balance of Previous year	Reason for not classified as cash and cash equivalents
Security deposits for bank acceptance bills	10,356,971.52	9,331,443.62	Frozen
Total	10,356,971.52	9,331,443.62	

Other descriptions:

√Applicable □N/A

Cash and cash equivalents do not include cash and cash equivalents whose use by the company is restricted.

60. Items in foreign currencies

(1). Items in foreign currencies

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance in foreign currency at year end	Conversion rate	Equivalent RMB balance at year end
Cash and bank balances			
Including: Hong Kong Dollar (HKD)	532,764,723.78	0.91195	485,854,789.85
Euro (EUR)	124,600.15	8.40240	1,046,940.30
US Dollar (USD)	748,897,958.42	7.15860	5,361,060,925.15
Macau Pataca (MOP)	6,315,391.52	0.88472	5,587,358.68
Japanese Yen (JPY)	389,915,001.00	0.04959	19,337,444.56
British Pound (GBP)	1,690.10	9.83000	16,613.68
Malaysian Ringgit (MYR)	19,737.99	1.69503	33,456.49
Indonesian Rupiah (IDR)	53,677,492,459.40	0.00044	23,779,129.16
Singapore Dollar (SGD)	323,518.91	5.61790	1,817,496.88
Philippine Peso (PHP)	7,470,918.27	0.12671	946,640.05
Accounts receivable			
Including: US Dollar (USD)	103,399,379.59	7.15860	740,194,798.73
Japanese Yen (JPY)	103,513,210.00	0.04959	5,133,634.14
Other receivables			
Including: Hong Kong Dollar (HKD)	3,232,559.75	0.91195	2,947,932.86
Dividends receivable			
Including: Hong Kong Dollar (HKD)	160,900.00	0.91195	146,732.76
Accounts payable			
Including: Euro (EUR)	5,665.41	8.40240	47,603.04
Japanese Yen (JPY)	59,378,753.16	0.04959	2,944,829.88
US Dollar (USD)	582,012.31	7.15860	4,166,393.32
Indonesian Rupiah (IDR)	82,892,250.00	0.000443	36,721.27
Macau Pataca (MOP)	171.84	0.88472	152.03
Other payables			
Including: US Dollar (USD)	5,800,853.11	7.15860	41,525,987.07

Indonesian Rupiah (IDR)	118,812,500.00	0.00044	52,633.94
Hong Kong Dollar (HKD)	58,665.01	0.91195	53,499.56
Philippine Peso (PHP)	153,608.50	0.12671	19,463.73
Dividends Payable			
Including: Hong Kong Dollar (HKD)	359,396,179.96	0.91195	327,751,346.31

(2). Descriptions of overseas operating entities, including disclosure of the main overseas business locations, functional currency and the basis for selection of important overseas operating entities, and the reasons for changes in functional currency (if any)

☐Applicable ☒N/A

61. Leases

(1) As lessee

☒Applicable ☐N/A

Variable lease payments not included in the measurement of lease liabilities

☐Applicable ☒N/A

Rental of simplified short-term leases and leases of low-value assets

☒Applicable ☐N/A

Item	For the Period
Short-term rental expenses	3,380,049.09

Sale and leaseback transactions and basis of judgment

☐Applicable ☒N/A

(2) As lessor

Operating leases as a lessor

☒Applicable ☐N/A

Item	For the Period	Including: income relating to variable lease payments not recognised as lease receipts
Rental income	2,929,706.93	0.00
Total	2,929,706.93	0.00

Financial leases as a lessor

☐Applicable ☒N/A

Reconciliation statement of undiscounted lease receipts and net investment in leases

☐Applicable ☒N/A

Undiscounted lease receipts for the next five years

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance
First year	5,359,103.78	5,588,563.93
Second year	1,088,088.61	2,488,706.60
Third year	158,600.00	734,478.10
Fourth year	50,000.00	355,544.00
Fifth year	50,000.00	355,544.00

(3) Profits or losses on sales recognised under finance leases as a producer or distributor

☐ Applicable ☒ N/A

VI. Research and development expenditures

(1) Presented based on nature of expense

☒ Applicable ☐ N/A

Item	For the period	For the previous period
Material costs	88,162,358.44	126,100,191.84
Staff salaries	221,996,262.91	235,158,288.21
Testing fees	191,381,078.65	218,820,116.20
Depreciation and amortisation	73,817,274.89	86,332,766.39
External purchase of research projects	79,917,963.40	111,978,688.97
Others	39,769,436.13	32,420,529.06
Total	695,044,374.42	810,810,580.67
Of which: Expenses amount	611,153,068.61	714,729,729.75
Capitalised amount	83,891,305.81	96,080,850.92

(2) Development expenses on R&D projects eligible for capitalisation

☒ Applicable ☐ N/A

Item	Beginning balance	Increase		Decrease			Closing balance
		Internal development costs	Other increase	Recognized as intangible assets	Recognized in profit or loss	Others	
Chemical pharmaceuticals	362,703,730.11	51,124,285.81	32,767,020.00	0.00	469,515.74	0.00	446,125,520.18
Total	362,703,730.11	51,124,285.81	32,767,020.00	0.00	469,515.74	0.00	446,125,520.18

Significant capitalised R&D projects

☒ Applicable ☐ N/A

Item	R&D progress	Expected method of generating economic benefits	Commencement time of capitalization	Specific basis
Project JP1366	Approved for clinical trials	Marketing	Clinical trials	Obtained clinical approval and evaluated by the company
Pixavir Marboxil Capsules	NDA	Marketing	Clinical trials	Obtained clinical approval and evaluated by the company

Provision for Impairment of Development Expenditures

☒ Applicable ☐ Not Applicable

Item	Beginning balance	Increase	Decrease	Closing Balance
Chemical pharmaceuticals	100,212,718.28	0.00	0.00	100,212,718.28
Biologics	92,425,008.50	0.00	92,425,008.50	0.00
Total	192,637,726.78	0.00	92,425,008.50	100,212,718.28

Other descriptions

(3) Significant acquired research and development projects

Item	Expected method of generating economic benefits	Criteria for determining whether a project is capitalized or expensed	Specific basis
Project JP1366	Marketing	Clinical trials	Obtained clinical approval and evaluated by the company

Other descriptions:

JP1366 has been approved for launching in South Korea. It was purchased to undergo domestic clinical trials managed by the Livzon Group. After evaluation by the Livzon Group, it is determined that the future economic benefits of this project are likely to accrue to the company. Therefore, the purchase price is recognized as development expenses.

VII. Change to Consolidation Scope**1.Business combination not involving enterprises under common control**

☐Applicable ☒N/A

2.Business combination involving enterprises under common control

☐Applicable ☒N/A

3.Reverse purchase

☐Applicable ☒N/A

4. Disposal of subsidiaries

Was there any circumstance under which a single disposal of the investment in subsidiaries will lose control

☐Applicable ☒N/A

Other descriptions:

☐Applicable ☒N/A

5. Changes in scope of consolidation due to other reasons

Descriptions of changes in scope of consolidation caused by other reasons (such as establishment of a new subsidiary and liquidation of a subsidiary, etc.) and their relevant information:

☐Applicable ☒N/A

6. Others

☐Applicable ☒N/A

VIII Equity in other entities**1. Interests in subsidiaries**

(1). Group structure

☒Applicable ☐N/A

Name of subsidiary	Main operating location	Registered capital	Place of registration	Business nature	Shareholding %		Acquisition method
					Direct	Indirect	
Topsino Industries Limited (Topsino Industries)	Hong Kong	HKD896,933,973.00	Hong Kong	Business	100	0	Set-up by investment

Name of subsidiary	Main operating location	Registered capital	Place of registration	Business nature	Shareholding %		Acquisition method
					Direct	Indirect	
Shenzhen Taitai Genomics Inc. Co., Ltd. (Taitai Genomics)	Shenzhen	RMB50,000,000.00	Shenzhen	Industry	75	25	Set-up by investment
Shenzhen Taitai Pharmaceutical Industry Co., Ltd. (Taitai Pharmaceutical)	Shenzhen	RMB100,000,000.00	Shenzhen	Industry	100	0	Set-up by investment
Health Investment Holdings Ltd. (Health Investment)	The British Virgin Islands	USD50,000.00	The British Virgin Islands	Investment	0	100	Set-up by investment
Joincare Pharmaceutical Group Industry Co., Ltd. (BVI) *	The British Virgin Islands	USD50,000.00	The British Virgin Islands	Investment	0	100	Set-up by investment
Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS)	Cayman Islands	USD50,000.00	Cayman Islands	Investment	0	100	Set-up by investment
Xinxiang Haibin Pharmaceutical Co., Ltd. (Xinxiang Haibin)	Henan Xinxiang	RMB170,000,000.00	Henan Xinxiang	Industry	0	100	Set-up by investment
Shenzhen Fenglei Electric Power Investment Co., Ltd. (Fenglei Electric Power)	Shenzhen	RMB100,000,000.00	Shenzhen	Investment	100	0	Set-up by investment
Jiaozuo Joincare Bio Technological Co., Ltd. (Jiaozuo Joincare)	Henan Jiaozuo	RMB760,000,000.00	Henan Jiaozuo	Industry	75	25	Set-up by investment
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (Shanghai Frontier)	Shanghai	RMB50,000,000.00	Shanghai	Industry	65	0	Set-up by investment
Shenzhen Taitai Biological Technology Co., Ltd. (Taitai Biological)	Shenzhen	RMB5,000,000.00	Shenzhen	Industry	100	0	Set-up by investment
Guangdong Taitai Forensic Test Institute	Shenzhen	RMB0.00	Shenzhen	Business	0	100	Set-up by investment
Joincare Haibin Pharmaceutical Co., Ltd (Joincare Haibin)	Shenzhen	RMB500,000,000.00	Shenzhen	Industry	25	75	Set-up by investment
Shenzhen Haibin Pharmaceutical Co., Ltd. (Haibin Pharma)	Shenzhen	RMB700,000,000.00	Shenzhen	Industry	97.87	2.13	Business combination not under common control
Joincare Daily-Use & Health Care Co., Ltd. (Joincare Daily-Use))	Shenzhen	RMB 25,000,000.00	Shenzhen	Business	80	20	Business combination not under common control
Health Pharmaceuticals (China) Limited (Health China)	Zhuhai	HKD73,170,000.00	Zhuhai	Industry	0	100	Business combination not under common control
Livzon Pharmaceutical Group Inc. (Livzon Group) *Note 1	Zhuhai	RMB904,100,430.00	Zhuhai	Industry	24.49	21.84	Business combination not under common control
Hong Kong Health Pharmaceutical Industry Company Limited	Hong Kong	HKD10,000.00	Hong Kong	Investment	0	100	Business combination not under common control
Health Pharmaceutical Industry Company Limited	Hong Kong	HKD10,000.00	Hong Kong	Investment	0	100	Business combination not under common control

Name of subsidiary	Main operating location	Registered capital	Place of registration	Business nature	Shareholding %		Acquisition method
					Direct	Indirect	
Shenzhen Hiyeah Industry Co., Ltd (Hiyeah Industry)	Shenzhen	RMB178,000,000.00	Shenzhen	Business	97.58	2.42	Business combination not under common control
Guangzhou Hiyeah Industry Co., Ltd.	Guangzhou	RMB3,000,000.00	Guangzhou	Industry	0	100	Business combination not under common control
Zhongshan Renhe Health Products Co., Ltd.	Zhongshan	RMB500,000.00	Zhongshan	Industry	0	100	Business combination not under common control
Joincare (Guangdong) Special medicine Food Co., Ltd.	Shaoguan	RMB20,000,000.00	Shaoguan	Industry	100	0	Set-up by investment
Henan Joincare Biomedical Research Institute Co., Ltd.	Jiaozuo	RMB100,000,000.00	Jiaozuo	Industry	0	70.78	Set-up by investment
Jiaozuo Jianfeng Biotechnology Co., Ltd.	Jiaozuo	RMB50,000,000.00	Jiaozuo	Industry	0	66.5	Set-up by investment
JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD.	Singapore	SGD600,000.00	Singapore	Business	0	100	Set-up by investment
Joincare Pharma Netherlands B.V.	Netherlands	EUR2,000.00	Netherlands	Business	0	100	Set-up by investment
Joincare Pharma Philippines Inc.	Philippines	PHP11,500,000.00	Philippines	Business	0	100	Set-up by investment

*Note 1: Livzon Group controls the subsidiaries in which the company holds stakes

(1) The company, together with Livzon Group, established Lijian (Guangdong) Animal Health Co., Ltd. (丽健(广东) 动物保健有限公司) on 1 February 2023. Livzon Group holds 51%, and the company holds 49%.

(2) The company, together with Livzon Group, established Wuhan Kangli Health Investment Management Co., Ltd. (武汉康丽健康投资管理有限公司) on 8 February 2023. Livzon Group holds 60%, and the company holds 40%.

(3) Zhuhai Livzon Biopharmaceutical Technology Co., Ltd. (珠海市丽珠生物医药科技有限公司) (Livzon Biopharma) is a subsidiary under the consolidation scope of Livzon Group. Originally, it was 100% indirectly owned by Livzon Group. Due to the restructuring of Livzon Group's subsidiary shareholding structure and Livzon Group's additional capital injection, Livzon Group now holds 66.54% of the shares, the company holds 22.58%, YF Pharmab Limited holds 5.76%, and Hainan Lisheng Juyuan Investment Partnership (Limited Partnership) (海南丽生聚源投资合伙企业(有限合伙)) holds 5.12%.

Other descriptions:

Subsidiaries not included in the scope of consolidation in the current period:

Name of subsidiary	Registered Capital	Actual investment	Interest held
Guangzhou Hiyeah Industry Co., Ltd.	3,000,000.00	3,000,000.00	100%

Zhongshan Renhe Health Products Co., Ltd.	500,000.00	500,000.00	100%
---	------------	------------	------

Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司) and Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司) are wholly-owned subsidiaries of Shenzhen Hiyeah. Both companies entered liquidation in 2008, ceased operations for many years, and have completed tax deregistration procedures. Therefore, they are not included in the scope of the consolidated financial statements.

(2). Significant non-wholly owned subsidiaries

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding of minority interest(%)	Profit or loss attributable to minority interest	Dividend paid to minority interest	Balance of minority interests at period end
Livzon Group	53.6690	682,190,866.64	521,293,245.00	7,260,343,995.39

Descriptions of the difference between the shareholding ratio of minority shareholders and their proportion of voting rights in a subsidiary:

☐Applicable ☒N/A

Other descriptions:

☐Applicable ☒N/A

(3). Principal financial information of significant non-wholly owned subsidiaries

☒Applicable ☐N/A

Unit: 100,000,000 Yuan Currency: RMB

Name of subsidiary	Closing balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Livzon Group	162.38	79.35	241.73	74.10	18.39	92.49	164.20	80.36	244.56	76.25	19.25	95.50

Name of subsidiary	Current period				Prior Period			
	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities
Livzon Group	62.72	15.51	14.92	16.87	62.82	13.55	13.46	15.30

(4). Significant restrictions on the use of enterprise group assets and settlement of enterprise group debts:

☐Applicable ☒N/A

(5). Financial support or other support offered for the structured entities included in the scope of consolidated financial statements:

☐Applicable ☒N/A

Other descriptions:

☐Applicable ☒N/A

2. Changes in share of owners' equity in subsidiaries and still control the subsidiaries

☒Applicable ☐N/A

a) Changes in the share of the owners' equity in a subsidiary

Livzon Group originally held 55.13% of the equity in LivzonBio, Inc.(珠海市丽珠生物医药科技有限公司) (hereinafter referred to as "LivzonBio"). According to the "Capital Increase Agreement of LivzonBio, Inc." and the resolution of LivzonBio's shareholders' meeting, the registered capital of LivzonBio was increased from RMB 889,023,284.00 to RMB 1,095,472,334.00. Livzon Group will contribute to the additional registered capital of RMB 206,449,050.00 by monetary contribution before 31 December 2028. The subscription price for this increase is RMB 1,000,000,000. Any amount exceeding the subscribed capital will be included in the Capital Reserve. Livzon Group made payments for the capital increase on 17 April 2025 and 18 June 2025, with the amounts of RMB 50,000,000 and RMB32,000,000, respectively. This capital increase resulted in an increase in Livzon Group's minority interests by RMB39,371,207.74 and a decrease in the capital reserve by RMB39,371,207.74.

b) Effect of the transactions on minority interest and equity attributable to the owners of the parent company

√Applicable □N/A

Item	LivzonBio
Acquisition cost	
– Cash	82,000,000.00
Total acquisition cost	82,000,000.00
Less: Difference in net assets shares of subsidiaries calculated based on the proportion of equity acquired	42,628,792.26
Difference	39,371,207.74
Of which: adjustment in capital reserve	39,371,207.74

Other descriptions:

□Applicable √N/A

3. Interests in joint arrangements or associates

√Applicable □N/A

(1). Significant joint arrangements or associates

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of joint arrangements or associates	Main operating location	Place of registration	Business nature	Shareholding(%)		Accounting treatment of joint investment
				Direct	Indirect	
Tianjin Tongrentang Group Co., Ltd.	Tianjin	Tianjin	Manufacture of medicine	0.00	40.00	Equity method

(2). Key financial information of significant joint arrangements

□Applicable √N/A

(3). Main financial information of significant associates

√Applicable □N/A

Item	Tianjin Tongrentang Group Co., Ltd.
	2025.6.30/ Amount for the period
Owners' equity attributable to parent company	720,385,150.55
Share of net assets by shareholding	288,154,060.21
Adjustments	
Including: Goodwill	498,457,683.68
Carrying value of equity investment in associates	786,611,743.89
Operating income	530,647,791.79
Dividends received by the company from associates in the current period	0.00

Other descriptions:

√Applicable □N/A

The Company calculates the share of assets of associate based on the shareholding for the amount attributable to the parent company in the consolidated financial statements. The amounts in the consolidated financial statements of associates take into account the fair value of identifiable net assets and liabilities of associates at the time of acquisition and the impact of unified accounting policies.

(4). Summary of financial information of other insignificant associates

√Applicable □N/A

Unit: Yuan Currency: RMB

	Closing balance/ Current period	Beginning balance/ Prior period
Associates:		
Total carrying amount of investment	689,561,533.90	697,004,393.88
The following amount are calculated on the basis of shareholding ratio		
Net profit	2,158,558.89	-6,911,463.99
Other comprehensive income	2,410.36	87,526.33
Total comprehensive income	2,160,969.25	-6,823,937.66

(5) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the company

□Applicable √N/A

(6) Excess losses incurred by joint ventures or associates

□Applicable √N/A

(7) Unconfirmed commitments related to joint venture investment

□Applicable √N/A

(8) Contingent liabilities related to investments in joint ventures or associates

□Applicable √N/A

4. Important joint operations

□Applicable √N/A

5. Equity in structured entities not included in the scope of consolidated financial statements

Relevant descriptions of structured entities not included in the scope of consolidated financial statements:

□Applicable √N/A

6. Others

□Applicable √N/A

IX. Government grants**1. Government grants on the basis of amounts receivable at the end of the reporting period**

□Applicable √N/A

Reasons for not receiving the projected amount of government grants at the projected point in time

□Applicable √N/A

2. Liability items involving government grants

√Applicable □N/A

Unit: Yuan Currency: RMB

Financial statement items	Beginning balance	Additions during the period	Amount included in non-operating income for the period	Transfer to other gains for the period	Other changes during the period	Closing balance	Related to assets/ Related to income
Deferred income	331,276,743.93	35,130,550.00	0.00	31,779,020.73	76,991.15	334,551,282.05	Related to assets
Deferred income	3,693,264.59	1,200,000.00	0.00	44,221.29	0.00	4,849,043.30	Related to income
Total	334,970,008.52	36,330,550.00	0.00	31,823,242.02	76,991.15	339,400,325.35	

The above government grants mainly come from the relevant government departments, such as the Development and Reform Commission, Finance Bureau, and the Science and Technology and Industry and Information Technology Bureau at the provincial and municipal levels, which provide subsidies for research and development, technological transformation, technological innovation, relocation, and other projects to the company and its subsidiaries.

3. Government grants recognized in current profit or loss

Unit: Yuan Currency: RMB

Category	For the period	For the previous period
Related to assets	31,779,020.73	20,738,663.26
Related to income	36,660,019.43	31,582,303.89
Total	68,439,040.16	52,320,967.15

The above Government grants mainly come from relevant government departments at the provincial and municipal levels, such as the Development and Reform Commission, Finance Bureau, Commerce Bureau, Science and Technology Bureau, Industry and Information Technology Bureau, Human Resources and Social Security Bureau, etc., providing subsidies for projects related to business operations, research and development, technological transformation, technological innovation, export credit insurance, job stabilization, and other areas for the company and its subsidiaries.

Other descriptions

(1) Government grants offsetting related costs using the net method

None.

(2) Government grants refunded in this year

None.

X. Risk Management of Financial Instruments

√Applicable □N/A

The major financial instruments of the Company include cash, notes receivable, accounts receivable, other receivables, non-current assets due within one year, other current assets, financial assets held for trading, other equity instrument investments, notes payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, long-term borrowings and long-term payables. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Company to minimize the risk are disclosed as below. The management of the Company manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

1. Management objectives and policies of risks

The operation activities of the Company are subject to various financial risks: market risks (mainly including foreign exchange risks and interest rate risks), credit risks and liquidity risks. The Company formulates an overall risk management plan with respect to the unforeseeability of the financial market in order to minimise the potential adverse impacts on the financial performance of the Company.

(1) Foreign exchange risks

The Company conducts its operation primarily in China. Substantially all of the transactions were denominated and settled in Renminbi. However, the Company still has certain imports and exports businesses regarding APIs and diagnostic reagents that are settled in U.S. dollar, Euro and Japanese Yen. The Company's businesses outside China (mainly in Hong Kong, India, Europe) are settled in Hong Kong dollars, U.S. dollar and Euro. In addition, the Company will have foreign currency loans according to the operating needs. In respect of the above, the Company still exposes to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable by the Company, the Company adopted Derivative instruments to control foreign exchange risk. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend of the exchange rate of Renminbi, and timely adjust the extent of borrowings, so as to minimise its risks.

Financial assets and liabilities in foreign currencies held by the Company expressed in Renminbi are stated below:

① As at 2025.06.30

Unit: 1,000 Yuan

Item	HKD	EUR	USD	MOP	JPY	GBP	MYR	IDR	SGD	PHP
Financial assets in foreign currency —										
Cash and bank balances	485,854.79	1,046.94	5,361,060.93	5,587.36	19,337.44	16.61	33.46	23,779.13	1,817.50	946.64
Financial assets held for trading	43,372.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	0.00	740,194.80	0.00	5,133.63	0.00	0.00	0.00	0.00	0.00
Other receivables	2,947.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends receivable	146.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other equity instruments investment	168,755.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	701,077.33	1,046.94	6,101,255.73	5,587.36	24,471.07	16.61	33.46	23,779.13	1,817.50	946.64
Financial liabilities in foreign currency —										
Accounts payable	0.00	47.60	4,166.39	0.15	2,944.83	0.00	0.00	36.72	0.00	0.00
Other payables	53.50	0.00	41,525.99	0.00	0.00	0.00	0.00	52.63	0.00	19.46
Dividends payable	327,751.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	327,804.85	47.60	45,692.38	0.15	2,944.83	0.00	0.00	89.35	0.00	19.46

② As at 2024.12.31

Unit: 1,000 Yuan

Item	HKD	EUR	USD	MOP	JPY	GBP	MYR	IDR	SGD	PHP
Financial assets in foreign currency —										
Cash and bank balances	1,164,555.76	1,611.26	3,115,769.54	5,727.37	13,236.90	15.34	27.64	147,362.32	105.66	494.62
Financial assets held for trading	61,589.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	0.00	575,982.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receivables	2,992.40	31.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.01
Other equity instruments investment	256,754.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,485,892.25	1,642.32	3,691,752.17	5,727.37	13,236.90	15.34	27.64	147,362.32	105.66	509.63
Financial liabilities in foreign currency—										
Accounts payable	0.00	42.64	1,518.91	0.00	1,152.88	0.00	0.00	0.00	0.00	0.00
Other payables	55.64	0.00	31,671.97	0.00	0.00	0.00	0.00	5.89	0.00	0.00
Subtotal:	55.64	42.64	33,190.88	0.00	1,152.88	0.00	0.00	5.89	0.00	0.00

As of 30 June 2025, if the Chinese Yuan appreciates or depreciates by 5% against the Hong Kong Dollar, US Dollar, Euro, Japanese Yen, Macanese Pataca, and other foreign currencies, with all other factors remaining constant, the company's profit will increase or decrease by approximately RMB324.17 million (31 December 2024: approximately RMB265.59 million).

(2) Interest rate risk

The Company's exposures to interest rate risk are mainly arising from interest-bearing liabilities such as bank borrowings. The interest rates are affected by the macro monetary policies of China, hence the Company will face the risks arising from fluctuation of interest rates in the future.

The finance department of the head office of the Company continues to monitor the level of interest rate of the Company. The rise in the interest rate will increase the cost of additional interest-bearing liabilities and the interest expenses of the Company's outstanding interest-bearing liabilities of which the interests are calculated at floating rates, and impose material adverse impact on the financial results of the Company. The management will make timely adjustment based on the updated market conditions. The directors of the Company consider that the future changes in the interest rate will have no material adverse impact on the operating results of the Company.

(3) Credit risk

Credit risk is primarily attributable to cash and cash equivalents, restricted funds, accounts receivables and other receivables. In respect of cash at banks, they were placed at several banks with good reputations, for which the credit risk was limited. In respect of receivables, the Company shall assess the credit limit granted to customers for credit purpose. Moreover, as the customer base of the Company is large, the credit risk on accounts receivables is not concentrated. In terms of bills receivable settlement, external payments are settled with bills receivable with priority and most of the remaining bills are high-quality bills with maturity within three months; thus none expected major credit risk exists. In addition, the provision made on the impairment of accounts receivables and other receivables are adequate to manage the credit risk.

Among the accounts receivables of the Company, the accounts receivable of the top five customers accounted for 11.95% (31 December 2024: 10.92%); among the other receivables of the Company, the other receivables of the top five customers accounted for 40.84% (31 December 2024: 44.50%) .

(4) Liquidity risk

The Company adopts prudent liquidity risk management for the sufficient supply of monetary funds and liquidity. It secures readily available credit loans from banks mainly by maintaining adequate monetary funds and banking facilities. Apart from indirect financing from banks, a number of financing channels were available, such as direct financing by inter-bank market including short-term financing bills and medium-term financing bills, corporate bonds etc. These instruments can effectively reduce the effects of scale of financing and the macro monetary policies of China on indirect bank financing, which shall secure adequate funds in a flexible manner.

As at the date of the balance sheet, the contractual cash flows of financial assets and financial liabilities are presented below by term of maturity:

①As at 2025.06.30

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	14,486,328,294.55	0.00	0.00	0.00	14,486,328,294.55
Financial assets held for trading	490,624,181.31	0.00	0.00	0.00	490,624,181.31
Notes receivable	1,644,458,811.36	0.00	0.00	0.00	1,644,458,811.36
Accounts receivable	2,886,227,493.74	0.00	0.00	0.00	2,886,227,493.74
Other receivables	61,778,202.56	0.00	0.00	0.00	61,778,202.56
Non-current assets due within one year	1,068,421,283.81	0.00	0.00	0.00	1,068,421,283.81
Long-term receivables	0.00	339,564,859.20	8,251,101.00	0.00	347,815,960.20
Subtotal:	20,637,838,267.33	339,564,859.20	8,251,101.00	0.00	20,985,654,227.53
Financial liabilities:					
Short-term loans	2,130,000,000.00	0.00	0.00	0.00	2,130,000,000.00
Financial liabilities held for trading	8,581.94	0.00	0.00	0.00	8,581.94
Notes payable	1,210,521,011.10	0.00	0.00	0.00	1,210,521,011.10
Accounts payable	741,306,014.68	0.00	0.00	0.00	741,306,014.68
Other payables	3,771,013,187.90	0.00	0.00	0.00	3,771,013,187.90
Non-current liabilities due within one year	539,276,416.15	0.00	0.00	0.00	539,276,416.15
Lease liabilities	0.00	10,643,368.39	10,489,243.55	0.00	21,132,611.94
Long term loans	0.00	412,873,031.42	1,145,840,457.60	726,850,000.00	2,285,563,489.02
Subtotal:	8,398,617,946.37	423,516,399.81	1,156,329,701.15	726,850,000.00	10,705,314,047.33

②As at 2024.12.31

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	14,851,977,121.94	0.00	0.00	0.00	14,851,977,121.94
Financial assets held for trading	89,363,055.07	0.00	0.00	0.00	89,363,055.07
Notes receivable	1,951,213,189.48	0.00	0.00	0.00	1,951,213,189.48
Accounts receivable	2,429,891,052.01	0.00	0.00	0.00	2,429,891,052.01
Other receivables	51,166,649.86	0.00	0.00	0.00	51,166,649.86
Non-current assets due within one year	556,410,803.22	0.00	0.00	0.00	556,410,803.22
Long-term receivables	0.00	854,236,296.77	204,390,121.77	0.00	1,058,626,418.54
Subtotal:	19,930,021,871.58	854,236,296.77	204,390,121.77	0.00	20,988,648,290.12
Financial liabilities:					
Short-term loans	2,455,000,000.00	0.00	0.00	0.00	2,455,000,000.00
Financial liabilities held for trading	9,046,554.29	0.00	0.00	0.00	9,046,554.29

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Notes payable	1,384,943,947.17	0.00	0.00	0.00	1,384,943,947.17
Accounts payable	765,512,193.23	0.00	0.00	0.00	765,512,193.23
Other payables	3,369,115,240.67	0.00	0.00	0.00	3,369,115,240.67
Non-current liabilities due within one year	395,975,991.36	0.00	0.00	0.00	395,975,991.36
Lease liabilities	0.00	8,539,311.43	11,436,508.34	0.00	19,975,819.77
Long term loans	0.00	548,836,865.48	1,148,948,246.89	726,850,000.00	2,424,635,112.37
Subtotal:	8,379,593,926.72	557,376,176.91	1,160,384,755.23	726,850,000.00	10,824,204,858.86

Capital management

The capital management policies are made to keep the continuous operation of the Company, to enhance the return to shareholders, to benefit other stakeholders and to maintain the best capital structure to minimize the cost of capital.

For the maintenance or adjustment of the capital structure, the Company might adjust financing method, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or make an asset disposal to reduce the liabilities.

The Company monitors the capital structure with gearing ratio (calculated by dividing total liabilities by total assets. As of 30 June 2025, the Company's gearing ratio is 33.80% (31 December 2024: 34.49%).

Transfer of financial assets

(1) Classification of transfer methods

Transfer methods	Nature of transferred financial assets	Amount of transferred financial assets	Termination of recognition status	Judgment basis for termination of recognition
Bill endorsement	Notes receivable	45,661,199.62	Derecognised	The contract right to receive cash flows from the financial assets is terminated
Factoring	Accounts receivable	50,589,614.49	Derecognised	Without recourse
Total		96,250,814.11		

(2) Financial assets derecognized due to transfer

Item	Transfer methods	Derecognition amount	Gains or losses related to termination confirmation
Notes receivable	Bill endorsement	45,661,199.62	0.00
Accounts receivable	Transfer	50,589,614.49	0.00
Total		96,250,814.11	0.00

(3). Transferred financial assets with continued involvement

□Applicable √N/A

Other descriptions:

In this period, the company discounted Bank acceptance bills amounting to RMB0.00 (previous period: RMB9,767,218.08) with the bank.

On 30 June 2025, the carrying amount of Bank acceptance bills endorsed to suppliers for settling Accounts payable, which are not due for payment, is RMB45,661,199.62 (as of 31 December 2024: RMB37,606,855.80). There are no Commercial acceptance bills endorsed to suppliers for settling Accounts payable that are not due for payment (as of 31 December 2024: RMB 0.00). As of 30 June 2025, the maturity date of these bills is between 1 to 6 months. According to the relevant provisions of the "Negotiable Instruments Law", if the accepting bank refuses to make payment, the holder has the right to claim against the company ("continued involvement"). The company believes that it has transferred nearly all of its risks and rewards, so it derecognizes the carrying amount of the bills and the associated settled Accounts payable. The maximum loss from continued involvement and repurchase of the bills, as well as the undiscounted cash flows, are equal to their carrying amount. The company believes that the fair value of the continued involvement is not significant.

From January to June 2025, the company did not incur any gains or losses on the transfer date of the bills. The company has not recognized any current or cumulative income or expenses related to the continued involvement in derecognized financial assets. The endorsement occurred roughly in balance during the period.

XI. Fair value

1. Closing balance of the fair value of assets and liabilities measured at fair value

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Closing balance of fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(1) Financial assets held for trading	57,532,625.69	788,963.82	432,302,591.80	490,624,181.31
1. Financial assets at fair value through profit or loss				
(1) Funds	997,444.81	0.00	0.00	997,444.81
(2) Structured deposits	0.00	0.00	432,302,591.80	432,302,591.80
(3) Equity instruments investment	56,535,180.88	0.00	0.00	56,535,180.88
(4) Derivative financial assets	0.00	788,963.82	0.00	788,963.82
2. Financial asset designated as at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(II) Other debt investments				
(III) Other investments in equity instruments	60,912,357.94	0.00	977,854,041.34	1,038,766,399.28
(IV) Investment properties				
1. A land use right that is used to be leased out.				
2. A building that is leased out.				
3. A land use right held for transfer upon capital appreciation				
(V) Biological asset				
1. Consumable biological assets				

2. Productive biological assets				
Total assets measured at fair value on a recurring basis	118,444,983.63	788,963.82	1,410,156,633.14	1,529,390,580.59
(VI) Financial liabilities held for trading				
1. Financial liabilities at fair value through profit or loss	0.00	8,581.94	0.00	8,581.94
Including: Issued tradable bonds				
Derivative financial liabilities	0.00	8,581.94	0.00	8,581.94
Others				
2. Financial liabilities designated as at fair value through profit or loss				
Total liabilities measured at fair value on a recurring basis				
II. Non-recurring fair value measurement				
(I) Assets held-for-sale	0.00	0.00	54,046,737.68	54,046,737.68
Total assets measured at fair value on a non-recurring basis	0.00	0.00	54,046,737.68	54,046,737.68
Total liabilities measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00

In 6-month period ended 30 June 2025, there were no transfers of the fair value measurements between level 1 and level 2 and no transfers into or out of level 3.

For financial instruments traded in active markets, the company determines their fair value based on the quoted market prices in those active markets. The company's trading debt instruments and equity instruments are listed in markets such as Shenzhen, Hong Kong, and the United States, and their fair value is determined based on the closing price of the last trading day of the reporting period.

For financial instruments not traded in active markets, the company uses valuation techniques to determine their fair value. The valuation models primarily used are the discounted cash flow model and the market comparable company model. The inputs for these valuation techniques mainly include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, and discounts for lack of liquidity, among others.

2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items

√Applicable □N/A

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 2 fair value measurement items

√Applicable □N/A

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Item	Fair value at the End of the Period	Valuation techniques
Derivative financial assets	788,963.82	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract

Derivative financial liabilities	8,581.94	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract
----------------------------------	----------	--

4.Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

√Applicable □N/A

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

5.Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items

√Applicable □N/A

Item	Fair value at the end of the period	Valuation techniques
Other equity instrument investments- Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新创股权投资中心)	49,767,472.21	Net assets
Other equity instrument investments - Shanghai JingYi Investment Center (上海经颐投资中心)	68,067,387.24	Net assets
Other equity instrument investments-Qianhai Equity Investment Fund (前海股权投资基金)	230,112,429.87	Net assets
Other equity instrument investments –Apricot Forest, Inc (杏树林)	82,499,745.25	Income method
Other equity instrument investments – China Resources Bank of Zhuhai Co., Ltd. (珠海华润银行股份有限公司)	228,006,000.00	Market method
Other equity instrument investments - Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海) 有限公司)	24,737,630.38	Market method
Other equity instrument investments - Zhuhai Medpha Biotechnology Co., Ltd. (珠海麦得发生物科技股份有限公司)	36,710,669.76	Recent financing price
Other equity instruments investment- Xiangrong (Shanghai) Biotechnology Co., Ltd. (享融(上海) 生物科技有限公司)	36,098,956.59	Recent financing price
Other equity instrument investments –GLOBAL HEALTH SCIENCE	140,738,950.90	Net assets
Other equity instrument investments –Nextech V Oncology S.C.S., SICAV-SIF	18,472,941.59	Net assets
Other equity instrument investments –LUNGLIFE AI, INC.	131,857.55	Net assets
Other equity instrument investments -Others	62,510,000.00	Cost
Assets held-for-sale	54,046,737.68	Cost
Financial assets held for trading- Structured deposits	432,302,591.80	Expected return
Total	1,464,203,370.82	

Reconciliation table for fair value measurement classified as the Level 3 of the fair value hierarchy

Item(Current year)	2024.12.31	Transfer to Level 3	Transfer out of Level 3	Total profit or loss for the period		Buy, issue, sell and settle				2025.6.30	For assets held at the end of the reporting period, the change in unrealized gains or losses in the period recognised in profit or loss
				Recorded in profit or loss	Recorded in other comprehensive income	Buy or Issue	transferred	Sell	Settle		
Financial assets held for trading	15,081,807.66	0.00	0.00	305,606.06	0.00	432,000,000.00	0.00	0.00	15,084,821.92	432,302,591.80	220,784.14
Assets held-for-sale	54,029,237.68	0.00	0.00	0.00	0.00	17,500.00	0.00	0.00	0.00	54,046,737.68	0.00
Other equity instruments investment	968,914,547.65	1,039,717.94	0.00	1,505,811.26	-7,085,196.22	15,407,603.40	0.00	422,631.43	0.00	977,854,041.34	0.00
Total	1,038,025,592.99	1,039,717.94	0.00	1,811,417.32	-7,085,196.22	447,425,103.40	0.00	422,631.43	15,084,821.92	1,464,203,370.82	220,784.14

6. In case of transfers among levels for the current period, explain the transfer reasons and policies for determining transfer time point for continuous fair value measurement items

☐Applicable ☒N/A

7.Changes in valuation techniques for the current period and reasons for changes

☐Applicable ☒N/A

8.Fair value of financial assets and liabilities not measured at fair value

☐Applicable ☒N/A

9.Others

☐Applicable ☒N/A

XII. Related parties and related party transactions

1. Information of parent company

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio by parent company (%)	Voting right by parent company (%)
Shenzhen Baiyeyuan Investment Co., Ltd.	Shenzhen	investment and establishment of industry, domestic commerce, and material supply and marketing	80,000,000.00	48.96	48.96

Notes to the parent company of the Company:

(1) Registered capital of parent company and its changes

Name of parent company	2024.12.31	Increase for the Period	Decrease for the Period	2025.06.30
Shenzhen Baiyeyuan Investment Co., Ltd.	80,000,000.00	0.00	0.00	80,000,000.00

(2) Shares of the company held by the parent company and its changes

Name of parent company	2024.12.31	Ratio	Increase for the Period	Decrease for the Period	2025.06.30	Ratio
Shenzhen Baiyeyuan Investment Co., Ltd.	895,653,653.00	47.79%	0.00	0.00	895,653,653.00	48.96%

The ultimate controller of the Company: Zhu Baoguo

2. Subsidiaries of the Company

Details of subsidiaries refer to Note

☒Applicable ☐N/A

Please refer to notes VII.1. for the details of subsidiaries.

3. Joint ventures and associates of the Company

For details of the significant joint ventures or associates of the Company, please see the notes.

☒Applicable ☐N/A

Details of significant joint ventures or associates refer to Note V. 11 Note VII. 3.

Other joint ventures or associates entered into transactions with the Company during the period, or during the prior period with remaining closing balance were as follows:

√Applicable □N/A

Name of joint ventures and associates	Relationship with the Company
Jiaozuo Jinguang Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associates
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Associates
AbCyte Therapeutics Inc.	Associates
L&L Biopharma, Co. Ltd. (上海健信生物医药科技有限公司)	Associates
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Associates
Aetio Biotherapy, Inc.	Associates
Hangzhou New Element Pharmaceutical Co., Ltd. (杭州新元素药业有限公司)	Associates
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	Associates
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	Associates
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物医药科技有限公司)	Associates
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	Associates
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Associates
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Entity controlled by an associate
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海横琴维胜精准医学科技有限公司)	Entity controlled by an associate

Other descriptions

□Applicable √N/A

4. Other related parties of the Company

√Applicable □N/A

Name of other related parties	Relationship with the Company
Shenzhen Taitelixing Investment Development Co., Ltd. (深圳泰特力兴投资发展有限公司)	Subsidiaries of the company's ultimate actual controller
Zhuozhou Jingnan Yongle Golf Club Co., Ltd. (涿州京南永乐高尔夫俱乐部有限公司)	A company controlled by the Company's parent company
Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	An associate of the Company's parent company
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司及其子公司)	A subsidiary of an associate of the Company's parent company
Shenzhen Qianhai WeBank Co., Ltd. (深圳前海微众银行股份有限公司)	An investee of the Company's parent company
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	An investee of the Company
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙))	The director of Livzon Group controls this entity
Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙))	The director of Livzon Group controls this entity
Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司)	The director of Livzon Group controls this entity
Zhuhai Pu Xiaoying Enterprise Management Co., Ltd. (珠海市蒲小英企业管理有限公司)	Businesses controlled by close family members of Livzon Group's director

Zhuhai Medisan Biotechnology Co., Ltd. (珠海麦得发生物科技股份有限公司)	A company where the supervisor of Livzon Group is a director
Zhuhai Xianghetai Investment Management Partnership Enterprise (Limited Partnership)(珠海祥和泰投资管理合伙企业(有限合伙))	Businesses controlled by Livzon Group's director
Directors, Supervisors and other senior management personnel	Key management personnel

5. Related party transactions

(1). Sales and purchase of goods, rendering and receipt of services

Purchase of goods, receipt of services

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of related parties	Nature of transaction	Current period	Approved transaction amount (if applicable)	Whether the transaction limit has been exceeded (if applicable)	Prior period
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Raw materials	830,442.49			1,660,884.96
Jiangsu One Winner Medical Technology Co., Ltd. and its subsidiaries (江苏一赢家医疗科技有限公司及其子公司)	Modern service	0.00			29,816.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Electricity, Steam	132,128,548.07	300,000,000	No	132,280,409.42

Sales of goods/rendering of services

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of related parties	Nature of transaction	Current period	Prior period
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Finished products, water, electricity and power	17,634,391.44	16,066,909.24
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Finished products, power and others	293,731.44	1,056,011.80
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Finished products, power and others	107,016.26	305,727.56
Subsidiary of Sichuan Health Alu Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司之子公司)	Finished products	0.00	1,744,679.12
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海横琴维胜精准医学科技有限公司)	Finished products	418,223.89	0.00

Descriptions of related party transactions with respect to the sales and purchase of goods, rendering and receipt of services

□Applicable √N/A

(2). Related entrusted management/contracting and entrusting management/outsourcing

Table of the entrusted management/contracting of the Company:

□Applicable √N/A

Descriptions of related trusteeship/outsourcing

□Applicable √N/A

Table of the entrusting management/outsourcing of the Company:

☐Applicable ☒N/A

Descriptions of related management/outsourcing

☐Applicable ☒N/A

(3). Related party leases

The Company as a lessor

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in prior year
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Building	80,081.18	948,587.04
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Building	92,779.98	120,000.00
Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司)	Building	9,445.88	9,445.88
Shenzhen Taitelixing Investment Development Co., Ltd. (深圳泰特力兴投资发展有限公司)	Building	9,360.00	9,360.00

The Company as a lessee:

☐Applicable ☒N/A

Descriptions of related leases

☐Applicable ☒N/A

(4). Related party guarantees

The Company as the guarantor

☒Applicable ☐N/A

Unit: 10,000 Yuan Currency: RMB

Name of guaranteed party	Guarantee amount	Actual date of event	Guarantee maturity date	Performance completed or not
Jinguan Electric Power	1,100.00	2024/7/25	2025/7/25	No
Jinguan Electric Power	3,000.00	2024/8/8	2025/8/8	No
Jinguan Electric Power	800.00	2024/8/22	2025/8/17	No
Jinguan Electric Power	1,700.00	2024/8/22	2025/8/22	No
Jinguan Electric Power	1,400.00	2024/9/6	2025/9/6	No
Jinguan Electric Power	4,000.00	2024/9/27	2025/9/26	No
Jinguan Electric Power	1,700.00	2024/9/29	2025/9/19	No
Jinguan Electric Power	4,800.00	2024/10/16	2025/10/15	No
Jinguan Electric Power	4,600.00	2024/10/21	2025/10/20	No
Jinguan Electric Power	2,300.00	2024/10/25	2025/10/25	No
Jinguan Electric Power	1,500.00	2024/10/25	2025/10/25	No

Jinguan Electric Power	500.00	2024/11/1	2025/11/1	No
Jinguan Electric Power	800.00	2024/11/25	2025/11/25	No
Jinguan Electric Power	1,200.00	2024/12/6	2025/11/30	No
Jinguan Electric Power	1,800.00	2024/12/17	2025/12/16	No
Jinguan Electric Power	6,000.00	2025/1/24	2025/12/31	No
Jinguan Electric Power	4,000.00	2025/3/14	2025/12/31	No
Jinguan Electric Power	394.09	2025/6/30	2025/12/26	No

The Company as the guaranteed party

☐Applicable ☒N/A

Descriptions of guarantees with related parties

☒Applicable ☐N/A

① On 6 June 2025, the "Proposal on the Company and its subsidiary Jiaozuo Joincare in Providing Loan Guarantee for Jinguan Electric Power" was reviewed and approved by the Company's 2024 annual general meeting, the Company and its subsidiary Jiaozuo Joincare jointly provided a guarantee for Jinguan Electric Power on its revolving loans facility with a balance of not more than RMB 450 million (including RMB 450 million) (the specific guarantor will be specified in each guarantee contract), and the term is from the date of approval of this guarantee proposal at the Company's annual general meeting to 31 December 2028.

As at 30 June 2025, the Company provided Jinguan Electric Power with guarantees for loans of RMB415.9409 million; of which RMB112 million in Shenzhen Branch of China Everbright Bank, RMB57 million in Shenzhen Branch of Zheshang Bank, RMB146.9409 million in Shenzhen Branch of Nanyang Commercial Bank, and RMB100 million in Jiaozuo Branch of China CITIC Bank.

In order to ensure the safety of secured loans, Jinguan Electric Power provided counter guarantees for the said guarantees provided by the Company and its subsidiary, Jiaozuo Joincare, based on its owned assets, and undertook that it would unconditionally provide mutual guarantees for the Company or its controlling subsidiary designated with total facility of no more than RMB450 million (inclusive) whenever the Company deemed necessary.

② The other shareholder of Zhuhai Livzon Monoclonal Antibody Biotechnology Co., Ltd. (珠海市丽珠单抗生物技术有限公司), The company, has issued a "Counter-Guarantee Commitment Letter", committing to provide 26.84% joint and several liability for Livzon Group's guarantee responsibility towards Zhuhai Livzon Monoclonal Antibody Biotechnology Co., Ltd. (珠海市丽珠单抗生物技术有限公司), with the guarantee period ending when the company's guarantee responsibility terminates.

③ The other shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司), Zhuhai Zhong Hui Yuan Investment Partnership (Limited

Partnership) (珠海中汇源投资合伙企业(有限合伙), The company, has issued a "Counter-Guarantee Commitment Letter", committing to provide 8.44% joint and several liability for Livzon Group's guarantee responsibility towards Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司)

(5). Lending funds of related parties

□Applicable √N/A

(6). Asset transfer and debt restructuring between related parties

□Applicable √N/A

(7). Remuneration of key management personnel

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Item	Amount for the current period	Amount for the prior period
Remuneration of key management personnel	989.88	876.38

For the 6-month period ended 30 June 2025

Unit: 10,000 Yuan Currency: RMB

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus and others	Severance pay	Total
Zhu Baoguo (朱保国)	162.50	0.00	3.82	1.57	0.00	0.00	167.89
Liu Guangxia (刘广霞)	162.50	9.97	5.02	1.57	9.20	0.00	188.26
Lin Nanqi (林楠棋)	0.00	130.00	4.31	1.57	0.00	0.00	135.88
Qiu Qingfeng (邱庆丰)	0.00	67.50	4.31	1.57	0.00	0.00	73.38
Xing Zhiwei (幸志伟)	0.00	67.50	4.15	1.57	0.00	0.00	73.22
Qin Yezhi (覃业志)	6.00	0.00	0.00	0.00	0.00	0.00	6.00
Peng Juan (彭娟)	6.00	0.00	0.00	0.00	0.00	0.00	6.00
Yin Xiaoxing(印晓星)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shen Xiaoxu (沈小旭)	1.74	0.00	0.00	0.00	0.00	0.00	1.74
Huo Jing (霍静) (Resigned)	4.26	0.00	0.00	0.00	0.00	0.00	4.26
Supervisors:							
Yu Xiaoyun (余孝云)	2.40	19.08	4.13	1.12	0.00	0.00	26.74
Peng Jinhua (彭金花)	2.40	0.00	0.00	0.00	0.00	0.00	2.40
Li Nan(李楠)	2.40	0.00	0.00	0.00	0.00	0.00	2.40
Other senior management:							
Zhang Leiming(张雷明)	0.00	67.50	4.31	1.57	0.00	0.00	73.38
Du Yanmei (杜艳媚)	0.00	75.00	4.15	1.57	1.00	0.00	81.72
Tang Tingke (唐廷科)	0.00	67.50	4.31	1.57	0.02	0.00	73.40
Zhu Yifan (朱一帆)	0.00	67.50	4.15	1.57	0.00	0.00	73.22
Total	350.20	571.55	42.66	15.26	10.22	0.00	989.88

Note: Mr. Zhu Baoguo (朱保国) serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Lin Nanqi (林楠棋) and Mr. Qiu Qingfeng (邱庆丰) serve as non-executive

directors of Livzon. The remuneration presented in above does not include the portion paid by Livzon.

For the 6-month period ended 30 June 2024

Unit: 10,000 Yuan Currency: RMB

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus and others	Severance pay	Total
Zhu Baoguo (朱保国)	162.50	0.00	3.43	1.48	0.00	0.00	167.41
Liu Guangxia (刘广霞)	162.50	9.80	4.83	1.48	0.00	0.00	178.62
Yu Xiong (俞雄)	0.00	130.00	0.00	0.00	0.00	0.00	130.00
Lin Nanqi (林楠棋)	0.00	79.51	3.85	1.48	0.00	0.00	84.85
Qiu Qingfeng (邱庆丰)	0.00	67.50	3.85	1.48	0.00	0.00	72.84
Huo Jing (霍静)	6.00	0.00	0.00	0.00	0.00	0.00	6.00
Qin Yezhi (覃业志)	6.00	0.00	0.00	0.00	0.00	0.00	6.00
Peng Juan (彭娟)	6.00	0.00	0.00	0.00	0.00	0.00	6.00
Yin Xiaoxing (印晓星)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Yu Xiaoyun (余孝云)	2.40	19.08	3.73	1.12	0.00	0.00	26.34
Peng Jinhua (彭金花)	2.40	0.00	0.00	0.00	0.00	0.00	2.40
Li Nan (李楠)	0.88	0.00	0.00	0.00	0.00	0.00	0.88
Zhao Fenguang (赵风光)	0.00	67.50	3.85	1.48	0.00	0.00	72.84
Zhang Leiming (张雷明)	0.00	67.50	3.85	1.48	0.00	0.00	72.84
Xing Zhiwei (幸志伟)	1.52	43.26	3.41	1.19	0.00	0.00	49.38
Total	350.20	484.15	30.81	11.21	0.00	0.00	876.38

Note: Mr. Zhu Baoguo (朱保国) serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Yu Xiong (俞雄) and Mr. Qiu Qingfeng (邱庆丰) serve as non-executive directors of Livzon. The remuneration presented in above does not include the portion paid by Livzon.

(8). Other related transactions

□Applicable √N/A

6. Receivables and payables with related parties

(1). Receivables from related parties

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Name of related parties	Balance at the End of the Period		Balance at the Beginning of the Period	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	3,000,000.00	0.00	6,000,000.00	0.00
Accounts receivable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	2,041,600.00	20,416.00	0.00	0.00
Accounts receivable	Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	0.00	0.00	53,978.00	545.18
Accounts receivable	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	201,354.92	2,013.55	0.00	0.00
Prepayments	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	211,200.00	0.00	211,200.00	0.00

Prepayments	Feellife Health Inc. (深圳来福士雾化医学有限公司)	1,082,093.15	0.00	1,164,309.54	0.00
Prepayments	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	0.00	0.00	15,799,796.87	0.00
Prepayments	北京硕佰医药科技有限责任公司	325,880.00	0.00	0.00	0.00
Other receivables	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	7,360.20	72.87	8,624.98	86.25
Other receivables	Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	463,818.23	4,638.18	511,310.14	5,113.10
Other receivables	Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	469,895.78	469,895.78	469,895.78	469,895.78

(2). Payables to related party

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Related parties	Balance at the End of the Period	Balance at the Beginning of the Period
Contract liabilities	Subsidiary of Sichuan Health Alu Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司之子公司)	0.00	68,563.91
Notes payable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	883,200.00	2,292,000.00
Accounts payable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	331,200.00	276,000.00
Accounts payable	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	26,399,467.58	0.00

XIII. Share-based payment

1. Various equity instruments

(1). Detailed information

Quantity: ten thousand units/Amount: ten thousand yuan

Grant recipients	Grant in the year		Exercised in the year		Vested in the year		Forfeited in the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales personnel							842.90	
Administrative personnel							474.20	
R&D personnel							314.30	
Total							1,631.40	

(2). Stock options or other equity instruments outstanding at the end of the period

□Applicable √N/A

2. Equity settled share-based payments

√Applicable □N/A

Unit: Yuan Currency: RMB

Objects of share-based payments settled by equity	Middle and senior management personnel and key business personnel
Method in determining the fair value of equity instruments at the date of grant	Black-Scholes Model, market price
Important parameters of the fair value of equity instruments on the grant date	Risk - free rate, historical stock price volatility, dividend rate

Basis for determining the number of exercisable equity instruments	Determine according to the exercisable conditions and the expected turnover rate
Reasons for significant differences between this period's estimate and the previous period's estimate	No significant difference.
Total amount of share-based payments settled in equity recorded in capital reserve	222,361,222.22

3. Cash settled share-based payments

☐Applicable ☒N/A

4. Information on cash-settled share-based payments

Grant recipients	Share-based compensation expense settled in equity	Share-based compensation expense settled in cash
Middle and senior managers and key business personnel	0.00	0.00
Total	0.00	0.00

5. Modification and termination of share-based payments

☐Applicable ☒N/A

6. Other description:

(1) The Company

① On 29 August 2022, the Company held the third extraordinary general meeting of shareholders in 2022, and reviewed and approved the "Proposal on the Company's 2022 Share option Incentive Plan (Draft) and its Summary", Proposal on the Company's 2022 Share option Incentive Plan Implementation Appraisal Management Measures" and "Proposal on Requesting the Company's Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to Shares Incentive". The Company held the 16th meeting of the eighth board of directors on 5 September 2022, and reviewed and passed the "Proposal on First Time Granting Share options to Incentive Participants". With 5 September 2022 as the grant date, 49.45 million share options were granted to 423 incentive participants at a price of RMB 11.24 per share. The date of completion and effective date of registration of share options granted is 16 September 2022.

In 2022, the share option incentive plan initially granted 32 former incentive recipients (a total of 2.37 million options) had their options revoked due to their resignation and no longer meeting the incentive conditions. Following the forfeiture, the number of share options initially granted under the Company's 2022 share option incentive plan was adjusted from 49.45 million to 47.08 million, and the number of initial incentive recipients was adjusted from 423 to 391.

In light of the 2022 stock option incentive plan of the Company, 15 initial grant incentive targets and 7 reserved grant incentive targets were no longer eligible due to resignation or retirement. A total of 1.12 million stock options granted to them, but not yet exercised, were cancelled. Meanwhile, since the Company's 2023 performance did not meet the company-level performance assessment requirements, the Company cancelled a total of 16.314 million stock options for all remaining active incentive targets. These included stock options for the second exercise period of

the initial grant and stock options for the first exercise period of the reserved grant. The total number of stock options cancelled was 17.434 million. The cancellation was completed on May 16, 2024.

The first exercise period for the 2022 stock option incentive plan was from September 5, 2023, to September 4, 2024, and expired on September 4, 2024. During the first exercise period, the incentive targets exercised a total of 12,177,502 stock options, and the remaining stock options unexercised amounted to 6,654,498. According to the "Health Yuan Pharmaceutical Group Co., Ltd. 2022 Stock Option Incentive Plan (Draft)," it is stated that "after the exercise period ends, stock options that have been granted but not yet exercised cannot be exercised and will be cancelled by the company." Therefore, the company has decided to cancel the 6,654,498 stock options granted in the first exercise period of the 2022 stock option incentive plan that remain unexercised.

On 24 April 2025, the Company convened the ninth meeting of the ninth session of the Board of Directors, at which the Proposal on the Cancellation of the Remaining Stock Options under the 2022 Stock Option Incentive Scheme was considered and approved. Pursuant to the relevant provisions of the Incentive Scheme (Draft), as the Company failed to achieve the corporate performance assessment targets set out therein for the third exercise period of the initially granted stock options and the second exercise period of the reserved stock options, the corresponding stock options may not be exercised and shall be cancelled by the Company. It was resolved to cancel a total of 16.314 million stock options for the third exercise period of the initial grant and the second exercise period of the reserved grant under the 2022 Stock Option Incentive Plan. Upon review and confirmation by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the cancellation of the aforesaid 16.314 million stock options was completed on 6 May 2025.

② On 11 August 2023, the Company convened the 28th meeting of the eighth board of directors to deliberate and approve the "Proposal on Reserving Share Options for Incentive Recipients". The grant date was set as 11 August 2023, and 5.5 million share options were granted to 149 incentive recipients at a price of RMB 11.06 per share. The registration completion date and effective date for this grant of share options were 30 August 2023.

(2) The Company's subsidiary Livzon Group

① Share option incentive plan

A、2022 Share Option Incentive Plan - First Grant

On 14 October 2022, Livzon Group's 2022 Second Extraordinary Shareholders' Meeting, 2022 Second A-Share Class Shareholders' Meeting and 2022 H-Share Class Shareholders' Meeting reviewed and approved the "Proposal on the Company's 2022 Share option Incentive Plan (Revised Draft) and Its Summary", "Proposal on the company's 2022 Share option Incentive Plan Implementation Appraisal Management Measures", "Proposal on submitting to the company's general meeting of shareholders to authorize the board of directors to handle matters related to the 2022 share options incentive plan". On 7 November 2022, the 39th meeting of the 10th Board of Directors of Livzon Group reviewed and approved the "Proposal on Matters Related to the First

Time Grant of the 2022 Share option Incentive Plan". With 7 November 2022 as the grant date, 17,973,500 share options were granted to 1,026 incentive participants at a price of RMB 31.31 per A share. The date of completion and effective date of registration of share options granted is 23 November 2022.

In 2022, the share option incentive plan initially granted share options to 25 former incentive recipients (a total of 361,000 options), which were revoked due to their resignation and no longer meeting the incentive conditions. Following the forfeiture, the number of share options initially granted under the Livzon Group's 2022 share option incentive plan was adjusted from 17.9735 million to 17.6125 million, and the number of initial incentive recipients was adjusted from 1,026 to 1,001.

On 12 October 2023, Livzon Group convened the 4th meeting of the eleventh board of directors to deliberate and approve the "Proposal on matters related to the planned reserved grant of share option incentive plan in 2022". The grant date was set as 30 October 2023, and 2.0 million share options were granted to 243 incentive recipients at a price of RMB 36.26 per A share. The registration completion date and effective date for this grant of share options were 28 November 2023.

On 13 May 2024, the Company convened the sixteenth meeting of the eleventh Board of Directors, at which the Proposal on the Cancellation of Certain Stock Options under the 2022 Stock Option Incentive Scheme was considered and approved. As the Company failed to achieve the corporate performance assessment targets for the second exercise period of the initially granted stock options and the first exercise period of the reserved stock options, 5.28375 million stock options for the second exercise period of the initial grant and 1 million stock options for the first exercise period of the reserved grant may not be exercised and shall be cancelled by the Company.

On 23 April 2025, the Company convened the twenty-fourth meeting of the eleventh Board of Directors, at which the Proposal on the Cancellation of Certain Stock Options under the 2022 Stock Option Incentive Scheme was considered and approved. It was resolved to cancel 384,045 stock options under the first exercise period of the initial grant that had not been exercised by 31 incentive participants upon expiry. As the Company failed to achieve the corporate performance assessment targets for the third exercise period of the initially granted stock options and the second exercise period of the reserved stock options, it was further resolved to cancel 5.28375 million stock options for the third exercise period of the initial grant and 1 million stock options for the second exercise period of the reserved grant under the 2022 Stock Option Incentive Scheme.

② Other shares incentive

None

XIV. Commitments and contingencies

1. Significant commitments

☒Applicable ☐N/A

Significant commitments to outsiders as of the balance sheet date, and their nature and amount

(1) Capital commitments

Capital commitments entered into but not recognized in the financial statements	Closing balance	Beginning balance
Commitments in relation to acquisition of long-term assets	242,788,732.74	185,216,239.73
Commitments in relation to research and development expenditures	1,072,610,977.90	1,015,971,829.25

(2) Other commitments

None.

(3) Performance of previous commitments

The Company has duly performed the capital expenditure commitments and the operating lease commitments and the other commitments as at 30 June 2025.

2. Contingencies

(1). Significant contingencies as of the balance sheet date

☐Applicable ☒N/A

(2). Please also make explanations thereof if the Company has no significant contingency to be disclosed:

☐Applicable ☒N/A

3. Others

☐Applicable ☒N/A

XV. Events after the Balance Sheet Date**1. Significant non-adjustment events**

☐Applicable ☒N/A

2. Profit distribution

☐Applicable ☒N/A

3. Sales returns

☐Applicable ☒N/A

4. Descriptions of other events after the balance sheet date

☐Applicable ☒N/A

XVI. Other significant events

1. On 22 May 2025, the 25th meeting of the 11th session of the Board of Directors of Livzon Pharmaceutical Group Inc., a subsidiary of the Company, considered and approved the Proposal on the Proposed Acquisition of Equity Interests in Vietnam's IMP. On the same date, the Company's overseas wholly-owned subsidiary, LIAN SGP HOLDING PTE. LTD. ("LIAN SGP"), entered into a Framework Agreement with SK Investment Vina III Pte. Ltd. ("SK"), Sunrise Kim Investment Joint Stock Company ("Sunrise"), and KBA Investment Joint Stock Company ("KBA", together with SK and Sunrise, the "Sellers"), pursuant to which LIAN SGP agreed to acquire from the Sellers a 64.81% equity interest in Imexpharm Corporation, a listed company in Vietnam, for VND

5,730,815,426,000 (equivalent to approximately RMB 1.587 billion based on the central parity exchange rate on the signing date of the agreement).

As of 30 June 2025, save as disclosed above, there were no other material matters required to be disclosed by the Company.

XVII. Net current assets and total assets minus current liabilities

1. Net current assets

Item	2025.6.30	2024.12.31
Current assets	23,390,878,032.22	23,005,860,977.31
Less: Current liabilities	9,097,550,764.70	9,270,783,051.69
Net current assets	14,293,327,267.52	13,735,077,925.62

2. Total assets minus current liabilities

Item	2025.6.30	2024.12.31
Total assets	35,552,215,282.00	35,718,129,456.13
Less: Current liabilities	9,097,550,764.70	9,270,783,051.69
Total assets minus current liabilities	26,454,664,517.30	26,447,346,404.44

XVIII. Notes to the Key Components of Financial Statements item of the Parent Company

1. Notes receivables

Category	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Bank acceptance bills	104,016,458.86	0.00	104,016,458.86	213,110,653.41	0.00	213,110,653.41
Commercial acceptance bill	0.00	0.00	0.00	0.00	0.00	0.00
Total	104,016,458.86	0.00	104,016,458.86	213,110,653.41	0.00	213,110,653.41

(1) Notes receivable pledged at the end of the period

Category	Amount pledged at the End of the Period
Bank acceptance bills	68,047,246.12

(2) Notes receivable endorsed or discounted to other parties but not yet expired at balance sheet date

Category	Amount derecognised at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills not yet mature but already endorsed	0.00	-
Bank acceptance bills not yet mature but already discounted	0.00	-
Total	0.00	

(3) There were no bills transferred into accounts receivables for non-performance by the issuer at the End of the Period.

(4) Classification by the method of bad debt provision

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Book balance Amount	Provision for bad debts		Book balance		Provision for bad debts Carrying value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debt on an individual basis	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debt on a portfolio basis	104,016,458.86	100.00	0.00	0.00	104,016,458.86	213,110,653.41	100.00	0.00	0.00	213,110,653.41
Including:										
Bank acceptance bills	104,016,458.86	100.00	0.00	0.00	104,016,458.86	213,110,653.41	100.00	0.00	0.00	213,110,653.41
Total	104,016,458.86	100.00	0.00	0.00	104,016,458.86	213,110,653.41	100.00	0.00	0.00	213,110,653.41

(5) Provision for bad debt made, recovered or reversed during the Period

None

(6) There are no bills receivables actually written-off for the Period.

2. Accounts receivables

(1). Disclosure using the aging analysis method

√Applicable □N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	166,762,499.98	212,981,199.07
1-2 years	3,074,873.49	4,267,087.57
2-3 years	859,128.56	1,173,664.74
3-4 years	1,194,940.64	212,029.38
4-5 years	1,044,212.84	1,136,271.11
Over 5 years	6,478,527.09	6,598,168.58
Total	179,414,182.60	226,368,420.45

(2). Classification by the method of bad debt provision

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)		Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis	426,373.39	0.24	426,373.39	100.00	0.00	426,373.39	0.19	426,373.39	100.00	0.00
Including:										
Receivables from domestic customers	426,373.39	0.24	426,373.39	100.00	0.00	426,373.39	0.19	426,373.39	100.00	0.00

Provision for bad debts on portfolio basis	178,987,809.21	99.76	9,564,101.53	5.34	169,423,707.68	225,942,047.06	99.81	9,946,720.46	4.40	215,995,326.60
Including:										
Receivables from domestic customers	178,987,809.21	99.76	9,564,101.53	5.34	169,423,707.68	225,942,047.06	99.81	9,946,720.46	4.40	215,995,326.60
Total	179,414,182.60	100.00	9,990,474.92	5.57	169,423,707.68	226,368,420.45	100.00	10,373,093.85	4.58	215,995,326.60

Provision for bad debts on individual item:

√Applicable □N/A

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision made
Purchase of goods	426,373.39	426,373.39	100.00	Not expected to be recoverable
Total	426,373.39	426,373.39	100.00	/

Statements of provision for bad debt on individual basis:

□Applicable √N/A

Provision for bad debts on portfolio basis:

√Applicable □N/A

Item on portfolio basis: Due from domestic customers

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		
	Accounts receivables	Provision for bad debts	Carrying Value (%)
Within 1 year	166,762,499.98	1,667,625.00	1.00
1-2 years (inclusive of 2 years)	3,074,873.49	153,743.67	5.00
2-3 years (inclusive of 3 years)	859,128.56	257,738.57	30.00
3-4 years (inclusive of 4 years)	1,194,940.64	597,470.32	50.00
4-5 years (inclusive of 5 years)	1,044,212.84	835,370.27	80.00
Over 5 years	6,052,153.70	6,052,153.70	100.00
Total	178,987,809.21	9,564,101.53	5.34

Standards of provision for bad debts made by portfolio and descriptions thereof:

□Applicable √N/A

If the provision for bad debts is made in accordance with the general model of expected credit losses, please refer to other receivables disclosure:

□Applicable √N/A

(3). Provision for bad debts

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Changes for the current period				Balance at the End of the Period
		Provision	Recovery or reversal	Removal/write-off	Other changes	
Accounts receivables	10,373,093.85	-60,760.99	0.00	321,857.94	0.00	9,990,474.92
Total	10,373,093.85	-60,760.99	0.00	321,857.94	0.00	9,990,474.92

Significant recovery or reversal of bad debt provision for the current period:

☐Applicable ☒N/A

(4). Accounts receivable actually written off for the current period

☐Applicable ☒N/A

(5). The top five balances of accounts receivable by debtors as at the End of the Period

☒Applicable ☐N/A

Unit name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balances of accounts receivable and contract assets	Proportion of the total balance of accounts receivable and contract assets at the end of the period (%)	Ending balance of the bad debt reserve
Unit 1	7,771,476.80	0.00	7,771,476.80	4.33	77,714.77
Unit 2	6,437,460.40	0.00	6,437,460.40	3.59	64,374.60
Unit 3	5,566,715.35	0.00	5,566,715.35	3.10	55,667.15
Unit 4	4,868,006.01	0.00	4,868,006.01	2.71	48,680.06
Unit 5	4,653,997.61	0.00	4,653,997.61	2.59	46,539.98
Total	29,297,656.17	0.00	29,297,656.17	16.32	292,976.56

As of 30 June 2025, the total amount of the top five debtors in closing balance is RMB29,297,656.17, accounting for 16.32% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB292,976.56.

Other descriptions:

1. The company has no accounts receivable terminated for recognition due to the transfer of financial assets.

2. The company has no amounts of assets and liabilities formed by the transfer of accounts receivable and continued involvement.

3. Other receivables

Line items

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	519,999,500.00	594,999,500.00
Other receivables	162,144,065.47	160,356,099.84

Total	682,143,565.47	755,355,599.84
-------	----------------	----------------

Other descriptions:

☐Applicable ☒N/A

(1). Dividends receivable

Dividends receivable

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Topsino	499,999,500.00	499,999,500.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
Joincare Haibin	0.00	75,000,000.00
Total	519,999,500.00	594,999,500.00

Other receivables

(1).Disclosure by aging

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period	Balance at the Beginning of the Period
Subtotal within 1 year	11,246,737.73	159,973,884.38
1-2 years	150,778,118.85	252,093.02
2-3 years	221,479.06	132,664.47
3-4 years	46,000.00	160,349.78
4-5 years	168,845.48	124,189.44
Over 5 years	18,280,135.57	18,392,160.13
Total	180,741,316.69	179,035,341.22

(2).Disclosure by nature of the amount

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Other receivables of each company within the scope of combination	154,955,338.64	154,458,802.64
Treasury bonds and security deposits	16,954,735.37	16,954,735.37
External entities balances	145,000.01	1,628,134.32
Security deposits	4,512,803.50	3,764,547.80
Others	4,173,439.17	2,229,121.09
Total	180,741,316.69	179,035,341.22

(3).Provision made for bad debts

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses over the lifetime (without impairment of credit)	Expected credit losses over the lifetime (with impairment of credit)	
Balance at the Beginning of the Period	0.00	1,724,506.01	16,954,735.37	18,679,241.38

Movement of beginning balance during the period	0.00	0.00	0.00	0.00
-- Transferred to Second stage	0.00	0.00	0.00	0.00
-- Transferred to third stage	0.00	0.00	0.00	0.00
-- Reversed to second stage	0.00	0.00	0.00	0.00
-- Reversed to first stage	0.00	0.00	0.00	0.00
Provisions made for the Period	0.00	-81,990.16	0.00	-81,990.16
Reversals for the Period	0.00	0.00	0.00	0.00
Write-off for the Period	0.00	0.00	0.00	0.00
Settlement for the Period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance at the End of the Period	0.00	1,642,515.85	16,954,735.37	18,597,251.22

Basis for division of each stage and provision ratio for bad debts

As at the End of the Period, provision for bad debts in first stage:

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on portfolio basis	154,955,338.64	0.00	0.00	154,955,338.64	
Other receivables of each company within the scope of combination	154,955,338.64	0.00	0.00	154,955,338.64	Expected to be recovered
Total	154,955,338.64	0.00	0.00	154,955,338.64	

As at the End of the Period, provision for bad debts in second stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on portfolio basis	8,831,242.68	18.60	1,642,515.85	7,188,726.83	
Receivables of security, deposits and rental fees	4,512,803.50	35.15	1,586,281.46	2,926,522.04	
Other receivables	4,318,439.18	1.30	56,234.39	4,262,204.79	
Total	8,831,242.68	18.60	1,642,515.85	7,188,726.83	

As at the End of the Period, provision for bad debts in third stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	16,954,735.37	100.00	16,954,735.37	0.00	
National debt and margin	16,954,735.37	100.00	16,954,735.37	0.00	
Total	16,954,735.37	100.00	16,954,735.37	0.00	

As at 31 December 2024, provision made for bad debts:

As at 31 December 2024, provision for bad debts in first stage:

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on portfolio basis	154,458,802.64	0.00	0.00	154,458,802.64	
Other receivables of each company within the scope of combination	154,458,802.64	0.00	0.00	154,458,802.64	Expected to be recovered
Total	154,458,802.64	0.00	0.00	154,458,802.64	

As at 31 December 2024, provision for bad debts in second stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on portfolio basis	7,621,803.21	22.63	1,724,506.01	5,897,297.20	
Receivable securities, deposits and rental fees	3,764,547.80	10.76	405,209.38	3,359,338.42	
Other receivables	3,857,255.41	34.20	1,319,296.63	2,537,958.78	
Total	7,621,803.21	22.63	1,724,506.01	5,897,297.20	

As at 31 December 2024, provision for bad debts in the third stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	16,954,735.37	100.00	16,954,735.37	0.00	
Treasury bonds and Margin	16,954,735.37	100.00	16,954,735.37	0.00	
	16,954,735.37	100.00	16,954,735.37	0.00	

Descriptions of the significant changes in the gross carrying amount of other receivables for which the changes in loss allowance occur for the current period:

□Applicable √N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of

financial instruments have increased significantly:

☐Applicable ☒N/A

(4). The situation of bad debt provision

☐Applicable ☒N/A

(5). Actual written-off of other receivables at the End of the Period

☐Applicable ☒N/A

(6) Other receivables due from the top five debtors at the End of the Period

☒Applicable ☐N/A

Unit: Yuan Currency: RMB

Name of entity	Nature of receivables	Balance at the End of the Period	Ageing	Proportion to total other receivables at the End of the Period (%)	Balance of provision for bad debts at the End of the Period
Shenzhen Fenglei Electric Power Investment Co., Ltd. (深圳市风雷电力投资有限公司)	Current account	129,956,104.29	Over one year	71.90	0.00
Joincare (Guangdong) Special medicine Food Co., Ltd. (健康元(广东) 特医食品有限公司)	Current account	21,274,865.75	Within 1 year: 1,213,099.62; Over 1 year: 20,061,766.13	11.77	0.00
Hua Xia Securities Co., Ltd. (华夏证券股份有限公司)	Treasury bonds and security deposits	16,954,735.37	Over 5 years	9.38	16,954,735.37
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司)	Current account	3,724,368.60	Within 1 year: 3,583,574.42; Over 1 year: 140,794.18;	2.06	0.00
Tianjin Ocean Engine Information Technology Co., Ltd. (天津巨量引擎信息技术有限公司)	Deposit	1,000,000.00	Within one year	0.55	10,000.00
Total	/	172,910,074.01	/	95.66	16,964,735.37

(7).Other receivables derecognised due to the transfer of financial assets

☐Applicable ☒N/A

(8).Assets and liabilities generated by the transfer of other receivables and continuing involvement therein

☐Applicable ☒N/A

Other descriptions:

☐Applicable ☒N/A

4. Long-term equity investments

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	3,676,678,312.11	7,010,047.91	3,669,668,264.20	3,676,678,312.11	7,010,047.91	3,669,668,264.20
Investments in associates and joint ventures	78,137,475.86	0.00	78,137,475.86	77,716,596.30	0.00	77,716,596.30
Total	3,754,815,787.97	7,010,047.91	3,747,805,740.06	3,754,394,908.41	7,010,047.91	3,747,384,860.50

(1).Investments in subsidiaries

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Year (Carrying value)	Beginning balance of impairment provisions	Change during the Period				Balance at the End of the Period(Carrying value)	Ending balance of impairment provisions
			Increased investment	Decreased investment	Provide for impairment losses	Others		
Livzon	608,741,654.08	0.00	0.00	0.00	0.00	0.00	608,741,654.08	0.00
Haibin Pharma	783,054,186.38	0.00	0.00	0.00	0.00	0.00	783,054,186.38	0.00
Joincare Daily-Use	22,506,450.65	1,610,047.91	0.00	0.00	0.00	0.00	22,506,450.65	1,610,047.91
Topsino	813,552,689.31	0.00	0.00	0.00	0.00	0.00	813,552,689.31	0.00
Taitai Genomics	37,500,000.00	0.00	0.00	0.00	0.00	0.00	37,500,000.00	0.00
Taitai Pharmaceutical	105,939,709.72	0.00	0.00	0.00	0.00	0.00	105,939,709.72	0.00
Shenzhen Hiyeah	164,700,000	5,400,000.00	0.00	0.00	0.00	0.00	164,700,000	5,400,000.00
Fenglei Electric Power	100,763,433.06	0.00	0.00	0.00	0.00	0.00	100,763,433.06	0.00
Jiaozuo Joincare	525,000,000.00	0.00	0.00	0.00	0.00	0.00	525,000,000.00	0.00
Shanghai Frontier	32,500,000.00	0.00	0.00	0.00	0.00	0.00	32,500,000.00	0.00
Taitai Biological	4,832,950.00	0.00	0.00	0.00	0.00	0.00	4,832,950.00	0.00
Joincare Haibin	100,000,000.00	0.00	0.00	0.00	0.00	0.00	100,000,000.00	0.00
Joincare Special Medicine Food	3,000,000.00	0.00	0.00	0.00	0.00	0.00	3,000,000.00	0.00
LivzonBio	294,037,191.00	0.00	0.00	0.00	0.00	0.00	294,037,191.00	0.00
Fluffy Buddy Animal Health (Guangdong) Co., Ltd.	73,500,000.00	0.00	0.00	0.00	0.00	0.00	73,500,000.00	0.00
Wuhan Kangli Health Investment Management Co., Ltd.	40,000.00	0.00	0.00	0.00	0.00	0.00	40,000.00	0.00
Total	3,669,668,264.20	7,010,047.91	0.00	0.00	0.00	0.00	3,669,668,264.20	7,010,047.91

(2) Investment in associates and joint ventures

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Year	Change during the Period								Balance at the End of the Period	Balance of provision for impairment at the End of the Period
		Increased investmen	Decreased investment	Investment profit and loss under the equity method	Adjustment in other comprehensive income	Other equity changes	Cash dividend or profit distribution declared	Provision for Impairment	Others		
II Associates											
Ningbo Ningrong Biomedical Co., Ltd.	27,499,631.47	0.00	0.00	-166,877.00	0.00	0.00	0.00	0.00	0.00	27,332,754.47	0.00
Feellife Health Inc.	8,960,719.30	0.00	0.00	-390,128.76	0.00	0.00	0.00	0.00	0.00	8,570,590.54	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd.	31,960,440.67	0.00	0.00	1,093,606.87	0.00	0.00	0.00	0.00	0.00	33,054,047.54	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd.	9,295,804.86	0.00	0.00	-115,721.55	0.00	0.00	0.00	0.00	0.00	9,180,083.31	0.00
Total	77,716,596.30	0.00	0.00	420,879.56	0.00	0.00	0.00	0.00	0.00	78,137,475.86	0.00

(3). Impairment testing of long - term equity investments

□Applicable √N/A

Other descriptions:

□Applicable √N/A

5. Operating income and operating cost

(1) Operating income and operating cost

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Primary operations	580,739,605.09	385,386,857.00	961,415,921.07	568,495,093.42
Other operations	13,774,202.59	7,601,053.77	12,499,902.79	7,680,249.90
Total	594,513,807.68	392,987,910.77	973,915,823.86	576,175,343.32

(2) Descriptions of operating income

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Product types				
Chemical pharmaceuticals	439,146,232.49	294,744,674.74	796,972,609.10	488,029,412.76
Health care products	11,686,760.12	15,075,594.34	33,650,115.39	12,962,049.38
Traditional Chinese medicine	129,906,612.48	75,566,587.92	130,793,196.58	67,503,631.28
Classification by business region				
Domestic	580,739,605.09	385,386,857.00	961,104,940.74	568,398,928.40
Overseas	0.00	0.00	310,980.33	96,165.02
Total	580,739,605.09	385,386,857.00	961,415,921.07	568,495,093.42

Operating income and operating cost presented by time of income recognition

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Commodities (transferred at a point in time)	580,739,605.09	385,386,857.00	961,415,921.07	568,495,093.42
Total	580,739,605.09	385,386,857.00	961,415,921.07	568,495,093.42

(3) Descriptions of other activities

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Rental fees	4,212,986.53	812,445.35	4,151,769.93	484,596.92
Technical services	8,490.56	19,458.53	2,035,973.59	556,932.22
Others	9,552,725.50	6,769,149.89	6,312,159.27	6,638,720.76
Total	13,774,202.59	7,601,053.77	12,499,902.79	7,680,249.90

6. Investment income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Long-term equity investments income under cost method	262,551,429.80	322,222,209.30
Long-term equity investments income under equity method	1,505,811.26	0.00
Investment income from disposal of long-term equity investments	420,879.56	249,535.69
Investment income from disposal of financial assets held for trading	101,250.00	0.00
Total	264,579,370.62	322,471,744.99

7. Others

□Applicable √N/A

XIX Supporting Information**1. Statement of non-recurring profit or loss**

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Amount
Gain or loss on disposal of non-current assets (including the reversal of previously recognized asset impairment provisions).	-2,579,460.77
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable policies and standards of the country).	68,439,040.16
Excluding effective hedging activities related to the company's ordinary operating business, this refers to gains and losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as gains and losses from the disposal of financial assets and financial liabilities.	-7,751,339.88
Reversal of provision for impairment of accounts receivable with individual impairment test	0.00
Other non-operating income and expenditure apart from the above items	-7,062,692.26
Less: Income tax effect	11,889,356.58
Effect of minority interests (after tax)	24,029,394.63
Total	15,126,796.04

For the items not listed in the “Explanatory Announcement No.1 for Public Company Information Disclosures-Extraordinary Gains or Losses” that the company identifies as non-recurring gains

and losses, especially those with significant amounts, as well as the extraordinary gain or loss items as illustrated in the “Explanatory Announcement No.1 for Public Company Information Disclosures-Extraordinary Gains or Losses” which has been defined as its recurring gain or loss items, the reasons for such classification should be explained.

☐Applicable ☒N/A

2. Rate of return on net assets and earnings per share

☒Applicable ☐N/A

Profit for the Reporting Period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net loss attributable to the Company's ordinary shareholders	5.38	0.43	0.43
Net profit attributable to the parent company's shareholders, excluding non-recurring profit or loss	5.28	0.42	0.42

3. Differences in accounting data under domestic and foreign accounting standards

☐Applicable ☒N/A

4. Others

☐Applicable ☒N/A

Chairman: Zhu Baoguo

Date of Submission Approved by the Board: 22 August, 2025

Revised information

☐Applicable ☒N/A