健康元 Joincare

Stock Short Name:健康元

Stock Code：600380

2026 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"), directors 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 Warning for 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.

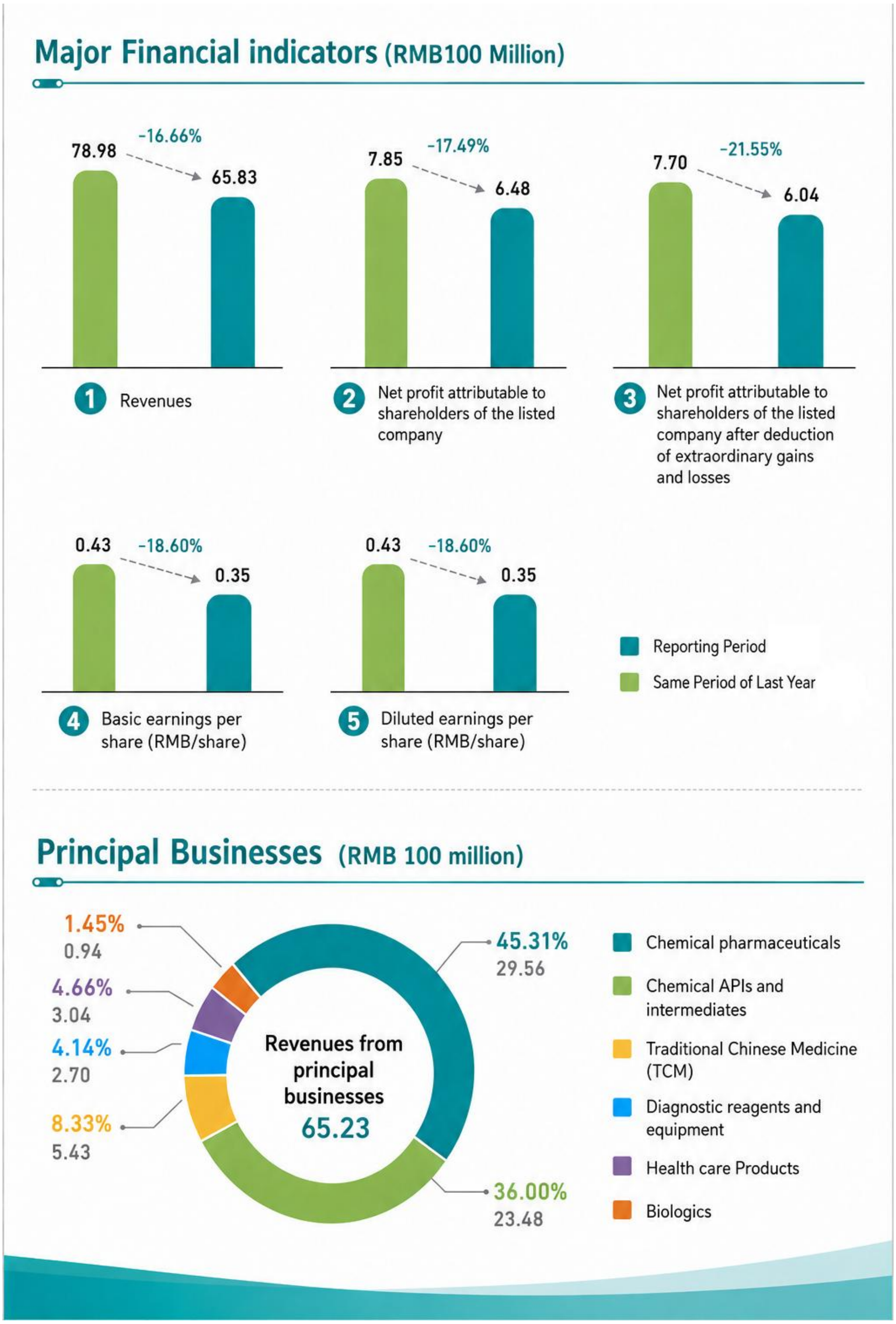
XI Others

□Applicable √N/A

Table of Contents

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



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
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 Consumer
PIC/S	Refers to	Pharmaceutical Inspection Co-operation Scheme
GnRH	Refers to	Gonadotropin-releasing hormone
IMP	Refers to	Imexpharm Corporation
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)
Health China	Refers to	Health Pharmaceutical (China) Co., Ltd.* (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	LivzonBio, Inc.*(珠海市丽珠生物医药科技有限公司)
Reporting Period	Refers to	From 1 January 2026 to 30 June 2026
End of the Reporting Period	Refers to	30 June 2026
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)
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	0755-86252656
Fax	0755-86252165	0755-86252165
E-mail	zhuyifan@joincare.com	lihongtao@joincare.com

III Overview of Changes in 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	Registered at B5, Hengfeng Industrial City, Hezhou Community, Huangtian Village, Xin'an Town, Bao'an County on 18 December 1992 Changed its registered address to 4-5/F, Dongpeng Building, Shangmeilin Industrial Area, Futian District, Shenzhen on 25 May 1994 Changed its registered address to 24/F, Block B, Fujian Building, Caitian South Road, Futian District, Shenzhen on 4 July 1995 Changed its registered address to 23/F, Diwang Building, Shun Hing Square, No. 333, Shennan East Road, Shenzhen on 20 June 1997 Changed its registered address to Taitai Pharmaceutical Industrial Building, the 5th Industrial Area, Nanshan District, Shenzhen on 22 September 2000 Changed its registered address to 23/F, Diwang Building, Shun Hing Square, No. 5002, Shennan East Road, Luohu District, Shenzhen on 4 June 2003 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 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
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	*China Securities Journal, Securities Times, Securities Daily,* and *Shanghai Securities News*
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 Previous Year**	**Increase/decrease for the Reporting Period as compared to the same period last year (%)**
Revenues	6,582,795,940.02	7,898,328,250.41	-16.66
Total profit	1,601,002,822.74	2,072,742,025.46	-22.76
Net profit attributable to Shareholders of the listed company	647,654,146.46	784,939,913.34	-17.49
Net profit attributable to shareholders of the listed company after deducting the extraordinary gain or loss	603,924,511.04	769,813,117.30	-21.55
Net cash flow from operating activities	2,042,478,501.51	1,926,356,658.10	6.03
	End of the Reporting Period	**End of the Previous 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	15,221,206,583.02	15,179,567,286.42	0.27
Total assets	34,715,790,522.32	35,414,299,308.64	-1.97

(II) Principal Financial Indicators

Principal Financial Indicators	Reporting Period (From January to June)	Same Period of Previous Year	Increase/decrease for the Reporting Period as compared to the same period of Previous Year (%)
Basic earnings per share (RMB/share)	0.35	0.43	-18.60
Diluted earnings per share (RMB/share)	0.35	0.43	-18.60
Basic earnings per share after deducting the extraordinary gain or loss (RMB/share)	0.33	0.42	-21.43
Weighted average return on net assets (%)	4.21	5.38	Decreased by 1.17 percentage points
Weighted average return on net assets after deducting the extraordinary gain or loss (%)	3.92	5.28	Decreased by 1.36 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
Gain or loss on disposal of non-current assets (including the reversal of previously recognized asset impairment provisions).	11,134,514.30
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)	46,780,880.06
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.	23,699,235.79
Other non-operating income and expenses apart from the above items	-6,828,062.47
Less: Income tax effect	753,191.30
Effects of non-controlling interests (after tax)	30,303,740.96
Total	43,729,635.42

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

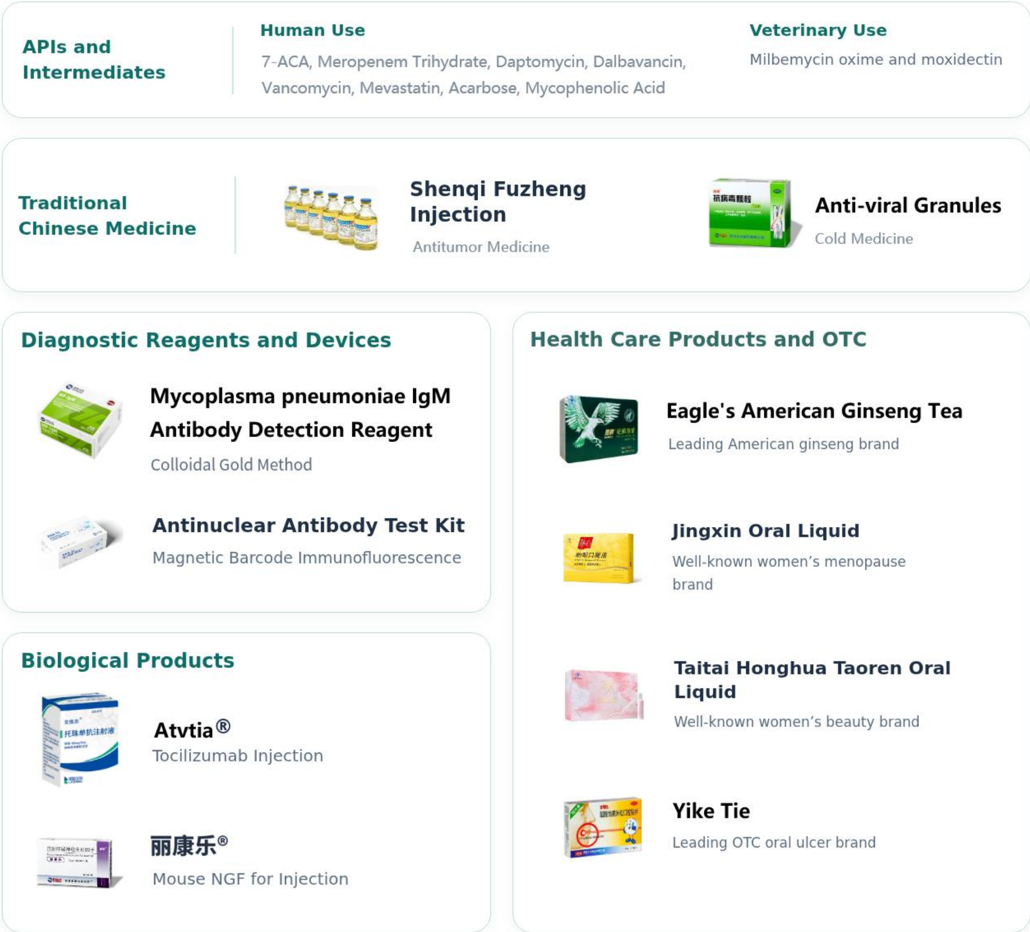
Chapter 3 Management Discussion and Analysis

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 healthcare 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, healthcare 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:

Other Segments



(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. 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 introduction, 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 technology platforms, the Company has developed a clearly defined R&D pipeline focused on key therapeutic areas such as respiratory diseases and immuno-oncology. In terms of collaborative innovation, the Company actively engages in domestic and international scientific partnerships through commission or joint development. It also pursues technology transfer and in-licensing of strategic new technologies and products to facilitate commercialization, 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 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.

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 considering 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 for Pharmaceutical Products (GSP) certification. 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) Healthcare 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, leveraging the distribution channels and terminal coverage of commercial partners across chain pharmacies, the Company collaborates with approximately 95 first-tier distributors, including 63 pharmaceutical distributors and 32 food and supermarket distributors. Their underlying second-tier distributors and covered terminals across pharmaceutical and food channels exceed 400,000. Through this tiered marketing network, the Company effectively manages and promotes its products. In addition to traditional distribution management models, the Company fosters synergistic development through online channels, having established official flagship stores across major e-commerce platforms, including Tmall, JD.com, Douyin, Xiaohongshu (RED), Pinduoduo, WeCom Youzan, and WeChat Channels Store.

(III) Analysis of industry development

2026 marks the first year of China’s 15th Five-Year Plan. The biomedical industry has been officially classified as a national emerging pillar industry, assigned the mission to foster new quality productive forces and support public health and the upgrading of the real economy. In the first half of the year, driven by this new strategic positioning, the industry accelerated its structural improvements in quality and efficiency, highlighted by targeted policy support, innovation-driven growth, and deeper international expansion. Industrial resources further concentrated on innovative drugs with high clinical value, solidifying innovation as the primary driver of the sector's high-quality development.

On the policy front, guided by national strategies, a comprehensive support system for innovation has taken shape. China has continuously refined incentive mechanisms, including Breakthrough Therapy Designation (BTD), conditional approval, and priority review, thereby accelerating the commercialization of cutting-edge modalities such as novel antibodies, ADCs, cell and gene therapies, and nucleic acid drugs. In addition, the differentiated medical insurance payment system has been further improved, refining entry and renewal mechanisms based on clinical value to balance innovation with affordability. Meanwhile, Volume-Based Procurement (VBP) has entered a normalized and institutionalized phase, focusing primarily on generic drugs and mature medical consumables, thus having a manageable impact on the innovative drug sector. This has effectively facilitated the phase-out of low-end homogeneous production capacity and consolidated the foundation for the industry's innovative transformation.

The industry sustained strong momentum, marked by the accelerated conversion of research breakthroughs. The number of domestically approved Class 1 innovative drugs grew steadily in H1 2026, alongside marked efficiency gains in translating clinical pipelines. The pace of global expansion gathered momentum, with overseas competitiveness becoming increasingly prominent. In H1 2026, the total value of China's overseas pharmaceutical transactions reached US$99.7 billion, with the full-year figure expected to set a record. Chinese enterprises have expanded their presence through BD licensing, joint R&D, and global commercialization, elevating the international profile of domestic innovative assets and propelling the industry into a new era of global value competition.

In summary, supported by national policy, the structural differentiation of the pharmaceutical industry intensified in H1 2026, making proprietary innovation capacity the core differentiator for enterprises. Looking ahead under the 15th Five-Year Plan, the industry will focus on three strategic pillars: original technological innovation, meeting essential clinical needs, and expanding global footprint. Market participants with sustained R&D capabilities, high-value innovative pipelines, and mature commercial operations will be best positioned to capitalize on strategic opportunities and fully unlock the benefits of high-quality growth.

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）Operating Results and Reasons for Changes

During the Reporting Period, amid multiple pressures arising from tighter medical insurance cost controls, the normalized implementation of national volume-based procurement and the cyclical trough in the active pharmaceutical ingredient ("API") industry, the Company's operating results came under temporary pressure. Nevertheless, its business mix continued to improve and its core competitiveness remained solid. The Company recorded operating revenue of RMB6,583 million, representing a year-on-year decrease of 16.66%; net profit attributable to shareholders of the listed company amounted to RMB648 million, representing a year-on-year decrease of 17.49%; and net profit excluding non-recurring gains and losses amounted to RMB604 million, representing a year-on-year decrease of 21.55%. The simultaneous decline in revenue and profit was mainly attributable to the concentrated impact of the above industry-wide factors on certain key products of the Company, compounded by a year-on-year decrease in patient visits for influenza and respiratory diseases in China during the first quarter of 2026.

By business segment, the fluctuations in performance were mainly attributable to Livzon Group, a controlled subsidiary of the Company. During the Reporting Period, Livzon Group recorded operating revenue of around RMB5,000 million, representing a year-on-year decrease of 20.28%; and net profit attributable to shareholders of its parent company of RMB932 million, representing a year-on-year decrease of 27.23%. The impact of multiple industry-wide factors was concentrated on its key products. In the chemical preparation segment, sales revenue from the Ilaprazole Sodium series and Menotrophins for Injection declined because of price reductions under the medical insurance scheme. Sales of Leuprorelin Acetate Microspheres for Injection decreased significantly in regions covered by the Guangdong Alliance procurement programme. Fluvoxamine Maleate Tablets, a product in the psychiatry portfolio, became subject to the eleventh round of national volume-based procurement from this year, resulting in a decline in revenue. In the API and intermediate segment, total domestic sales decreased slightly due to the cyclical trough and structural adjustments in the domestic industry. The traditional Chinese medicine preparation and diagnostic segments were affected by the decline in patient visits for influenza and respiratory diseases during the first quarter, with revenue from Antiviral Granules and respiratory-related diagnostic products decreasing year on year. For further details, please refer to the *2026 Interim Report of Livzon Group*.

During the Reporting Period, the Company's standalone operations demonstrated strong resilience. Driven by the successive launch of innovative drug products and continued growth in healthcare products, the profitability of the Company's standalone operations increased slightly. For further details, please refer to Section 2 of this chapter.

(2) Highlights and Resilience of Core Business Segments

① Innovation-led Transformation of the Respiratory Segment Continued to Deliver Results, with the Revenue Mix Steadily Shifting towards Innovation-driven Growth

During the Reporting Period, revenue from innovative drugs accounted for nearly 35% of the respiratory segment's revenue, representing a notable increase from approximately 27% in the corresponding period of 2025. The Company's strategic transformation towards innovation continued to gain momentum and deliver results.

i.Commercialization of Pixavir Marboxil Capsules (壹立康®), the Company's first Class 1 innovative chemical drug in the respiratory field, progressed smoothly. During the Reporting Period, the product completed listing on drug procurement platforms in all provincial-level regions across China, gained access to a number of key medical institutions and became available on leading online pharmaceutical platforms. The Company also frequently conducted academic promotion activities in collaboration with leading experts in the respiratory field. In June 2026, the Company formally applied for inclusion in the NRDL during the 2026 NRDL adjustment. Following its potential inclusion in the NRDL, the product is expected to achieve further sales ramp-up and volume growth.

ii. Tobramycin Inhalation Solution maintained its growth momentum despite the high comparison base resulting from rapid growth in the corresponding period of the previous year, recording a year-on-year increase of more than 10%. As innovative products successively enter the commercialization stage, the revenue mix of the respiratory segment is expected to continue improving.

② Healthcare Products Segment Sustained Its Growth Momentum, with Eagle's（鹰牌）American Ginseng Tea Delivering Its Best First-half Sales Performance in a Decade

During the Reporting Period, the Company's healthcare products segment recorded sales revenue of RMB304 million, representing a year-on-year increase of 25%. Despite the high comparison base in the corresponding period of the previous year, the segment continued to achieve high-quality growth, primarily driven by the continued implementation of its dual-engine strategy. On the brand front, the Company focused on the flagship products of its well-established national brands, including Eagle's (鹰牌)，Taita (太太) and Jingxin (静心), and precisely targeted consumer demand in festive gifting scenarios. Gift-box products delivered outstanding performance across all channels.

In particular, Eagle's strengthened its positioning as a premium Chinese New Year gifting choice. Shipments of its Spring Festival gift boxes reached nearly 300,000 boxes, representing a year-on-year increase of approximately 87%. The products recorded strong sales and sold out across all channels and became a benchmark gifting product on multiple platforms. On the channel front, the Company further strengthened online-offline integration. Online, it directly reached consumers through the direct-to-consumer ("DTC") model on platforms including Douyin, Tmall and JD.com. Offline, it continued to expand point-of-sale coverage through chain pharmacies, key-account ("KA") supermarkets and new retail channels. Brand momentum and channel efficiency improved in tandem.

(3) Response Measures

In response to industry policy adjustments, price reductions affecting certain key products and periodic fluctuations in demand, the Company will adhere to its operating approach of "stabilizing the existing business, expanding incremental growth, improving efficiency and controlling risks", with a focus on the following initiatives:

① Proactively Mitigating the Impact of Policy Adjustments and Consolidating the Foundation of Established Businesses

In response to the impact of medical insurance price reductions and the implementation of national volume-based procurement on certain key preparation products of Livzon Group, the Company will strengthen access to healthcare institutions, channel coverage and communication of clinical value, optimize the allocation of marketing resources and enhance its ability to capture sales volume following price reductions. The Company will further optimize the product and customer mix of its API business, strengthen coordination between domestic and overseas markets and enhance cost control to improve operating quality. It will also strengthen demand monitoring, production and sales coordination, and channel inventory management for its traditional Chinese medicine preparation and diagnostic businesses to improve market responsiveness. For details of Livzon Group's operating initiatives, please refer to the *2026 Interim Report of Livzon Group*.

②Accelerating the Commercialization of Innovative Products and Improving the Quality of Growth in the Respiratory Segment

Following the completion of nationwide listing of Pixavir Marboxil Capsules (壹立康®) on provincial drug procurement platforms, the Company will focus on advancing access to healthcare institutions, academic promotion and patient accessibility. It will also actively pursue inclusion in the National Reimbursement Drug List ("NRDL"), with a view to progressively translating market access coverage into actual clinical use. Meanwhile, the Company will continue to expand coverage of healthcare institutions for innovative products such as Tobramycin Inhalation Solution and increase the contribution of innovative products to the revenue and profitability of the respiratory segment.

The Company will also advance its key pipeline projects and the development of related dosage forms as planned. It will further strengthen collaboration among R&D, medical affairs, market access, marketing and supply chain functions to improve the efficiency of translating innovative achievements into commercially successful products.

③ Consolidating the Growth Momentum of Healthcare Products and Strengthening Sustainable Operating Capabilities

The Company will continue to focus on its core brands and flagship products, including Eagle's（鹰牌）, Taita（太太） and Jingxin（静心）, and deepen collaboration between online and offline channels. While consolidating its advantages in festive gifting occasions, the Company will actively expand into consumption scenarios such as daily nourishment and family health. It will further strengthen customer engagement, repeat-purchase conversion, product mix management and improve the efficiency of marketing expenditure, while closely monitoring point-of-sale sell-through and channel inventory turnover, thereby promoting coordinated improvements in business scale and profitability.

④ Advancing the application of AI and new technologies, and deepening lean operations

The Company will strengthen the end-to-end application of AI across R&D, production, sales and corporate functions, continue to advance production process optimization, supply chain collaboration and digitalized operations, and improve the efficiency of resource allocation and utilization improve resource input-output efficiency. Meanwhile, it will further enhance quality, safety, environmental protection and compliance management to provide safeguards for the sound development of each business segment.

(4) Future Outlook

Looking ahead to the second half of 2026, factors including medical insurance cost controls, the implementation of national volume-based procurement, price adjustments affecting certain established products and competition in the API market may continue to exert pressure on the Company's operations, and it may take time for the related impacts to be fully absorbed. Demand relating to respiratory diseases is seasonal, while uncertainties also remain regarding NRDL inclusion, coverage of healthcare institutions and the pace of commercial sales ramp-up for innovative drugs. At the same time, the brand and channel foundations accumulated by the healthcare products segment, the continued commercialization of innovative respiratory products and the Company's diversified business portfolio will continue to provide support for its operations.

The Company will increasingly rely on product mix optimization and improvements in operating efficiency to drive business recovery. It will strive to stabilize the foundation of its established businesses, increase the contribution from innovative products and high-growth businesses, and continuously enhance its overall operating quality and long-term sustainable development capabilities.

2. Analysis of R&D Progress

(1) Core Pipeline Advanced Steadily During the Reporting Period

During the Reporting Period, the Company's R&D pipeline entered a pivotal stage in which value realization and portfolio expansion advanced in parallel. Guided by unmet clinical needs and differentiated innovation, the Company kept pace with developments in AI-enabled pharmaceutical R&D and continued to deepen iterative innovation by leveraging its strengths in respiratory diseases, anti-infectives and pain management.

As at the end of the Reporting Period, the Group had established a pipeline comprising more than 20 Class 1 innovative drug candidates. In the respiratory and anti-infective therapeutic areas, which have long been the Group's core areas of focus, the Group had proactively established a portfolio of more than ten Class 1 innovative drug candidates. In particular, in the field of chronic obstructive pulmonary disease ("COPD"), the Group has established a comprehensive network of therapeutic target encompassing upstream inflammatory pathways, oral anti-inflammatory therapies and inhaled maintenance therapies, with its differentiated competitive advantages becoming increasingly evident:

Pixavir Marboxil Dry Suspension	Indication: Uncomplicated Flu A/B (Ages 2–12)	Clinical Progress: Phase III Ongoing

The pediatric formulation of Yilikang®, this product is designed for children aged 2–12. Leveraging the established target mechanism and clinical data of the adult formulation, quantitative pharmacology-based dose extrapolation enabled it to advance directly from Phase I to Phase III, significantly shortening development. During the Reporting Period, Phase III enrollment entered its final stage. Influenza commonly shows "household clustering", while pediatric formulations remain limited. By addressing administration difficulties and inaccurate dosing in children, the product aligns with national policies encouraging pediatric medicines. Upon launch, it will complement the adult capsule and complete the Company's all-age influenza portfolio.

TSLP mAb	Indication: ① Moderate-to-Severe COPD ② CRSwNP	Clinical Progress: ① Phase III Ongoing ② Phase II Approved

This humanized anti-TSLP monoclonal antibody blocks airway inflammation at its upstream source and may cover broader inflammatory phenotypes and patient populations. During the Reporting Period, Phase III for moderate-to-severe COPD was initiated and the first patient enrolled, with progress leading comparable domestic programs. The new chronic rhinosinusitis with nasal polyps (CRSwNP) indication received clinical trial approval in April 2026 and permission to proceed directly to Phase II, further enriching the respiratory indication portfolio.

PREP Inhibitor	Indication: Moderate-to-Severe COPD	Clinical Progress: Phase II Ongoing

An oral small-molecule COPD anti-inflammatory drug in-licensed from overseas, this product inhibits prolyl endopeptidase (PREP) to modulate the PREP-PGP neutrophilic inflammatory pathway and has global First-in-Class (FIC) potential. Oral COPD therapies remain limited, leaving strong demand for effective, safe and convenient options. Phase I is complete and Phase IIa is progressing steadily.

NaV1.8 Inhibitor	Indication: Acute Pain	Clinical Progress: Phase II Ongoing

An oral, highly selective NaV1.8 inhibitor, this novel non-opioid analgesic is designed to avoid the addiction risk of conventional opioids through a new mechanism. Phase I in healthy subjects is complete. Phase II now focuses on acute postoperative pain, with enrollment progressing smoothly across sites. The project marks the extension of the Company's innovative pipeline from respiratory diseases into multiple therapeutic areas.

Progress of Other Pipeline Programs:

- JKN2404 Inhalation Suspension, a next-generation inhaled corticosteroid (ICS), was approved for clinical trials in bronchial asthma.
- JKN2501 for Injection, a novel β-lactamase inhibitor in the anti-infective field, added hospital-acquired pneumonia (HAP) and ventilator-associated pneumonia (VAP) as new indications.
- JKN2502 for Injection, a next-generation polymyxin antibacterial agent, also received clinical trial approval, further strengthening the Company's innovative portfolio in the respiratory and anti-infective fields.
- For details of Livzon's pipeline progress, please refer to the *2026 Interim Report of Livzon Group.*

(2) AI Capabilities Empowering Early-Stage Research

The Company has completed the on-premises deployment of mainstream AI models and established an end-to-end AI-powered drug R&D platform integrating target identification, molecule generation, ADMET prediction and retrosynthetic analysis. During the Reporting Period, the platform increased the hit rate for novel active molecules by two- to five-fold and shortened the virtual compound screening cycle from several months under conventional approaches to just a few days. In COPD research, the lead compound discovery timeline was reduced to approximately six months. In addition, AI technology has delivered quantifiable efficiency improvements across pharmaceutical research, process development and clinical research, continuously enhancing R&D efficiency and return on investment. The Group has currently deployed multiple early-stage novel-target programs, strengthening the foundation of early-stage research and providing a continuous source of support for its overall pipeline portfolio.

3. Internationalization: Accelerating Systematic Global Expansion

During the Reporting Period, the Company accelerated the upgrade of its internationalization strategy from "product exports" to "systematic global expansion". Through the coordinated advancement of overseas M&A, APIs as a foundation and formulation breakthroughs, the Company achieved milestone progress in its global market presence.

(1) Milestone Progress in Overseas M&A

The Company's controlled subsidiary, Livzon Group, completed the public tender offer for IMP (Imexpharm Corporation), a listed company in Vietnam, acquiring a 67.87% equity interest and obtaining control. The transfer of the relevant shares was completed in May 2026. The Company thereby became the first Chinese pharmaceutical enterprise to acquire a Vietnamese listed company, marking a critical step in its strategic expansion into Southeast Asia. IMP operates the largest number of EU-GMP-certified production lines in Vietnam, and its products reach more than 80% of medical institutions across the country, providing manufacturing qualifications and channel support for the rapid entry of the Company's formulation products into the Southeast Asian market.

The integration of IMP is currently progressing in an orderly manner. In production management, leveraging IMP's existing EU-GMP-certified manufacturing facilities, the Group is advancing the integration of its formulation manufacturing system with IMP's quality system and harmonizing compliance and operational standards. In product introduction, the Group is progressively advancing technology transfer and import registration for formulation products based on market demand in Southeast Asia. The first batch includes the technology transfer of three injectable products—Ilaprazole Sodium for Injection, Daptomycin for Injection and Tedizolid Phosphate for Injection—as well as the import registration of four key products: Recombinant Human Follitropin Alfa Solution for Injection, Recombinant Human Choriogonadotropin Alfa for Injection, Cetrorelix Acetate for Injection and Lecankitug Injection. In channel integration, the Group plans to use Vietnam as a strategic hub serving the broader ASEAN market by leveraging local manufacturing qualifications and the advantages of free trade agreements. This is expected to reduce import tariffs on finished products and logistics.

(2) Coordinated Overseas Expansion of APIs and Formulations

The overseas foundation of the API business remained solid, with the contribution from regulated markets continuing to increase. During the Reporting Period, API export revenue accounted for more than 60% of the segment's total revenue, the overseas business maintaining a solid foundation. Revenue from regulated markets continued to increase as a proportion of the total, orders under long-term agreements accounted for a significant share, the customer mix remained stable, and order stickiness strengthened. The Company's overseas market share is expanding steadily and is expected to become a major contributor to the segment's performance.

In terms of capacity and compliance, construction of the API facility in Jakarta, Indonesia, jointly developed by the Company and Kalbe Group, progressed in an orderly manner. The facility is intended to serve as a strategic foothold for high-end European and US markets. Joincare Haibin obtained a PIC/S GMP certificate issued by Malaysia's National Pharmaceutical Regulatory Agency (NPRA); the Fuzhou Fuxing facility successfully passed an EU-GMP inspection; and the Ningxia facility passed an FDA inspection with zero Form 483 observations as well as an inspection by the German regulatory authorities. The Company's quality management system is now fully aligned with international standards.

Overseas sales of formulations expanded steadily, with the registration network covering five major regions. During the Reporting Period, the Company further expanded the overseas market presence of its formulation products. It had more than 40 overseas distributors covering Southeast Asia, the Middle East, Eurasia, Latin America and Africa, and advanced the registration of 29 products in 53 countries/regions. The Company obtained marketing authorizations for multiple products in markets including Pakistan, Uzbekistan and Indonesia, and completed product registration filings and GMP certifications in key emerging markets such as Brazil and Malaysia. Its Philippine subsidiary obtained a local FDA License to Operate, while its Dutch subsidiary obtained manufacturing and import authorizations. The Company has initially established an international registration and compliance framework covering Asia and Latin America and extending into the European Union.

Performance in key regions was particularly notable. The Company's reproductive products became the leading brand by market share in Pakistan, while Livzon's recombinant human chorionic gonadotropin (rHCG) accounted for approximately 44% of the Indonesian market. Semaglutide Injection successfully passed a GMP inspection conducted by Brazil's National Health Surveillance Agency (ANVISA), with registration approval expected in the second half of the year. It is expected to become the first biosimilar to be marketed in Brazil.

4. ESG Practices: Deepening Sustainability Practices

The Company has deeply integrated ESG principles into its governance framework and the full scope of its operational management. It has established a three-tier governance structure comprising the "Board of Directors–Sustainability Committee–Sustainability Working Group" and incorporated key ESG indicators into the performance assessment framework for relevant management personnel, forming a top-down closed-loop management mechanism. During the Reporting Period, the Company published its sustainability report for the ninth consecutive year and was once again included in the *S&P Global Sustainability Yearbook 2026 (Global Edition)*. The Company and its controlled subsidiary, Livzon Group, were both included in the *S&P Global Sustainability Yearbook 2026 (China Edition)* and ranked among the top 5% of China's pharmaceutical industry, demonstrating continued recognition of their sustainability capabilities by authoritative international institutions.

Shareholder Returns and Corporate Governance: The Company remains committed to an investor-centric approach and shares its operating results with shareholders through both cash dividends and share repurchases. During the Reporting Period, the Company completed its 2025 annual profit distribution, distributing a cash dividend of RMB2.20 per 10 shares (tax inclusive) to all shareholders, with aggregate cash dividends amounting to RMB402 million, representing an increase of approximately

10% over the previous year. In April 2026, the Company issued its *2026 Action Plan for "Enhancing Quality and Efficiency with a Focus on Returns"*, setting out annual measures to improve operating quality, strengthen investment in innovation, enhance governance mechanisms and increase shareholder returns. Going forward, while coordinating business development with its capital structure, the Company will place greater emphasis on enhancing the certainty of shareholder returns through sustained and stable cash dividends.

Green Operations and Environmental Management: In pursuit of green and low-carbon development, the Company continued to advance energy conservation and emissions reduction, efficient resource utilization, pollution prevention and control, and recycling, while strengthening climate risk management and response measures in line with its operational realities. In supply chain management, the Company continued to improve its supplier management mechanisms by incorporating environmental, social and governance requirements into supplier onboarding, audit and evaluation processes. Through the implementation of the *Supplier Code of Conduct* and targeted EHS (Environment, Health and Safety) training, the Company promoted compliant operations among upstream and downstream partners and safeguarded the long-term stability and sustainability of its supply chain.

Talent Development and Organizational Building: During the Reporting Period, the Company filled critical positions in line with the business requirements of its innovation-driven transformation and the internationalization of its formulation business. Its R&D and functional systems continued to optimize their organizational structures, achieving a leaner workforce and improved operational efficiency. In support of its digital and intelligent transformation, the Company also strengthened employee AI skills training and hands-on enablement, encouraging frontline employees and technical specialists to integrate AI tools into real-world business scenarios. These initiatives enhanced organizational responsiveness while broadening employees' career development opportunities.

Inclusive Healthcare and Social Responsibility: The "Inclusive Chronic Disease Prevention and Control Public Welfare Project", jointly implemented by the Company and its controlled subsidiary, Livzon Group, has continued to advance since its launch in 2018. As at the end of the Reporting Period, the project covered 37 underserved regions in need of support across 12 provinces and four autonomous regions nationwide, benefiting more than 48,000 low-income patients with chronic diseases. Working with professional charitable organizations and primary-level health authorities and healthcare systems, the project has established a closed-loop process of "needs assessment–precise matching–designated delivery" to ensure that medicines reach families at the grassroots level, thereby supporting rural revitalization and the Healthy China strategy.

Material Changes in the Company's Business Operations During the Reporting Period and Matters That Have Had or Are Expected to Have a Material Impact on Its Business Operations

□Applicable √N/A

III Analysis of core competitive strengths during the Reporting Period

√Applicable □N/A

1. Strategic Foresight: A Value-Oriented Approach to Navigating Industry Cycles

As a long-term value creator in the pharmaceutical and healthcare sector, Joincare has continuously advanced its business portfolio and strengthened its capabilities in response to evolving industry trends and clinical needs since completing its strategic integration with Livzon Pharmaceutical Group in 2002. Against a backdrop of industry cycles, changes in the policy environment and intensifying market competition, the Company has maintained strong development resilience and sustainable operating capabilities. Its ability to navigate industry cycles stems from management's forward-looking assessment of industry trends, sustained focus on core therapeutic areas and long-term investment in critical resources.

Forward-looking business planning is an important source of the Company's core competitiveness. In 2013, the Company was among the first to recognize the market potential of respiratory disease treatments amid an aging population and made a strategic move into high-end inhalation formulations. Following years of sustained R&D investment and technological accumulation, the Company gradually overcame the relevant technical barriers. After the launch of its first product in 2019, sales of its respiratory products grew rapidly, increasing 22-fold over four years and establishing the Company as an important player in China's respiratory pharmaceutical market.

Through sustained strategic investment and business development, Joincare has established significant competitive advantages in the respiratory, gastrointestinal and assisted reproductive fields. In the respiratory field, the Company secured a first-mover advantage through its early entry and broad product portfolio. Ten products have been launched to date, successfully breaking the long-standing dominance of multinational pharmaceutical companies and placing the Company among the first tier of market participants by market share. In close alignment with clinical needs, the Company has also built a pipeline of more than ten Category 1 innovative drug candidates, creating momentum for long-term growth.

In the gastrointestinal field, Ilaprazole, a domestically developed innovative proton pump inhibitor ("PPI"), has distinguished itself through its significant therapeutic advantages and secured a leading market position. The Company's P-CAB product under development has also laid a solid foundation for technological advancement and market expansion in this field. In assisted reproduction, the Company has developed a comprehensive product portfolio, with its flagship product ranking first in its market segment for several consecutive years. Meanwhile, leveraging the strengths of its microsphere formulation technology platform, the Company has strategically planned a portfolio of long-acting formulations and steadily advanced its pipeline projects, providing strong support for its sustainable development in this field.

While comprehensively advancing innovative drug R&D, the Company has also keenly captured the opportunities for industrial upgrading presented by artificial intelligence and other emerging technologies. It is actively promoting the integration of AI technology into target discovery, molecular design, clinical trial data management and corporate compliance governance. From its early strategic positioning in key therapeutic areas to its current efforts to integrate artificial intelligence with the pharmaceutical industry, the Company's strategic foresight in translating cutting-edge technologies into business productivity is becoming an important enabler of accelerated innovative drug development and the establishment of long-term competitive barriers.

2. Organizational Execution: An Efficient Engine for Strategy Implementation

Strong organizational execution is critical to the successful implementation of Joincare's strategies. The Company has assembled a young, dynamic, professional and highly execution-oriented management team whose members possess expertise across key business and functional areas, including R&D, production, sales and marketing. With a strong emphasis on organizational collaboration, the Company has established efficient communication and coordination mechanisms that enable close cooperation and seamless alignment among departments. These mechanisms help break down information silos, minimize information loss, and significantly improve the quality of decision-making and the efficiency of execution, thereby laying a solid organizational foundation for the achievement of the Company's strategic objectives.

In recent years, the Company has continued its transition from generic drugs to innovative drugs, focusing on key therapeutic areas and establishing systematic R&D and product portfolios spanning respiratory diseases, pain management, gastrointestinal diseases and psychiatric disorders. With the official approval and launch of its first innovative drug, Pixavir Marboxil Capsules (壹立康®), the Company's innovative drug business has entered a new stage of development. Drawing on its accurate assessment of industry trends and extensive scientific research capabilities, the Company has established a well-structured and mature innovative drug pipeline comprising more than 20 core programs across asthma, chronic obstructive pulmonary disease, pain management, autoimmune diseases and antiviral therapies. The efficient conversion of strategic transformation into tangible results not only demonstrates Joincare's outstanding organizational execution and precise resource allocation capabilities, but also signifies that the Company has successfully crossed the threshold into pharmaceutical innovation. Supported by an increasingly competitive innovation portfolio, the Company is accelerating its progress towards the strategic objective of becoming a world-leading pharmaceutical enterprise.

Joincare has also remained at the forefront of enterprise-level applications of artificial intelligence within the industry. In 2025, the Company took the lead in deploying capabilities based on DeepSeek and related large language models to improve business efficiency. In 2026, it further explored and deployed a new generation of intelligent agent technologies, represented by OpenClaw. By rapidly introducing large AI models into real-world business scenarios—including drug screening, clinical analysis, compliance management and digital marketing—the Company has demonstrated its ability to respond swiftly to cutting-edge technologies and integrate them effectively across the organization. These initiatives continue to enhance operating efficiency and support management upgrades. As the relevant applications are further expanded and deepened, the Company's advantages in operating efficiency, process optimization and management enhancement are expected to become increasingly evident.

3. Brand Value: Built on Quality and a Strong Business Ecosystem

In the highly competitive pharmaceutical and healthcare market, Joincare has remained deeply committed to building brand value. Through strategic vision, firm execution and sustained cultivation, the Company has progressively developed a distinctive and powerful brand portfolio.

“Taita” (太太)and “Eagle’s (鹰牌),” both nationally recognized brands under Joincare with a history of more than 30 years, embody a rich and enduring brand heritage. Building on these established brands, the Company has comprehensively advanced a dual-engine strategy combining “quality heritage” with “digital innovation.” In recent years, the Company’s refined and professional digital operations have provided strong momentum for the rapid and sustainable growth of its healthcare products business.

In the active pharmaceutical ingredient (“API”) sector, Joincare and the Zhuhai and Jiaozuo production facilities of its subsidiary Livzon Group have deeply integrated advanced intelligent manufacturing systems to enable precise digital and intelligent control throughout the entire production process. The outstanding product quality created through stringent quality control has earned the strong confidence of leading global multinational pharmaceutical companies, including Pfizer, Eli Lilly and Teva, with which the Group has established stable, long-term relationships. By now, Joincare’s API products have been sold in more than 60 countries and regions worldwide, supported by their exceptional quality and consistent performance. The Company has established a benchmark for “Intelligent Manufacturing in China” in the high-end API sector and become an industry model for innovation and quality excellence.

In the prescription drug field, the Company has vigorously advanced its digital marketing strategy and established a user-centric digital marketing system. Through the professional “Respiratory Experts’ Insights” platform, the Company invites leading industry experts to share professional knowledge and participate in academic exchanges. This has strengthened interaction and communication with physicians and patients while effectively enhancing the professionalism and credibility of its brands. At the same time, the Company leverages big data analytics and artificial intelligence to gain precise insights into market demand and user preferences and formulate well-targeted strategies. By establishing an efficient service loop connecting healthcare professionals, patients and the Company, Joincare has achieved industry-leading brand recognition.

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	6,582,795,940.02	7,898,328,250.41	-16.66
Operating costs	2,718,714,845.41	2,985,132,575.95	-8.92
Selling expenses	1,446,242,526.58	2,016,794,488.84	-28.29
Administrative expenses	379,655,410.85	421,890,723.11	-10.01
Financial expenses	-7,424,462.80	-221,703,311.54	N/A
R&D expenses	510,717,025.64	611,153,068.61	-16.43
Net cash flow from operating activities	2,042,478,501.51	1,926,356,658.10	6.03
Net cash flow from investing	-668,569,328.87	-641,473,685.58	N/A

activities			
Net cash flow from financing activities	-1,473,754,688.83	-1,608,668,997.81	N/A

Reasons for changes in financial expenses: Mainly due to a decrease in interest income from deposits and an increase in foreign exchange losses 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	6,523,055,975.07	2,674,720,018.75	59.00	-16.69	-8.85	Decreased by 3.53 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	2,955,847,407.34	800,859,183.12	72.91	-21.56	-4.12	Decreased by 4.93 percentage points
Chemical APIs and intermediates	2,348,213,838.09	1,526,823,862.19	34.98	-7.01	-5.81	Decreased by 0.83 percentage points
TCM products	543,355,312.11	134,054,146.84	75.33	-33.08	-38.21	Increased by 2.05 percentage points
Diagnostic reagents and equipment	270,208,467.23	115,115,873.52	57.40	-27.78	-26.20	Decreased by 0.91 percentage points
Healthcare products	303,728,999.40	58,330,372.80	80.80	24.71	10.94	Increased by 2.38 percentage points
Biologics	94,372,908.29	36,303,239.20	61.53	-0.47	-18.23	Increased by 8.36 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	4,942,675,015.29	1,681,558,304.59	65.98	-22.16	-17.67	Decreased by 1.86 percentage points
Overseas	1,580,380,959.78	993,161,714.16	37.16	6.74	11.35	Decreased by 2.60 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	491,982,398.20
Capitalized investment in R&D during the Period	47,538,013.75
Total investment in R&D	539,520,411.95
Total amount of investment in R&D as a percentage of revenues (%)	8.20

(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:

Therapeutic Area	R&D Project	Indication	R&D Stage
Respiratory	Pixavir Marboxil Dry Suspension	Uncomplicated influenza A and B in children aged 2 to 12 years	Phase III Clinical Trial
Respiratory	TSLP mAb	Moderate-to-severe COPD	Phase III Clinical Trial
Respiratory	TSLP mAb	Chronic rhinosinusitis with nasal polyps (CRSwNP)	Clinical trial approval obtained; eligible to proceed directly to a Phase II study
Respiratory	PREP Inhibitor	Moderate-to-severe COPD	Phase II Clinical Trial
Respiratory	MABA Inhalation Solution	COPD	Phase II Clinical Trial
Respiratory	IL-4R mAb	Asthma and COPD	Phase II Clinical Trial
Respiratory	Next-generation ICS	Asthma	Phase I Clinical Trial
Respiratory	PDE4 Inhibitor	Asthma and COPD	Preclinical
Respiratory	DPP-1 Inhibitor	Bronchiectasis	Preclinical
Pain Management	NaV1.8 Inhibitor	Acute pain	Phase II Clinical Trial
Anti-infection	Novel β-Lactamase Inhibitor	In combination with meropenem for the treatment of complicated urinary tract infections, including acute pyelonephritis	Phase I Clinical Trial
Anti-infection	Novel β-Lactamase Inhibitor	In combination with meropenem for the treatment of hospital-acquired pneumonia and ventilator-associated pneumonia (HAP/VAP)	Approved for Clinical Trials
Anti-infection	Novel Polymyxin B	Serious infections caused by Acinetobacter baumannii complex, Pseudomonas aeruginosa, Escherichia coli and Klebsiella pneumoniae	Phase I Clinical Trial
Anti-infection	SG1001 Tablets	Invasive fungal diseases	Phase II Clinical Trial

Gastroenterology	JP-1366 Tablets	Reflux esophagitis	Marketing Application under Review
Gastroenterology	JP-1366 Tablets	Eradication of Helicobacter pylori (Hp) in combination with antibiotics	Phase III Clinical Trial
Gastroenterology	JP-1366 for Injection	Peptic ulcer bleeding	Phase III Clinical Trial
GnRH/Assisted Reproduction	LPM7108 Capsules (Oral GnRH Antagonist)	Assisted reproduction	Phase III Clinical Trial
GnRH/Assisted Reproduction	Recombinant Human Follitropin Alfa Solution for Injection (Injection Pen)	Anovulation, ovarian stimulation in assisted reproductive technologies, etc.	Approved for Marketing
GnRH/Assisted Reproduction	Triptorelin Acetate Microspheres for Injection	Central precocious puberty	Phase III Clinical Trial
GnRH/Assisted Reproduction	Leuprorelin Acetate Microspheres for Injection (3M)	Prostate cancer, breast cancer and central precocious puberty	Marketing Application under Review
GnRH/Assisted Reproduction	Alarelin Acetate Microspheres for Injection	Breast cancer	Phase II Clinical Trial
Autoimmune	Lecankitug Injection (IL-17A/F mAb)	Moderate-to-severe plaque psoriasis	Marketing Application under Review（granted priority review status）
Autoimmune	Lecankitug Injection (IL-17A/F mAb)	Ankylosing spondylitis	Marketing Application Accepted
Metabolic	Semaglutide Injection	Type 2 diabetes mellitus	Marketing Application under Review
Metabolic	Semaglutide Injection	Weight management	Marketing Application Accepted
Psychiatry	Brexpiprazole Microspheres for Injection	Schizophrenia in adults	Phase I Clinical Trial
Psychiatry	NS-041 Tablets	Epilepsy	Phase II Clinical Trial
Psychiatry	LZZN1801	Vestibular migraine	Preclinical
Cardiovascular and Cerebrovascular	H001 Capsules	Prevention of venous thromboembolism following major orthopedic surgery	Phase II Clinical Trial
Vaccines	Quadrivalent Recombinant Influenza Protein Vaccine	Prevention of influenza	Phase I Clinical Trial

(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	Whether sustainable
Investment income	116,169,744.11	7.26%	Mainly due to changes in profit or loss arising from the equity-method accounting of associates, as well as	No

			dividends declared by other investees.	
Gains from changes in fair value	4,344,650.11	0.27%	Mainly due to fluctuations in the fair value of financial assets held.	No
Credit impairment losses	-294,385.29	-0.02%	Mainly due to expected credit losses on accounts receivable.	No
Assets impairment losses	-15,963,936.27	-1.00%	Mainly due to impairment provisions made for investments in certain investees due to their poor operating performance.	No
Non-operating income	6,775,567.63	0.42%	Mainly due to the transfer of payables no longer required to be paid and income from scrap disposal.	No
Non-operating expenses	16,800,453.32	1.05%	Mainly due to donation expenses and losses on the retirement of assets.	No
Other income	58,347,716.21	3.64%	Mainly due to government subsidies received.	No

(III) Analysis of assets and liabilities

√Applicable □N/A

1. Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the Period	Percentage of total assets at the end of the Period (%)	Balance at the end of the previous year	Percentage of total assets at the end of the previous year (%)	Change from the end of the previous year (%)	Explanations
Financial assets held for trading	644,477,284.66	1.86	1,694,102,766.69	4.78	-61.96	Mainly due to the maturity and redemption of certain structured deposits.
Notes receivable	1,070,737,720.24	3.08	1,636,435,183.16	4.62	-34.57	Mainly due to a decline in revenue during the Period, which led to a corresponding decrease in notes receivable.
Prepayments	297,409,602.31	0.86	202,964,890.16	0.57	46.53	Mainly due to the increase in prepayments for materials during the current period.
Dividends receivable	13,083,993.15	0.04	0.00	0.00	N/A	Mainly due to an increase in dividends receivable that have been declared but not yet received.
Non-current assets due within one year	525,916,708.48	1.51	880,840,324.51	2.49	-40.29	Mainly due to the transfer out of cash management instruments maturing within one year.
Other current assets	269,408,484.06	0.78	129,622,238.09	0.37	107.84	Mainly due to newly added cash management during the Period.
Investments in other equity instruments	3,001,539,169.91	8.65	990,428,693.50	2.80	203.05	Mainly due to an increase in long-term held non-trading equity investments

						during the Period.
Right-of-use assets	186,884,748.43	0.54	43,784,500.37	0.12	326.83	Mainly due to the acquisition of IMP by Livzon Group, a controlled subsidiary, during the Period, which resulted in the recognition of corresponding right-of-use assets.
Goodwill	1,605,956,000.70	4.63	636,339,503.82	1.80	152.37	Mainly due to the goodwill arising from the acquisition of IMP by Livzon Group, a controlled subsidiary, during the Period.
Other non-current assets	278,710,456.88	0.80	660,059,793.71	1.86	-57.77	Mainly due to the reclassification of time deposits maturing within one year to non-current assets due within one year.
Short-term borrowings	3,495,815,777.99	10.07	2,240,000,000.00	6.33	56.06	Mainly due to the adjustment of the debt structure of subsidiaries, replacing long-term borrowings with short-term borrowings.
Employee benefits payable	257,772,326.55	0.74	491,740,918.10	1.39	-47.58	Mainly due to the payment of year-end performance bonuses for the previous year.
Dividends payable	211,015,638.89	0.61	14,017,248.88	0.04	1,405.40	Mainly due to the implementation of profit distribution plans by non-wholly-owned subsidiaries, resulting in an increase in dividends payable during the Period.
Non-current liabilities due within one year	91,737,557.10	0.26	373,229,691.10	1.05	-75.42	Mainly due to the repayment of long-term borrowings upon their maturity within one year.
Non-current borrowings	783,906,650.00	2.26	1,572,266,599.04	4.44	-50.14	Mainly due to the adjustment of the debt structure of subsidiaries, replacing long-term borrowings with short-term borrowings.
Non-current employee benefits payable	3,619,183.40	0.01	-	-	N/A	Mainly due to the acquisition of IMP by Livzon Group, a controlled subsidiary of the Company, during the current period, which resulted in the recognition of the corresponding non-current employee benefits payable.

Other non-current liabilities	1,898,428.93	0.01	-	-	N/A	Mainly due to the acquisition of IMP by Livzon Group, a controlled subsidiary of the Company, during the current period, which resulted in the recognition of the corresponding other non-current liabilities.
Other comprehensive income	-432,836,903.62	-1.25	-134,669,133.15	-0.38	N/A	Mainly due to changes in the fair value of investments in other equity instruments and changes in foreign currency translation differences arising from exchange rate fluctuations.

2. Overseas assets

√Applicable □N/A

(1) Asset size

Among them: Overseas assets were 61.16 (Unit: 100 million, Currency: RMB), representing 17.62% 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

Unit: Yuan Currency: RMB

Item	Carrying value at the End of the Period	Cause for restriction
Cash and bank balances	3,975,720.00	Mortgaged borrowings, deposits for acquisition and guarantee businesses
Notes receivable	365,372,261.54	Notes pool business and pledge of notes receivable
Accounts receivable	25,900,000.00	Pledged/mortgaged borrowings, issuance of letters of guarantee and letters of credit
Inventories	45,325,000.00	
Right-of-use assets	25,557,437.78	Mortgaged borrowings
Intangible assets	813,997.54	Mortgaged borrowings
Total	466,944,416.86	

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: 10,000 Yuan Currency: RMB

Name of investee	Principal business	Whether the target is primarily engaged in investment business	Investment method	Investment amount	Percentage of shareholding	Whether included in the Company's scope of consolidation	Item on the financial statement (if applicable)	Source of funds	Partner (if applicable)
Imexpharm Corporation	Production of APIs and finished Western medicines, as well as the processing of Chinese medicinal materials and manufacture of traditional Chinese medicine preparations; operation of proprietary EU-GMP-compliant production lines for injectables, oral solid dosage forms, syrups and topical preparations; and provision of contract manufacturing organization (CMO) services to pharmaceutical companies.	No	Acquisition	154,943.92	32.02%	Yes	N/A	Own funds	N/A
Total	/	/	/	154,943.92	/	/	/	/	/

(Continued)

Name of investee	Investment period (if any)	Status as of balance sheet date	Expected return (if any)	Impact on gain or loss for the Period	Litigation involved or not	Disclosure date (if any)	Disclosure index (if any)

Imexpharm Corporation	N/A	Completed	N/A	-451.06	No	See note 1 for details	See note 1 for details
Total	/	/		-451.06	/	/	/

Note 1: For further details, please refer to the *Announcement on the Proposed Acquisition of Equity Interests in Vietnam IMP by Controlled Subsidiary Livzon Group* published by the Company on May 23, 2025 (Lin 2025-044), the *Announcement on the Progress of the Proposed Public Tender of the Acquisition of Equity Interests in Vietnam's IMP by Controlled Subsidiary Livzon Group* published by the Company on December 31, 2025 (Lin 2025-087), the *Announcement on the Progress of the Proposed Public Tender of the Acquisition of Equity Interests in Vietnam IMP by Controlled Subsidiary Livzon Group* published by the Company on March 7, 2026 (Lin 2026-010), the *Announcement on the Progress of the Public Tender Offer by the Controlled Subsidiary Livzon Group for Equity of Vietnam IMP* published by the Company on April 30, 2026 (Lin 2026-034), and the *Announcement on the Progress of the Public Tender Offer by the Controlled Subsidiary Livzon Group for Equity of Vietnam IMP and Completion of Ownership Transfer* published by the Company on May 12, 2026 (Lin 2026-038).

(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	135,965,592.54	8,284,034.70	-27,869,046.25	-	-	-	-	116,380,580.99
Funds	453,384,798.32	462,029.53	7,099,652.81	-	254,899,491.14	2,963,761.61	-	712,882,210.19
Derivatives	2,721,531.36	-1,932,130.21	-	-	-	-	-	789,401.15
Others	2,092,459,537.97	-2,538,907.19	-361,267,976.85	-	6,141,111,608.31	5,053,800,000.00	-	2,815,964,262.24
Total	2,684,531,460.19	4,275,026.83	-382,037,370.29	-	6,396,011,099.45	5,056,763,761.61	-	3,646,016,454.57

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	6,710,924.60	-1,021,922.10	-	-	-	-	5,689,002.50	Financial assets held for trading
Fund	206001	Penghua Fund	150,000.00	Own funds	1,005,892.28	10,539.22	-	-	-	-	1,016,431.50	Financial assets held for trading
Share	000963	Huadong Medicine	39,851.86	Own funds	13,003,193.40	-3,734,503.96	-	-	-	191,174.96	9,268,689.44	Financial assets held for trading
Share	BEAM(US)	Beam Therapeutics, Inc.	31,117,151.47	Own funds	58,811,009.72	13,040,460.76	-	-	-	-	71,851,470.48	Financial assets held for trading
Share	ELTX(US)	Elicio Therapeutics, Inc.	35,363,302.05	Own funds	7,406,957.15	-	-3,800,258.75	-	-	-	3,606,698.40	Investments in other equity instruments
Share	CARM(US)	Carisma Therapeutics, Inc.	38,807,266.00	Own funds	297,891.87	-	-297,402.64	-	-	-	489.23	Investments in other equity instruments
Share	02480	Luzhu Biotech-B	30,000,000.00	Own funds	49,735,615.80	-	-23,771,384.86	-	-	-	25,964,230.94	Investments in other equity instruments
Total	/	/	139,721,219.02		136,971,484.82	8,294,573.92	-27,869,046.25	-	-	191,174.96	117,397,012.49	/

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 RMB457 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)	195,127.53	223.41	-186.25	-	154,554.08	158,069.73	37.93	0.00
Total	195,127.53	223.41	-186.25	-	154,554.08	158,069.73	37.93	0.00
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	A realized loss of RMB9.5672 million was recorded during the Reporting Period.							
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 *Management System for Financial Derivatives Trading* (《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 locking in 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. Counterparty default risk: The closedown of a cooperative bank during the contract period 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 financially strong 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. 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 the price exposure associated with raw material procurement. The Company has formulated the *Internal Control System for Commodity Futures Hedging Business* (《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: systemic risks in the market, divergence between futures and spot prices, and insufficient liquidity of futures contracts, among others. Control measures: the Company's futures hedging business shall not carry out speculative trading, and shall adhere to the operation principle of prudence and stability. The volume of hedging transactions shall be strictly limited so that it does not exceed the actual number of spot transactions, and the futures position shall not exceed the spot volume for hedging purposes. 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, 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.
Change in market price or fair value of the derivatives invested during the	During the Reporting Period, forward foreign exchange contracts, option contracts and commodity futures contracts recorded a fair value loss of RMB1.8625 million.

Reporting Period, the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives shall be disclosed	
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)	1 April 2026
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 holding and participating companies

√Applicable □N/A

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 Currency:RMB

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	54,085.49	48,523.63	10,195.87	2,785.70	2,513.04
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	182,098.40	148,911.72	47,262.15	5,612.18	5,303.00

Xinxiang Haibin	Subsidiary	Manufacturing and sale of pharmaceutical intermediates and APIs (excluding proprietary Chinese medicine or TCM decoction pieces) (excluding hazardous chemicals)	17,000	64,076.66	44,162.03	21,077.93	1,227.73	1,160.49
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	129,065.40	120,824.77	15,194.30	1,266.84	1,183.61
Health China	Subsidiary	Production and sale of self-produced dietary supplements, TCM decoction pieces, and drug products	HKD7,317	26,490.28	19,848.96	19,294.16	4,816.26	3,386.10
Jiaozuo Joincare	Subsidiary	R&D, production and sale of pharmaceuticals, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products	76,000	219,060.40	143,064.63	65,330.25	10,606.59	9,057.24
Topsino	Subsidiary	Investment and trading	HKD89,693	274,043.91	233,424.18	0.00	26,842.75	25,969.97
Livzon Group	Subsidiary	Drug R&D, production, manufacturing and sale	88,790.7171	2,359,149.00	1,459,772.57	499,966.97	133,224.29	112,091.52

Notes: 1. The companies listed above are companies where the Company directly or indirectly held 100% equity interest;

The financial data presented above are derived from the respective companies' separate financial statements and represent amounts attributable to their 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 *2026 Interim Report of Livzon Group*.

Acquisition and disposal of subsidiaries during the Reporting Period

√Applicable □ Not applicable

Company Name	Method of Acquisition or Disposal of Subsidiaries during the Reporting Period	Impact on Overall Production, Operations and Performance
Joincare Wellness Limited (健康元康健有限公司)	Establishment	No material impact
Imexpharm Corporation	Tender Offer	No material impact
Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健（广东）有限公司)	Partial disposal and passive dilution resulting from a capital increase by a third party	No material impact
Henan Joincare Bio-Pharmaceutical Research Institute Co., Ltd. (河南省健康元生物医药研究院有限公司)	Deregistration	No material impact

Other descriptions

□ Applicable √ Not applicable

(VII) Structured entities controlled by the Company

√ Applicable □N/A

For details of the structured entities controlled by the Company, please refer to Note VII “Equity in Other Entities”.

V.Other matters for disclosure

(I) Potential risks

√Applicable □N/A

1. Policy Risks

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 compliance management framework and related policies.

Meanwhile, the Company actively pursues inclusion in, and participates in negotiations concerning, the National Reimbursement Drug List ("NRDL"), and continues to expand hospital coverage and increase product sales volumes, to realize the objective of "trade price for volume", so as to reduce the impact of adjustments to medical insurance reimbursement prices on the Company's steady growth. Moreover, the national volume-based procurement has become 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 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 support the Company's stable operations.

2. Market risk

With the advancement of supply-side structural reform in pharmaceutical manufacturing and the implementation of the two-invoice system in pharmaceutical distribution, the structure of the pharmaceutical market is undergoing profound changes. With the gradual standardization and consolidation 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 cost controls, and volume-based procurement of the pharmaceutical industry in current stage, winning bid prices for drugs will be further lowered, competition among enterprises in the industry will be intensified, and price war occurs from time to time, thus the Company faces the risk of further drug price reductions.

Response measures: The Company will establish a more market-oriented operating mechanism through strict compliance operation so as to build its competitive advantages 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 price reductions through higher sales volumes, and optimize technical process and tap internal efficiency potential and optimize production processes. Moreover, the Company will accelerate the R&D and launch of new products, diversify the Company's risks while expanding the presence of existing products across different market segments, improve sales and develop new sources of profit growth by increasing product varieties in the future.

3. Safety and Environmental Risks

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 consistently upheld the people-oriented approach to workplace safety 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 ensure that pollutants are discharged only after proper treatment and compliance with applicable emission standards, 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. Risks Relating to Raw Material Prices and Supply

There is a larger fluctuation in the supply price of major raw materials of the Company due to changes in market prices, especially the materials of traditional Chinese medicine, causing greater volatility or rise in production costs of the Company. Meanwhile, the Company sources numerous categories of raw materials from a large number of suppliers, 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 Procurement 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. R&D Risk

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—concentrate resources on achieving breakthroughs in the R&D of core products. A comprehensive R&D project risk management system will be established to support full-cycle risk assessment and monitoring. This will enable 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 make early-stage plans for relevant R&D projects 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	Reason for Change	Explanation of Reason for Change
Zhang Qinglei	Vice President	Appointment	/	/
Qin Yezhi	Independent Director	Resigned	Others	Completion of the statutory six-year term

Description of changes in directors, supervisors and senior management of the Company
√Applicable □N/A

On 16 January 2026, the Company convened the fifteenth meeting of the ninth Board of Directors, at which the *Proposal on the Appointment of Mr. Zhang Qinglei as Vice President of the Company* was considered and approved. Mr. Zhang Qinglei was appointed as Vice President of the Company and will be fully responsible for the Company's pharmaceutical regulatory affairs and advancing clinical trial applications and marketing authorization applications for the Company's innovative drug pipeline. His term commenced upon Board approval and will last until the expiration of the term of the ninth Board of Directors of the Company.

On April 24, 2026, the Board of Directors of the Company received a written resignation letter from Mr. Qin Yezhi, an Independent Director. As Mr. Qin 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 an independent director may not serve consecutively for more than six years, he applied to resign from his position as Independent Director of the Company as well as from his positions on the Board's special committees and other related posts.

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

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
On June 1, 2026, the 19th meeting of the 9th session of the Board of Directors reviewed and approved the *Proposal on the Extension of the Duration of the Second Phase of the Medium- and Long-Term Business Partnership Stock Ownership Plan*. The Board approved	For further details, please refer to the *Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Extension of the Duration of the Second Phase of the Medium- and Long-Term Business Partnership Stock*

the extension of the duration of the current phase of the stock ownership plan by 12 months to June 7, 2027.	*Ownership Plan* (Lin 2026-045) disclosed on June 2, 2026.

(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		14
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=c7eceafd-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.gdeei.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.gdeei.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.gdeei.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.gdeei.cn/gdeepub/front/dal/report/list?entName=%E7%8F%A0%E6%B5%B

		7%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.gdeei.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	Jiaozuo 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）
14	Gutian 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

Guided by the requirements for revitalizing the Chinese medicinal materials industry, Livzon Group, a controlled subsidiary of the Company, has anchored its efforts in the coordinated development of the industrial ecosystem and deeply integrated the concept of green development into the development of its industrial and supply chains. It remains committed to advancing industrial-chain development in tandem with natural resource conservation. By strengthening the foundation for the sustainable utilization of resources and selecting high-quality authentic raw materials, Livzon Group harnesses industrial development to support local ecological conservation, thereby achieving coordinated improvements in industrial quality and efficiency and in the ecological environment.

Livzon Group has established self-built planting bases for authentic Astragalus Root(黄芪) and Forsythia (连翘) in authentic production areas, including the Hengshan Mountains in Datong, Shanxi Province, and forestland in Hongtong County, Shanxi Province, empowering the revitalization of local specialty industries through the cultivation of distinctive Chinese medicinal materials. The Datong base adopts a “human planting and natural nurturing” (人种天养) wild-simulated cultivation model. Following the natural growth patterns of the plants, the base uses no irrigation, pesticides or chemical fertilizers throughout the cultivation process. This approach enables the development of the Chinese medicinal materials cultivation industry while conserving soil and water resources and promotes harmonious coexistence between medicinal materials cultivation and the regional ecosystem. To date, Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源药材有限公司) has established a 26,358-mu wild-simulated

Astragalus Root planting base; Longxi Livzon Shenyuan Medicine Co., Ltd. (陇西丽珠参源药材有限公司) has established a 2,233-mu organic Codonopsis Root planting base; and in 2026, Linfen Livzon Qiaoyuan Medicinal Materials Co., Ltd. (临汾丽珠翘源药材有限公司) completed the development of a Forsythia planting base covering more than 500 mu. The Linfen base uses one-year-old seedlings cultivated from local wild Forsythia and adopts manual planting without pesticides or chemical fertilizers, with moderate supplementary watering provided only during dry periods. In this way, the base develops the distinctive Forsythia cultivation industry while conserving soil and water conditions and maintaining regional biodiversity.

For its various jointly developed bases, Livzon Group has explored industry-based pathways to engage and benefit farmers and has introduced an innovative assistance model combining “purchase orders + technical support.” Under this model, standardized cultivation techniques and professional guidance are provided to local large-scale planters and farming households, enabling farmers to carry out the standardized cultivation and production of Chinese medicinal materials. This promotes the regulated development of the local Chinese medicinal materials industry while ensuring the effective conservation of soil and water resources throughout the process. Livzon Group’s self-built and jointly developed Chinese medicinal materials bases have obtained a number of authoritative certifications and recognitions, including the Organic Product Certificate, certification as an Authentic and High-quality Chinese Medicinal Materials Planting Base (Astragalus Root), and certification as a 5A-rated Astragalus Root Planting Base (Manual Sowing and Natural Growth). Its subsidiary, Longxi Livzon Shenyuan Medicine Co., Ltd. (陇西丽珠参源药材有限公司), has obtained the Organic Conversion Certificate and certification as a Demonstration Base for High-quality Authentic Chinese Medicinal Materials (Codonopsis Root). The Company is also advancing the special certification for GAP extension inspections at its jointly developed Rehmannia (Di Huang) and Grassleaf Sweetflag Rhizome (Shi Chang Pu) bases in an orderly manner, with a view to developing standardized Chinese medicinal materials cultivation bases across the entire value chain. These certifications fully demonstrate the solid progress made by the Company in revitalizing the Chinese medicinal materials industry, safeguarding the ecological baseline of the industry and exercising strict control over the quality of medicinal materials.

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

To support rural revitalization and the effective consolidation and expansion of achievements in poverty alleviation, and to actively respond to the national policies on rural revitalization and common prosperity, the Company 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. Focusing on common chronic diseases such as hypertension, hyperlipidemia, and cardiovascular and cerebrovascular diseases, the project plans to donate treatment medications worth RMB1million to remote areas, including Pravastatin Sodium 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 Mononitrate Tablets (单硝酸异山梨酯片), and Bismuth Potassium Citrate Tablets/Granules (枸橼酸铋钾片/颗粒). These medications effectively help alleviate the financial burden on low-income families arising from the long-term use of medications for chronic diseases and address difficulties in accessing such medications. The project also helps raise patients' awareness of chronic disease prevention, control and health management, thereby effectively preventing "poverty caused by illness" and "returning to poverty due to illness" and contributing to local rural revitalization efforts.

Since late 2018, with the support of 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, Pingwu County and Tongjiang County in Sichuan Province; Hunyuan County, Guangling County, Lingqiu County, Fangshan County and Shilou County in Shanxi Province; Dongxiang County, Tianzhu County, Linze County, Shandan County, Huining County, Sunan County, Suzhou District and Weiyuan County in Gansu Province; Xianghai National Nature Reserve in Jilin Province; Macun District of Jiaozuo City and Hua County 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; Rongjiang County in Guizhou Province; Neiqiu County in Hebei Province; Xianfeng County in Hubei Province; Chayu County, Bomi County, Gaize County and Nyingchi City in the Tibet Autonomous Region; Kashgar City in the Xinjiang Uygur Autonomous Region; Balinzuo Banner and Tuoketuo County in Inner Mongolia; and Ziyuan County in the Guangxi Zhuang Autonomous Region.

As of the end of the Reporting Period, the project had covered 37 remote areas in need of assistance across 12 provinces and 4 autonomous regions nationwide, benefiting more than 48,000 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	-	-
Other commitments made to the minority shareholders of the company	Others	The Company	Please see Note 3 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 liability for compensation 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 were temporarily suspended from trading for any reason).

Note 3: (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 centralized bidding system of Shenzhen Stock Exchange and reduced more than 5% shares within six months from the first share reduction, the Company would publish a notice of the proposed disposal disclosed by Livzon Group within two trading days before the first share reduction.

II Non-operating use of funds by the controlling shareholder and its related parties during the Reporting Period

□Applicable √N/A

III Information on Guarantees Provided in Violation of Applicable Requirements

□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
On December 30, 2025, the Company convened the 14th meeting of the 9th session of the Board of Directors, at which the Proposal on Routine Connected Transactions between Jiaozuo Joincare, a Controlled subsidiary of the Company, and Jinguan Electric Power was reviewed and approved. The Board approved Jiaozuo Joincare's procurement of steam and power from Jinguan Electric Power in 2026 at an estimated maximum amount not exceeding RMB300 million (inclusive). The proposal was reviewed and approved at a special meeting of the Company's independent directors, and the Supervisory Committee also issued its relevant review opinion thereon. The pricing for the above connected transactions was	For further details, please refer to the *Announcement on the Resolutions of the 14th Meeting of the 9th Session of the Board of Directors of Joincare Pharmaceutical Group Industry Co., Ltd.* (Lin 2025-084) and the *Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Routine Connected Transactions between the Controlled subsidiary Jiaozuo Joincare and Jinguan Electric Power* (Lin 2025-085), both disclosed by the Company on December 31, 2025.

determined by reference to prevailing market prices. During the Reporting Period, the actual amount of the above connected transactions was RMB120.1575 million.	

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

On 30 December 2025, the Company, Livzon Group, Shenzhen Xinyou Maohai Investment Partnership (Limited Partnership)（深圳市心有毛孩投资合伙企业（有限合伙））(“Xinyou Maohai”) and Fluffy Buddy Animal Health (Guangdong) Co., Ltd.（毛孩子动物保健（广东）有限公司）(“Fluffy Buddy”) entered into the *Agreement on Capital Subscription and Equity Transfer*. The *Proposal on the Connected Transaction Concerning the Equity Transfer and Capital Increase and Expansion of a Subsidiar*y was considered and approved at the 14th Meeting of the 9th Session of the Board of Directors of the Company.

Pursuant to the agreement, the Company proposed to transfer its 49% equity interest in Fluffy Buddy, corresponding to RMB98 million of its registered capital, of which RMB73.5 million had been paid up and RMB24.5 million remained unpaid, to Xinyou Maohai for a consideration of RMB51.45 million (the “Equity Transfer”). Concurrently, Xinyou Maohai proposed to subscribe for RMB15 million of the increased registered capital of Fluffy Buddy for a consideration of RMB15 million (the “Capital Increase”, together with the Equity Transfer, the “Transaction”). Livzon Group proposed to waive its pre-emptive right in respect of the Equity Transfer and its pre-emptive subscription right in respect of the Capital Increase, while the Company proposed to waive its pre-emptive subscription right in respect of the Capital Increase.

As of 2 April 2026, Xinyou Maohai had completed the aforesaid acquisition of equity interest and capital increase and obtained a 52.56% equity interest in Fluffy Buddy. The Company ceased to hold any direct equity interest in Fluffy Buddy, while Livzon Group’s equity interest in Fluffy Buddy changed to 47.44%, resulting in its loss of control over Fluffy Buddy. Accordingly, Fluffy Buddy ceased to be included in the scope of consolidation of the Company’s financial statements.

For details of the aforesaid related-party transaction, please refer to the *Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Disposal of Assets and Related-party Transaction* (Lin 2025-086), disclosed by the Company on 31 December 2025.

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) Related-party Receivables and Payables

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	Funds provided to related parties			Funds provided by related parties to the Company		
		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)	Associated company	25,930,146.92	2,392,058.06	28,322,204.98	1,048,800.00	-551,000.00	497,800.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associated company	0.00	0.00	0.00	101,020,551.90	-8,541,916.28	92,478,635.62
Agimexpharm	Associated company	0.00	997,848.74	997,848.74	0.00	637,825.95	637,825.95
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Associated company	413,791.25	3,614.37	417,405.62	0.00	0.00	0.00
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Associated company	1,090,580.00	-72,930.00	1,017,650.00	0.00	0.00	0.00
Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健(广东)有限公司)	Associated company	0.00	80,985.14	80,985.14	0.00	0.00	0.00
Total		27,434,518.17	3,401,576.31	30,836,094.48	102,069,351.90	-8,455,090.33	93,614,261.57
Reasons for the related-party receivables and payables		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. Material Guarantees Performed during the Reporting Period and Outstanding as at the End of 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 agreement	Commencement date of guarantee	Expiry date of guarantee	Guarantee type	Whether the guarantee obligation has been discharged	Whether overdue	Overdue amount	Whether a counter-guarantee is provided	Whether the guarantee is provided to a related party	Relationship
Joincare	Company headquarters	Jinguan Electric Power	5,000.00	2025/8/27	2025/8/27	2026/7/9	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Company headquarters	Jinguan Electric Power	4,840.00	2025/10/13	2025/10/13	2026/10/13	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Company headquarters	Jinguan Electric Power	3,000.00	2025/12/25	2025/12/25	2026/7/10	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Company headquarters	Jinguan Electric Power	3,000.00	2025/11/27	2025/11/27	2026/11/27	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Company headquarters	Jinguan Electric Power	800.00	2025/11/27	2025/11/27	2026/11/27	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Company headquarters	Jinguan Electric Power	800.00	2025/11/28	2025/11/28	2026/11/27	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Company headquarters	Jinguan Electric Power	5,000.00	2026/1/22	2026/1/22	2027/1/22	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Company headquarters	Jinguan Electric Power	4,703.60	2026/6/22	2026/6/22	2027/1/31	Joint liability guarantee	No	No	0	Yes	Yes	Associated company

Joincare	Company headquarters	Jinguan Electric Power	519.62	2026/6/29	2026/6/29	2027/6/29	Joint liability guarantee	No	No	0	Yes	Yes	Associated company

Amount of guarantees provided during the Reporting Period (excluding guarantees to subsidiaries)	10,223.22
Total guaranteed amount as of the end of the Reporting Period (A) (excluding guarantees to subsidiaries)	27,663.22
Guarantee provided by the Company and its subsidiaries to subsidiaries	
Total amount of guarantees to subsidiaries during the Reporting Period	166,561.31
Total amount of guarantees to subsidiaries as of the end of the Reporting Period (B)	185,432.21
Total guaranteed amount of the Company (including guarantees to subsidiaries)	
Total guaranteed amount (A+B)	213,095.43
Percentage of total guaranteed amount in the Company's net assets (%)	8.97
Including:	
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)	82,049.81
Portion of total guaranteed amount exceeding 50% of net assets (E)	0.00
Total guaranteed amount of the above three items (C+D+E)	82,049.81
Statement on the contingent joint liability that might be assumed in connection with outstanding guarantee	N/A
Statement on guarantees	Details of the above related-party guarantees are set out in Note XI.5(4) to the financial statements.

3. Other material contracts

□Applicable √N/A

XII Progress of Proceeds Usage

√Applicable □N/A

(I) Overall Usage of Proceeds

√Applicable □N/A

Unit: US$10,000

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 excess proceeds（3）=（1）-（2）	Total investment amount of proceeds as at the end of the Reporting Period (4)	Including: Total investment amount of excess proceeds 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 excess proceeds 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	2022/9/26	USD9,203.57	USD8,930.00	USD8,930.00	USD0.00	USD250.40	N/A	2.80	N/A	USD0.00	0.00	N/A
Total	/	USD9,203.57	USD8,930.00	USD8,930.00	USD0.00	USD250.40	N/A	/	/	/	/	/

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	Global R&D and Industrialization Plan	R&D	Yes	No	USD 6,251.00	USD0.00	USD244.36	3.91	N/A
Others	Construction of global product sales and after-sales network and service system	Operation management	Yes	No	USD 893.00	USD0.00	USD3.39	0.38	N/A

Others	Replenishment of working capital and other general corporate purposes	Operation management	Yes	No	USD 1,786.00	USD0.00	USD2.66	0.15	N/A
Total	/	/	/	/	USD8,930.00	USD0.00	USD250.40	2.80	

(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
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	
Total	/	/	/		/	/	

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

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

(V) Conclusive Opinions of Intermediary Institutions on the Special Verification and Assurance of the Storage and Use of Proceeds

□Applicable √N/A

(VI) 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

Chapter 6 Changes in Equity and Shareholders

I Changes in Share Capital

(I) Table of changes in shares

1. Table of changes in shares

During the Reporting Period, the total number of the company's shares and the share capital structure remained unchanged.

2. Explanations on changes in shares

□ Applicable √N/A

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	74,898
Total number of shareholders of preferred shares with resumed voting rights at the end of the Reporting Period	0

(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	None		Domestic non-state-owned entity
Might Seasons Limited	0	35,929,699	1.96	0	Unknown		Foreign entity
Hong Kong Securities Clearing Company Limited	-8,943,101	24,378,459	1.33	0	Unknown		Unknown

Zhang Yongliang	4,727,721	23,005,717	1.26	0	Unknown		Domestic Natural Person
Bank of Shanghai Co., Ltd.－Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	4,839,600	18,168,920	0.99	0	Unknown		Unknown
Rui Life Insurance Co., Ltd. -Own fund	-298,100	12,441,118	0.68	0	Unknown		Unknown
Bank of China Limited – Guangfa CSI Innovative Pharmaceuticals ETF	4,249,966	11,916,899	0.65	0	Unknown		Unknown
Li Yanli	10,136,080	10,136,080	0.55	0	Unknown		Domestic Natural Person
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	None		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	1,097,900	8,975,500	0.49	0	Unknown		Unknown

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
Might Seasons Limited	35,929,699	Ordinary shares denominated in Renminbi	35,929,699
Hong Kong Securities Clearing Company Limited	24,378,459	Ordinary shares denominated in Renminbi	24,378,459
Zhang Yongliang	23,005,717	Ordinary shares denominated in Renminbi	23,005,717
Bank of Shanghai Co., Ltd.－Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	18,168,920	Ordinary shares denominated in Renminbi	18,168,920
Rui Life Insurance Co., Ltd. -Own fund	12,441,118	Ordinary shares denominated in Renminbi	12,441,118
Bank of China Limited – Guangfa CSI Innovative Pharmaceuticals ETF	11,916,899	Ordinary shares denominated in Renminbi	11,916,899
Li Yanli	10,136,080	Ordinary shares denominated in Renminbi	10,136,080
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	8,975,500	Ordinary shares denominated in Renminbi	8,975,500
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

□ 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 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 and senior management during the Reporting Period

□ Applicable √N/A

(III) Other Descriptions

□ 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 2026

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

Unit: Yuan Currency: RMB

Item	Note	30 June 2026	31 December 2025
Current assets:			
Cash and bank balances	V.1	11,558,953,714.96	13,610,715,754.64
Financial assets held for trading	V.2	644,477,284.66	1,694,102,766.69
Notes receivable	V.3	1,070,737,720.24	1,636,435,183.16
Accounts receivable	V.4	2,476,239,965.62	2,722,328,581.17
Receivables financing			
Prepayments	V.5	297,409,602.31	202,964,890.16
Other receivables	V.6	77,184,000.76	69,355,886.15
Including: Interest receivables			
Dividend receivables		13,083,993.15	
Inventories	V.7	2,410,696,842.92	2,213,802,715.08
Contract assets			
Assets held-for-sale			
Non-current assets due within one year		525,916,708.48	880,840,324.51
Other current assets	V.8	269,408,484.06	129,622,238.09
Total current assets	V.9	19,331,024,324.01	23,160,168,339.65
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	V.10	1,646,483,786.65	1,483,192,139.93
Other equity instrument investments	V.11	3,001,539,169.91	990,428,693.50
Other non-current financial assets			
Investment properties	V.12	14,856,004.42	15,276,446.14
Fixed assets	V.13	5,551,365,051.11	5,421,615,752.18
Construction in progress	V.14	625,004,086.39	615,348,388.91
Productive biological assets			
Oil & gas assets			
Right-of-use assets	V.15	186,884,748.43	43,784,500.37
Intangible assets	V.16	846,306,418.05	885,697,302.13
Development cost	V.17	408,827,256.63	364,875,894.36
Goodwill	V.18	1,605,956,000.70	636,339,503.82
Long-term prepaid expenses	V.19	306,821,945.05	314,844,828.54
Deferred tax assets	V.20	912,011,274.09	822,667,725.40
Other non-current assets	V.21	278,710,456.88	660,059,793.71
Total non-current assets		15,384,766,198.31	12,254,130,968.99
Total assets		34,715,790,522.32	35,414,299,308.64
Current liabilities:			
Short-term loans	V.23	3,495,815,777.99	2,240,000,000.00

Financial liabilities held for trading	V.24	410,080.56	487,431.05
Notes payable	V.25	1,137,315,224.65	1,295,877,244.31
Accounts payable	V.26	724,582,732.32	691,432,568.22
Receipts in advance			
Contract liabilities	V.27	93,732,189.39	121,567,789.34
Employee benefits payable	V.28	257,772,326.55	491,740,918.10
Taxes payable	V.29	181,337,292.27	240,737,007.47
Other payables	V.30	3,540,554,724.15	3,392,845,948.69
Including: Interest payables			
Dividend payables		211,015,638.89	14,017,248.88
Liabilities held-for-sale			
Non-current liabilities due within one year	V.31	91,737,557.10	373,229,691.10
Other current liabilities	V.32	5,878,032.75	7,996,328.84
Total current liabilities		9,529,135,937.73	8,855,914,927.12
Non-current liabilities:			
Long-term loans	V.33	783,906,650.00	1,572,266,599.04
Bonds payable			
Lease liabilities	V.34	19,510,267.04	21,905,133.24
Long-term payables			
Long-term payroll payable	V.35	3,619,183.40	
Estimated liabilities			
Deferred income	V.36	316,000,886.12	327,844,468.42
Deferred tax liabilities	V.20	306,156,991.33	268,219,857.78
Other non-current liabilities	V.37	1,898,428.93	
Total non-current liabilities		1,431,092,406.82	2,190,236,058.48
Total liabilities		10,960,228,344.55	11,046,150,985.60
Owner’s equity (or shareholder’s equity)			
Share capital	V.38	1,829,453,386.00	1,829,453,386.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	V. 39	1,235,222,305.56	1,142,268,958.89
Less: Treasury shares			
Other comprehensive income	V. 40	-432,836,903.62	-134,669,133.15
Special reserve			
Surplus reserve	V.41	940,060,474.71	940,060,474.71
Undistributed profits	V.42	11,649,307,320.37	11,402,453,599.97
Total shareholders' equity attributable to the parent		15,221,206,583.02	15,179,567,286.42
Minority shareholder's equity		8,534,355,594.75	9,188,581,036.62
Total owner’s equity (or shareholder’s equity)		23,755,562,177.77	24,368,148,323.04
Total liabilities and shareholders' equity (or shareholder's equity)		34,715,790,522.32	35,414,299,308.64

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 2026

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

Unit: Yuan Currency: RMB

Item	Note	30 June 2026	31 December 2025
Current assets:			
Cash and bank balances		1,495,564,446.93	1,438,512,991.88
Financial assets held for trading		50,006,944.44	160,350,136.97
Derivative financial assets			
Notes receivable		140,440,440.58	138,080,748.46
Accounts receivable		121,036,875.39	141,144,985.53
Receivable financing			
Prepayments		44,040,486.81	35,244,391.31
Other receivables		696,763,105.30	1,041,462,965.70
Including: Interest receivables			
Dividends receivable		424,999,500.00	769,999,500.00
Inventories		27,749,739.89	38,219,898.47
Contract assets			
Assets held-for-sale			
Non-current assets due within one year		154,497,598.91	391,562,666.67
Other current assets			22,098,183.33
Total current assets		2,730,099,638.25	3,406,676,968.32
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		4,556,380,522.64	3,764,875,812.23
Other equity instrument investment		167,270,818.66	166,816,305.60
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets		44,706,210.18	45,817,926.98
Construction in progress		406,674.53	406,674.53
Productive biological assets			
Oil & gas assets			
Right-of-use assets		3,824,615.19	5,258,845.89
Intangible assets		270,562,757.68	293,655,238.10
Development cost		15,490,025.74	
Goodwill			
Long-term prepaid expenses		5,868,595.86	7,131,509.50
Deferred income tax assets		223,503,565.66	193,025,021.85
Other non-current assets		105,332,560.92	256,336,915.34
Total non-current assets		5,399,537,822.49	4,739,515,725.45
Total assets		8,129,637,460.74	8,146,192,693.77
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Notes payable		175,103,695.10	120,215,713.00
Accounts payable		724,719,611.13	521,846,531.29
Receipts in advance			
Contract liabilities		12,952,360.50	9,551,935.76
Employee benefits payable		22,393,319.49	39,077,636.34

Taxes payable		7,039,537.78	6,353,634.49
Other payables		461,925,158.66	463,612,150.87
Including: Interest payables			
Dividends payable			
Liabilities held-for-sale			
Non-current liabilities due within one year		73,251,521.61	109,140,800.91
Other current liabilities		1,639,346.95	1,197,291.73
Total current liabilities		1,479,024,551.22	1,270,995,694.39
Non-current liabilities:			
Long-term loans		758,006,650.00	822,910,000.00
Bonds payable			
Including: preference shares			
Lease liabilities		1,025,920.46	2,533,159.78
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income		4,634,403.01	5,325,848.89
Deferred tax liabilities		2,946,610.81	3,726,682.53
Other non-current liabilities			
Total non-current liabilities		766,613,584.28	834,495,691.20
Total liabilities		2,245,638,135.50	2,105,491,385.59
Owner's equity (or shareholder's equity):			
Share capital		1,829,453,386.00	1,829,453,386.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		588,557,918.21	588,564,080.96
Less: Treasury shares			
Other comprehensive income		-4,172,811.60	-4,559,147.70
Special reserve			
Surplus reserve		851,458,526.33	851,458,526.33
Undistributed profits		2,618,702,306.30	2,775,784,462.59
Total owner's equity (or shareholder's equity)		5,883,999,325.24	6,040,701,308.18
Total liabilities and owner's equity (or shareholder's equity)		8,129,637,460.74	8,146,192,693.77

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 2026

Unit: Yuan Currency: RMB

Item	Note	First half of 2026	First half of 2025
I. Total Revenues	V.43	6,582,795,940.02	7,898,328,250.41
Including: Operating revenues	V.43	6,582,795,940.02	7,898,328,250.41
II. Total operating costs		5,130,576,929.66	5,912,767,808.69
Including: Operating costs	V.43	2,718,714,845.41	2,985,132,575.95
Operating tax and surcharges	V.44	82,671,583.98	99,500,263.72
Selling expenses	V.45	1,446,242,526.58	2,016,794,488.84
Administrative expenses	V.46	379,655,410.85	421,890,723.11
R&D expenses	V.47	510,717,025.64	611,153,068.61
Financial expenses	V.48	-7,424,462.80	-221,703,311.54
Including: Interest expenses		32,881,624.05	45,725,827.28
Interest income		109,840,472.99	246,070,795.96
Add: Other income	V.49	58,347,716.21	85,396,777.46
Investment income (“-” for loss)	V.50	116,169,744.11	39,541,912.86
Including: Income from investments in associates and joint ventures		54,704,091.67	39,476,098.20
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	4,344,650.11	-6,699,818.51
Losses of credit impairment (“-” for loss)	V.52	-294,385.29	-7,332,423.75
Impairment loss of assets (“-” for loss)	V.53	-15,963,936.27	-14,814,061.48
Gains from disposal of assets (“-” for loss)	V.54	-3,795,090.80	-149,723.72
III. Operating profit (“-” for loss)		1,611,027,708.43	2,081,503,104.58
Add: Non-operating income	V.55	6,775,567.63	5,194,263.72
Less: Non-operating expenses	V.56	16,800,453.32	13,955,342.84
IV. Total profit (“-” for loss)）		1,601,002,822.74	2,072,742,025.46
Less: Income tax expenses	V.57	234,795,512.38	309,027,226.55
V. Net profit (“-” for loss)		1,366,207,310.36	1,763,714,798.91
(I) Classified by continuity of operations：			
1. Net profit from continuing operations (“-” for loss)		1,366,207,310.36	1,763,714,798.91
2. Net profit from discontinued operations (“-” for loss)			
(II) Classified by attribution to ownership：			
1. Net profit attributable to shareholders of the parent (“-” for loss)		647,654,146.46	784,939,913.34
2. Net profit attributable to minority interests (“-” for loss)		718,553,163.90	978,774,885.57
VI. Other comprehensive income, net of tax		-462,715,887.81	-80,044,653.36
(I) Other comprehensive income attributable to shareholders of the parent, net of tax		-297,821,230.32	-48,523,609.49

1. Other comprehensive income not reclassified into profit or loss subsequently		-204,148,564.18	-783,183.68
(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		-204,148,564.18	-783,183.68
(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		-93,672,666.14	-47,740,425.81
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		5,312.63	1,130.90
(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		-93,677,978.77	-47,741,556.71
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-164,894,657.49	-31,521,043.87
VII. Total comprehensive income		903,491,422.55	1,683,670,145.55
(I) Total comprehensive income attributable to owners of the parent company		349,832,916.14	736,416,303.85
(II) Total comprehensive income attributable to minority shareholders		553,658,506.41	947,253,841.70
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)		0.35	0.43
(II) Diluted earnings per share (RMB/share)		0.35	0.43

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 2026

Unit: Yuan Currency: RMB

Item	Note	First half of 2026	First half of 2025
I. Total Revenues		680,904,680.03	594,513,807.68
Less: Operating costs		411,151,406.04	392,987,910.77
Operating tax and surcharges		3,690,953.48	4,239,505.51
Selling expenses		198,239,627.15	186,461,694.92
Administrative expenses		78,004,823.08	59,998,897.84
R&D expenses		94,168,219.60	97,827,723.36
Financial expenses		11,535,170.57	-9,479,509.07
Including: Interest expenses		9,928,596.93	13,820,881.41
Interest income		20,691,090.39	26,456,877.18
Add: Other income		1,672,481.03	1,720,782.25
Investment income (“-” for loss)		329,786,362.20	264,579,370.62
Including: Income from investments in associates and joint ventures		-668,754.91	420,879.56
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)		-343,192.53	254,509.60
Losses of credit impairment (“-” for loss)		-9,980.97	142,751.15
Impairment loss of assets (“-” for loss)			
Gains from disposal of assets (“-” for loss)			
II. Operating profit (“-” for loss)		215,220,149.84	129,174,997.97
Add: Non-operating income		65,632.33	2,049.94
Less: Non-operating expenses		1,177,002.97	237,402.27
III. Total profit (“-” for loss)		214,108,779.20	128,939,645.64
Less: Income tax expenses		-31,288,809.43	-31,617,296.51
IV. Net profit (“-” for loss)		245,397,588.63	160,556,942.15
(I) Net profit from continuing operations （"-" for net loss）		245,397,588.63	160,556,942.15
(II) Net profit from discontinued operations (“-” for loss)			
V. Other comprehensive income, net of tax		386,336.10	-4,573,401.34
(I) Other comprehensive income not reclassified into profit or loss subsequently		386,336.10	-4,573,401.34
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		386,336.10	-4,573,401.34
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 in translation of financial statements denominated in foreign currencies			
7. Others			
VI.Total comprehensive income		245,783,924.73	155,983,540.81
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 2026

Unit: Yuan Currency: RMB

Item	Note	First half of 2026	First half of 2025
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		7,930,882,565.36	8,365,901,348.13
Tax refund received	V.58	77,110,943.19	82,817,164.75
Other cash received relating to operating activities		202,399,751.02	342,047,113.20
Sub-total of cash inflows		8,210,393,259.57	8,790,765,626.08
Cash paid for goods and services		2,262,626,581.71	2,272,460,058.12
Cash paid to and on behalf of employees		1,449,108,645.32	1,464,238,914.58
Payments of all types of taxes		775,013,547.99	950,093,694.06
Other cash paid relating to operating activities	V.58	1,681,165,983.04	2,177,616,301.22
Sub-total of cash outflows		6,167,914,758.06	6,864,408,967.98
Net cash flows from operating activities		2,042,478,501.51	1,926,356,658.10
II. Cash flows from investing activities:			
Cash received from disposal of investments		6,182,143,607.48	3,242,861,092.69
Cash received from returns on investments		34,356,225.32	14,255,709.03
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,899,329.09	30,429,573.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities	V.58	1,855,603,200.00	75,249.03
Sub-total of cash inflows from investing activities		8,078,002,361.89	3,287,621,623.75
Cash paid to acquire fixed assets, intangible assets and other long-term assets		343,283,224.95	488,268,022.92
Cash paid to acquire investments		6,770,564,463.99	3,436,309,986.72
Net cash paid for acquisition of subsidiaries and other business units		1,557,160,427.97	
Other cash paid relating to investing activities	V.58	75,563,573.85	4,517,299.69
Sub-total of cash outflows in investing activities		8,746,571,690.76	3,929,095,309.33
Net cash flows from investing activities		-668,569,328.87	-641,473,685.58
III. Cash flows from financing activities :			
Cash received from capital contribution		39,500,000.00	3,350,000.00
Including: Cash received from investment by minority interests of subsidiaries		39,500,000.00	3,350,000.00
Cash received from borrowings		3,372,306,940.58	1,942,140,000.00
Other cash received related to financing activities	V.58		
Subtotal of cash inflow from financing activities		3,411,806,940.58	1,945,490,000.00
Cash repayments of amounts borrowed		3,234,854,363.15	2,264,521,809.00
Cash payments for interest expenses and distribution of dividends or profits		1,633,646,412.00	698,942,985.71

Including: Dividend paid to minority interests of subsidiaries		1,196,123,200.68	478,852,409.14
Other cash payments relating to financing activities	V.58	17,060,854.26	590,694,203.10
Sub-total of cash outflows in financing activities		4,885,561,629.41	3,554,158,997.81
Net cash flows from financing activities		-1,473,754,688.83	-1,608,668,997.81
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-176,774,656.64	-42,888,330.00
V. Net increase in cash and cash equivalents		-276,620,172.83	-366,674,355.29
Add: Opening balance of cash and cash equivalents		11,745,695,094.95	14,842,645,678.32
VI. Closing balance of cash and cash equivalents		11,469,074,922.12	14,475,971,323.03

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 2026

Unit: Yuan Currency: RMB

Item	Note	First half of 2026	First half of 2025
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		782,601,091.61	832,919,579.47
Tax refund received			
Other cash received relating to operating activities		391,212,867.05	62,174,269.98
Sub-total of cash inflows		1,173,813,958.66	895,093,849.45
Cash paid for goods and services		220,426,058.78	379,250,549.67
Cash paid to and on behalf of employees		147,670,353.90	164,772,801.65
Payments of all types of taxes		31,570,682.15	25,449,069.12
Other cash paid relating to operating activities		588,079,164.54	204,913,432.36
Sub-total of cash outflows		987,746,259.37	774,385,852.80
Net cash flows from operating activities		186,067,699.29	120,707,996.65
II. Cash flows from investing activities:			
Cash received from disposal of investments		1,600,296,814.68	399,167,968.04
Cash received from returns on investments		688,655,452.08	340,739,664.63
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,862,448.54	224,898.53
Net cash received from disposal of subsidiaries and other business units		51,450,000.00	
Other cash received relating to investing activities			
Sub-total of cash inflows from investing activities		2,344,264,715.30	740,132,531.20
Cash paid to acquire fixed assets, intangible assets and other long-term assets		5,222,015.16	11,365,298.15
Cash paid to acquire investments		1,930,000,000.00	382,000,000.00
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		1,935,222,015.16	393,365,298.15
Net cash flows from investing activities		409,042,700.14	346,767,233.05
III. Cash flows from financing activities :			
Cash received from capital contribution			
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

Cash repayments of amounts borrowed		100,900,000.00	6,470,000.00
Cash payments for interest expenses and distribution of dividends or profits		413,200,737.30	192,732,461.20
Other cash payments relating to financing activities		1,747,513.50	173,041,091.26
Sub-total of cash outflows in financing activities		515,848,250.80	372,243,552.46
Net cash flows from financing activities		-515,848,250.80	-220,243,552.46
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-22,210,693.58	-2,913,521.17
V. Net increase in cash and cash equivalents		57,051,455.05	244,318,156.07
Add: Opening balance of cash and cash equivalents		1,438,512,991.88	1,267,163,186.68
VI. Closing balance of cash and cash equivalents		1,495,564,446.93	1,511,481,342.75

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 2026

Unit: Yuan Currency: RMB

Item	First half of 2026													
	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		
		Preferred share	Perpetual bonds	Others										
I. Balance at the end of previous year	1,829,453,386.00				1,142,268,958.89		-134,669,133.15		940,060,474.71		11,402,453,599.97	15,179,567,286.42	9,188,581,036.62	24,368,148,323.04
Add: Change of accounting policies														
Correction to errors of the previous period														
Others														
II. Balance at the beginning of the year	1,829,453,386.00				1,142,268,958.89		-134,669,133.15		940,060,474.71		11,402,453,599.97	15,179,567,286.42	9,188,581,036.62	24,368,148,323.04
III. Increase and decrease of the Period (“-” for decrease)					92,953,346.67		-298,167,770.47				246,853,720.40	41,639,296.60	-654,225,441.87	-612,586,145.27
(I) Total comprehensive income							-297,821,230.32				647,654,146.46	349,832,916.14	553,658,506.41	903,491,422.55
(II) Capital contribution or reduction from shareholders					92,959,509.42							92,959,509.42	109,551,851.94	202,511,361.36
1. Capital contribution from shareholders													313,865,135.18	313,865,135.18
2. Capital invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity														
4. Others					92,959,509.42							92,959,509.42	-204,313,283.24	-111,353,773.82
(III) Profit distribution											-402,479,744.92	-402,479,744.92	-1,389,695,773.37	-1,792,175,518.29
1. Accrual of surplus reserve														

2. Accrual of general risk provision														
3. Amount distributed to owners (or shareholders)											-402,479,744.92	-402,479,744.92	-1,389,695,773.37	-1,792,175,518.29
4. Others														
(IV)Internal carrying forward of owner's equity							-346,540.15				1,679,318.86	1,332,778.71		1,332,778.71
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							-346,540.15				1,679,318.86	1,332,778.71		1,332,778.71
6. Others														
(V) Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
(VI) Others					-6,162.75							-6,162.75	72,259,973.15	72,253,810.40
IV. Balance at end of period	1,829,453,386.00				1,235,222,305.56		-432,836,903.62		940,060,474.71		11,649,307,320.37	15,221,206,583.02	8,534,355,594.75	23,755,562,177.77

Item	First half of 2025													
	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		
		Preferred shares	Perpetual bonds	Others										
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 at the beginning of the 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. Capital 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

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 2026

Unit: Yuan Currency: RMB

Item	First half of 2026										
	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	1,829,453,386.00				588,564,080.96		-4,559,147.70		851,458,526.33	2,775,784,462.59	6,040,701,308.18
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Balance at the beginning of the year	1,829,453,386.00				588,564,080.96		-4,559,147.70		851,458,526.33	2,775,784,462.59	6,040,701,308.18
III. Increase and decrease of the Period (“-” for decrease)					-6,162.75		386,336.10			-157,082,156.29	-156,701,982.94
(I). Total comprehensive income							386,336.10			245,397,588.63	245,783,924.73
(II) Capital contribution or reduction from shareholders											
1. Capital contribution from shareholders											
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity											
4. Others											
(III) Profit distribution										-402,479,744.92	-402,479,744.92
1. Accrual of surplus reserve											
2. Amount distributed to owners (or shareholders)										-402,479,744.92	-402,479,744.92
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					-6,162.75						-6,162.75
IV. Balance at the end of the Period	1,829,453,386.00				588,557,918.21		-4,172,811.60		851,458,526.33	2,618,702,306.30	5,883,999,325.24

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. Opening balance of the current 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											
Others											
IV. Balance at end of year	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

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 2026, 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 21st Meeting of the 9th Session of the Board on 24 August 2026.

II Basis of Preparation for the Financial Statements

1. Basis of preparation

These financial statements have been prepared in accordance with the *Accounting Standards for Business Enterprises* (ASBE) issued by the Ministry of Finance, together with their application guidelines, interpretations and other relevant regulations (collectively referred to as the “Accounting Standards for Business Enterprises”). In addition, the Company has disclosed the relevant financial information in accordance with the *Rules for the Preparation and Submission of Information Disclosures by Companies Offering Securities to the Public No. 15 — General Provisions on*

Financial Reports (《公开发行证券的公司信息披露编报规则第 15 号——财务报告的一般规定》)(2023 Revision) issued by the China Securities Regulatory Commission (CSRC).

The Company's accounting is based on the accrual basis of accounting. Except for certain financial instruments, these financial statements are measured on a historical cost basis. Non-current assets held for sale are measured at the lower of their carrying amount and the amount of fair value less estimated costs to sell, provided that they meet the conditions for classification as held for sale. If assets are impaired, corresponding impairment provisions are recognized in accordance with the relevant provisions.

2. Continuing operation

√Applicable □N/A

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

III Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates:

√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 2026, 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-month period ending 30 June 2026.

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 determine Hong Kong Dollar, Macanese Pataca, Indonesian Rupiah, Singapore Dollar, Euro, Philippine Peso, Vietnamese Dong and US Dollar as their functional currencies according to the primary economic environment in which these subsidiaries operate. The Company prepares its financial statements in RMB.

5. Determination and selection basis of materiality criteria

√Applicable □N/A

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 contract liability 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 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 is recognized 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 by the combining party in the business combination are measured at their carrying amounts in the consolidated financial statements of the ultimate controlling party as at the combination date. The difference between the aggregate of the carrying amount of the investment held before the combination and the carrying amount of the consideration newly paid at the combination date, and the carrying amount of the net assets acquired in the combination shall be adjusted against the share premium in the capital reserve. Where the share premium in the capital reserve is insufficient to absorb the difference, retained earnings shall be adjusted. In respect of a long-term equity investment held by the combining party before obtaining control over the combined party, the related profit or loss, other comprehensive income and other changes in owners' equity recognized during the Period from the later of the date on which the original equity interest was acquired and the date on which the combining party and the combined party came under the common control of the same ultimate controlling party to the combination date shall be offset against the opening retained earnings for the comparative financial statement periods or profit or loss for the current period, as appropriate.

(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 recognized 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 recognized 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 recognized 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 recognized due to the changes in other shareholders' 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 recognized 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 recognized 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 recognized 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 for determination of control and preparation of the consolidated financial statements

√Applicable □N/A

(1) Basis for determination of control

The scope of consolidated financial statements is determined based on control. Control means the Company has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, and can use its power over the investee to affect the amount of such returns. 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 consolidated financial statements, the Company and its subsidiaries are required to apply consistent accounting policies and accounting periods, and 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 consolidation of the Company from the date when it is under control of the ultimate controlling party, and 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 in the consolidated balance sheet under shareholders' equity as non-controlling interests. The portion of the net profit or loss of the subsidiaries for the Period attributable to non-controlling interests is presented in the consolidated income statement under “profit or loss attributable to non-controlling interests”. Where the loss borne by the non-controlling interests of a subsidiary exceeds their share of the opening balance of the owners' equity of the subsidiary, the excess shall still be debited against non-controlling interests.

(3) Purchase of the minority stake in the subsidiary

The difference between the cost of the long-term equity investments newly acquired through the purchase of minority interests and the share of the net assets of the subsidiaries that are continuously calculated from the acquisition date or the consolidation date proportionate to the additional shareholding acquired, as well as the difference between the disposal consideration received from the partial disposal of equity investments in a subsidiary without losing control and the share of the net assets of the subsidiary that is continuously calculated from the acquisition date or the consolidation date corresponding to the disposed long-term equity investment, shall be adjusted against the capital reserve (share premium); where the capital reserve is insufficient, any excess shall be adjusted against 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 recognized 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 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 realized 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 considering 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 recognized 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 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 recognized 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 has rights and obligations to the relevant assets and liabilities.

The Company recognizes the following items in relation to its interest in 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 is 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 recognized 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 recognized 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 average exchange rate for the Period, while special transactions such as dividends and investments are translated at the spot exchange rate. The effect of exchange differences 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 recognized when the Company becomes one of the parties under a financial instrument contract.

The financial assets will be derecognized 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 derecognized. 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 from the original financial liability, the original financial liability shall be de-recognized, and the new financial liability shall be recognized at the same time.

Regular way purchases or sales of financial assets are recognized and derecognized on the trade date.

(2) Classification and measurement of financial assets

The Company classifies financial assets into three categories: financial assets at amortized 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 amortized 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 amortized 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 amortized cost using the effective interest method. Gains or losses arising from financial assets which are measured at amortized cost and not part of any hedging relationship are included in the profit and loss of the current period upon de-recognition, amortization 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 recognized in profit or loss for the current period, while other gains or losses are recognized 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 amortized 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. Upon initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company irrevocably designates some financial assets that should have been measured at amortized 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 recognized 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 recognized in profit and loss, and other gains or losses and changes in fair value are recognized in other comprehensive gains. When derecognized, the accumulated gains or losses previously recognized 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, shall all the financial assets affected 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 amortized 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 recognized 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 recognized in profit or loss for the current period.

Financial liabilities at amortized cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method; gains and losses arising from derecognition or the amortization process is recognized 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 the following criteria:

① a contractual obligation to deliver cash or another financial asset 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 will or may be settled in the Company’s own equity instruments, the Company considers whether those equity instruments used for settlement represent a substitute for cash or other financial assets or entitle the holder of the instrument to a residual interest in the Company’s assets after deducting all of its liabilities. In the former case, the instrument is a financial liability of the Company; in the latter case, it is an 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 recognized as an asset, otherwise that with negative fair value shall be recognized as a liability. Any gain or loss arising from changes in fair value that does not qualify for hedge accounting is recognized directly in profit or loss for the 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 amortized 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 recognize 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 events 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 financial instruments in Stages 1 and 2 and those with low credit risk, the Company calculates interest income by applying the effective interest rate to the gross carrying amount, without deducting the loss allowance. For financial instruments in Stage 3, the Company calculates interest income by applying the effective interest rate to the amortized cost, being the gross carrying amount less the loss allowance.

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 of 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.

Where information necessary for assessing the expected credit losses of an individual financial asset or contract asset is not available at reasonable cost, the Company groups notes receivable, trade receivables or contract assets into portfolios based on their credit risk characteristics and measures expected credit losses on a portfolio basis. The basis for determining the portfolios is as follows:

A. Notes receivable

▪ Notes receivable portfolio 1: Bank acceptance bills

▪ Notes receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

▪ Accounts receivable portfolio 1: Amount due from domestic customers

▪ Accounts receivable portfolio 2: Amount due from overseas customers

▪ Accounts receivable 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 trade receivables grouped into portfolios, the Company measures expected credit losses by preparing a matrix of the ageing of trade receivables and the corresponding lifetime expected credit loss rates, with reference to historical credit loss experience, current conditions and forecasts of future economic conditions. The ageing of trade receivables is calculated from the date of recognition.

Other receivables

The Company classifies other receivables into certain portfolios based on credit risk characteristics, and measures expected credit losses on a portfolio 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 a portfolio 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 has 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 amortized 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 be considered;
- 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 recognized as an impairment gain or loss in profit or loss. For financial assets measured at amortized cost, the loss provision is offset against their carrying amounts in the balance sheet. For debt investments at FVOCI, the Company recognizes 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 when 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 recognized 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 derecognizes 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 derecognize a financial asset if it retains substantially all the risks and rewards of ownership of the financial asset.

Where the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it accounts for the transaction as follows: if the Company has relinquished control over the financial asset, it derecognizes the financial asset and recognizes any resulting assets and liabilities; if the Company retains control over the financial asset, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability accordingly.

(8) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is presented in the balance sheet, only when the Company currently has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously. In all other circumstances, financial assets and financial liabilities are presented separately in the balance sheet and are not offset.

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 assumptions used by the market participants to realize 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 techniques to recognize 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 to the use of relevant observable inputs, only the observable inputs cannot be obtained or is 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 recognized 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 amortized in full upon the use.

(3) Inventory system

The Company maintains a perpetual inventory system.

(4) Amortization methods of consumables

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

Determination basis and provision method for decline in value of inventories

√Applicable □N/A

On the balance sheet date, the inventories are calculated at the lower of cost and the net realizable 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.

14. Non-current Assets or Disposal Groups Held for Sale

√Applicable □N/A

Non-current Assets Held for Sale and Discontinued Operations

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

√Applicable □N/A

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 non-monetary 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 circumstances, 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 recognized 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 recognized in disposal groups, the carrying amount of disposal groups' goodwill shall be offset against the carrying amount of disposal groups' goodwill 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 recognized on the noncurrent asset recognized after the non-current asset was classified as held for sale. 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 amortization 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 recognized 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, amortization or impairment that could have been recognized if it was not classified into the held-for-sale category;

② the recoverable amount.

Determination standard and presentation method of discontinued operations

√Applicable □N/A

(1) Determination of discontinued operation

Discontinued operation refers to the component meeting one of the following conditions which 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.

(2) 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 ventures 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 undistributed, the cash dividend or profit declared and distributed by the investee is recognized 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 assets 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 assets 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 recognized according to the share in the investee's realized 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 recognized 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 recognized 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 recognized as profit or loss for current period. Other comprehensive income of original equity investment recognized under equity method shall be recognized 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 recognized 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 recognized 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 recognize 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 recognizes the unrealized profit or loss of intra-transaction between the joint ventures or associates that belongs to itself according to the proportion of the shares and recognizes the investment income or loss after offset. However, the loss arising from the unrealized 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 step is to determine whether the relevant arrangement is controlled collectively by all the parties involved or the group of the parties involved. Secondly, 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. Protective 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 below 20% 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 in subsidiaries, associates and joint ventures and the impairment provision of assets.

16. Investment properties

(1) Depreciation or amortization method under the cost model

Depreciation or amortization Method

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 held for transfer after 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 amortization 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 of the income from the disposal, transfer, scrapping or destruction of the investment properties less their book values and the relevant taxes shall be recognized in the profit or 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 used 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 recognized only when the economic benefit related to the fixed asset is likely 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 derecognized.

(2) Method of depreciation

√Applicable □N/A

Category	Depreciation method	Useful life (years)	Residual rate (%)	Annual depreciation (%)
Properties and Buildings	Straight-line method	5-40	0-10	2.25-20
Machinery and equipment	Straight-line method	3-15	0-10	6-33.33
Transportation equipment	Straight-line method	5-10	0-10	9-20
Electric equipment and others	Straight-line method	3-8	0-10	11.25-33.33

Where an impairment provision has been made for a fixed asset, the accumulated amount of the fixed asset impairment provision shall be deducted when computing and determining the depreciation rate.

(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 assets and the depreciation method applied at each period end.

The useful lives of fixed assets 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 are recognized 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 recognized 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 is eligible for capitalization and other necessary costs 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	(1) Main construction project and supporting works have been substantially completed. (2) Construction works have met the predetermined design requirements, verified and accepted by survey, design, construction, supervision, and other units. (3) Approved by fire safety, land administration, and urban planning departments. (4) If GMP certification is required, it must pass the GMP on-site inspection and receive a GMP compliance notification. (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 according to the actual project cost from the date of reaching the predetermined usable state.
Production and ancillary equipment requiring installation and debugging	(1) The relevant equipment and other supporting facilities have been installed. (2) The equipment has been debugged and can maintain normal and stable operation for a period of time. (3) The production equipment is capable of consistently producing qualified products for a period of time. (4) The equipment has been verified and accepted by the asset management personnel and users. (5) If GMP certification is required, it must pass the GMP on-site inspection and receive a GMP compliance notification.

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 capitalization of borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, they shall be capitalized and included in the cost of related assets; other borrowing costs are recognized as expenses and included in profit or loss when incurred. Capitalization 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 capitalization;

②borrowing costs incurred;

③activities 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) Capitalization period of borrowing costs

Capitalization 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 recognized as an expense in the Period in which they are incurred and included in profit or loss for the current period.

Capitalization 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 normal interrupted period continue to be capitalized.

(3) Calculation of the capitalization 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 capitalized. The capitalization 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 capitalization period, exchange differences on foreign currency special borrowings shall be capitalized; exchange differences on foreign currency general borrowings shall be recognized 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 recognized unless it meets the conditions as follows simultaneously:

①an enterprise possesses or controls the biological asset as a result of past transaction or event;

②the 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 consumable biological assets obtained by self-planting, self-cultivating or self-breeding is the necessary cost directly attributable to this asset prior to the harvest, consisting of borrowing costs that meet the conditions of capitalization. The subsequent expenses for the maintenance, protection and cultivation of a consumable biological asset after the harvest shall be included in the current profit 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 realizable value of the consumable biological assets is lower than their carrying amount, provision of impairment loss is made and recognized in the profit or loss for the current period as the excess of the carrying amount over the net realizable value. If the factors affecting the impairment of consumable biological assets no longer exist, the amount of write-down shall be reversed and shall be reversed from the original provision for the impairment loss before being recognized 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 recognized only when all of the following conditions are satisfied:

①it is probable that the economic benefits associated with the intangible assets will flow to the enterprise;

②the cost of the intangible asset can be reliably measured.

Intangible assets are initially measured at actual cost.

①where the consideration for the purchase of an intangible asset is deferred beyond normal credit terms and is in substance of a financing nature, the cost of the intangible asset is determined based on the present value of the purchase consideration.

②where an intangible asset is obtained by the Company in a debt restructuring as a settlement of debts, its recorded value is determined based on the fair value of the intangible asset, and the difference between the carrying amount of the restructured debt and the fair value of the intangible asset used to settle the debt is recognized in profit or loss for the current period. Where a non-monetary asset exchange has commercial substance and the fair value of the asset received or the asset given up can be measured reliably, the intangible asset received in the non-monetary asset exchange is usually determined based on the fair value of the asset given up, unless there is conclusive evidence that the fair value of the asset received is more reliable; where the aforesaid conditions are not satisfied, the cost of the intangible asset received in the non-monetary asset exchange is the carrying amount of the asset given up plus the relevant taxes payable, and no gain or loss is recognized.

③an intangible asset acquired through an absorption merger of enterprises under common control is recorded at the carrying amount of the merged party; an intangible asset acquired through an absorption merger of enterprises not under common control is recorded at fair value.

Upon the acquisition of an intangible asset, the Company analyses and judges its useful life. Where the useful life of an intangible asset is finite, the Company estimates the number of years of the useful life or the quantity of the output or other similar measurement units constituting the useful life; where the Period over which the intangible asset will bring economic benefits to the Company cannot be foreseen, the intangible asset is regarded as one with an indefinite useful life.

Amortization method of intangible assets: An intangible asset with a finite useful life is amortized over its useful life on a straight-line basis and charged to profit or loss. An intangible asset with an indefinite useful life or with perpetual property rights is not amortized. The Company reviews the useful life and the amortization method of intangible assets with finite useful lives at least at each year end. Where the useful life or the amortization method of an intangible asset differs from the previous estimate, the intangible asset is amortized using the reviewed useful life and amortization method.

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

Category	Useful life	Basis for determination of useful life	Amortization method	Note
Land use rights	42 to 56 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 5 years	Estimated benefit period	Straight-line method	
Trademark rights	5 years	Shorter of estimated benefit period and trademark validity period	Straight-line method	
Others	3 to 10 years	Estimated benefit period	Straight-line method	

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

(1) Scope of R&D Expenditures and the Related Accounting Treatment

√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 recognized in profit or loss for the current period when incurred.

Expenditures on the development phase will be capitalized 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 recognized 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 technical and economic feasibility studies.

Capitalized 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.

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

①for 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 recognized in profit or loss for the current period when incurred; the Period from the pilot phase upon obtaining of production approvals is treated as the development phase, and all expenditures shall be recognized as development expenditures and reclassified as intangible assets after the obtaining of production approvals.

②for 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 recognized 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 recognized as development expenditures and reclassified as intangible assets after the obtaining of production approval.

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

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 expenditures are recognized in profit or loss for the current period.

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 recognized 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 is any indication of impairment; if so, the Company estimates the recoverable amount and performs an impairment test. 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 less 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 recognized.

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 recognized reporting segment.

When there is an indication that the asset or asset group are prone to impairment, the Company should test for impairment for asset and asset group excluding goodwill and calculate the recoverable amount and recognize 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 recognized when the recoverable amount of assets is lower than its carrying amount.

Once impairment loss is recognized, 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 amortized on straight-line basis over the expected beneficial period. For the long-term deferred expense items that cannot benefit in subsequent accounting period, their amortized value is recognized 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 dependents, 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

√Applicable □N/A

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 recognized 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 and defined benefit plans. A defined contribution plan refers to a post-employment benefit plan under which the Company no longer bears further payment obligations after making fixed contributions to an independent fund. The Company is only involved in defined contribution plans; a defined benefit plan refers to a post-employment benefit plan other than a defined contribution plan.

Defined contribution plans include basic pension insurance and unemployment insurance, etc.

During the accounting period in which the employees render services, the amount payable calculated under the defined contribution plan is recognized as a liability and included in the profit or loss for the current period or in the cost of related assets.

Defined benefit plans

For a defined benefit plan, the cost of providing the benefits is determined at each annual balance sheet date using the projected unit credit method. The employee compensation cost arising from the defined benefit plan of the Company comprises the following components:

①service cost, including current service cost, past service cost and settlement gains or losses. Current service cost refers to the increase in the present value of the defined benefit obligation resulting from employee service in the current period; past service cost refers to the increase or decrease in the present value of the defined benefit obligation relating to employee service in prior periods arising from an amendment to the defined benefit plan.

②net interest on the net defined benefit liability or net asset, including interest income on plan assets, interest expense on the defined benefit obligation and the effect of the asset ceiling.

③ Re-measurements of the net defined benefit liability or net asset.

Unless other accounting standards require or permit employee benefit cost to be included in the cost of assets, the Company recognises items ① and ② above in profit or loss for the current period; item ③ is recognised in other comprehensive income and will not be reclassified to profit or loss in subsequent accounting periods. When the original defined benefit plan is terminated, the amounts previously recognised in other comprehensive income are transferred in full to retained earnings within equity.

(4) Termination benefits

√Applicable □N/A

The liability of employee compensation arising from termination benefits is recognized 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 recognizes 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 ceased 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 recognized 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 outflows. 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 settlement of the provision are fully or partially compensated by a third party, and the compensated amount can be virtually certain, it is recognized separately as an asset. The compensated amount recognized shall not be greater than the carrying amount of the liability recognized.

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 vesting 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. At the vesting date, the final estimated number of vesting equity instruments should equal the actual number of vesting equity instruments.

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

Equity-settled share-based payment is measured at the fair value of the equity instruments granted to employees. Instruments which are vested 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 vesting equity instruments, the services received for the Period are recognized 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 recognized 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 vested 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 vesting situation, the services received for the Period are recognized 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 recognized 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 recognized 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 recognized during the pending period in the profit and loss for the current period immediately and recognize 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:

①for 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 recognized as long-term equity investment in the enterprise receiving services, at the same time, capital reserve (other capital reserve) or liabilities are recognized.

②where 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 recognized 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 combines 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 recognized 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 amortized cost, are included in the initial measurement amount of the issued instrument; if classified as equity instruments, are deducted from equity.

29. Revenue

(1) Accounting Policies for Revenue Recognition and Measurement by Type of Business

√Applicable □N/A

(1) General principle

The Company shall recognize 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:

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

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

③the 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 recognize revenue over time by measuring the progress 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 recognized 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 recognize 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:

①the 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.

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

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

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

⑤when the customer has accepted the goods or services.

⑥when 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 recognized (see Note III.11(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 recognized 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 recognized mainly by adopting FOB mode according to customs 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 recognizes 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 recognizes 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 recognized for the incremental costs of obtaining a contract and assets recognized for the costs to fulfil a contract (the “assets related to contract costs”) are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognized in profit or loss for the current period.

The Company recognizes 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 incurred for the transfer of related goods or services.

The costs of contract performance recognized as assets, if the amortization period does not exceed one year or a normal operating cycle upon the initial recognition, are presented as “Inventories” item, and if the amortization 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 recognized as assets, if the amortization period does not exceed one year or a normal operating cycle upon the initial recognition, are presented as “Other current assets” item, and if the amortization 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 recognized 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 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 recognized 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 recognized 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 recognized as deferred income and shall be recognized 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 recognized as other income in accordance with the substance of economic business or offset against related costs and expenses. Government grants that are not related to daily activities are recognized as non-operating income.

If the recognized 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 assets and the excess is recognized in the profit or loss for the current period. Other circumstances, it is directly recognized in the profit or loss for the current period.

32. Deferred tax assets and deferred tax liabilities

√Applicable □N/A

Income tax comprises 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 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 can 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-forwards 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) 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 (Except for single transactions that give rise to equal amounts of taxable and deductible temporary differences upon initial recognition of the assets and liabilities concerned);

(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, reflecting the tax consequences of the manner in which the enterprise expects to recover the asset or settle the liability.

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 to the contract transfers the right to control the use of one or more identified assets for a period of time in exchange for consideration.

Basis for Determining and Accounting for Short-term Leases and Leases of Low-value Assets under the Simplified Approach as a Lessee

√Applicable □N/A

At the inception of a lease, the Company recognizes 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 payments at the inception of a lease, discounted using the interest rate implicit in the lease or the incremental borrowing rate. Lease payments include: fixed payments and in-substance fixed payments, less any lease incentives (if there is a lease incentive) ; variable lease payments 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 recognizes 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 recognized 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: ①the lease 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 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.

Lease Classification Criteria and Accounting Treatment as a Lessor

√Applicable □N/A

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

Finance leases

In a finance 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 payments at the inception of a lease, discounted using the interest rate implicit in the lease. The Company, as the lessor, calculates and recognizes 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 net investment in the lease, which are obtained by the Company as a lessor, are recognized in profit or loss as incurred.

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

Operating leases

For the rental of operating leases, the Company recognizes 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 capitalized and amortized 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 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 inception 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 inception 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 Instruments*.

34. Right-of-use assets

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

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

Right-of-use assets are initially measured at cost as at the inception 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 inception date of the lease less any lease incentives received if any; initial direct costs 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 recognizes 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 recognizes all expenditures arising from share repurchase as cost of treasury shares in the treasury share account. Considerations and transaction costs incurred from the repurchase of shares shall lead to the elimination of owners’ equity and do not recognize 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 recognized as capital reserve when the treasury stocks are transferred, if the capital reserve is not sufficient to be offset, the excess amount shall be recognized to offset surplus reserve and undistributed profit. When the treasury stocks are cancelled, the share capital shall be reduced according to the number of shares cancelled and their par value, and the difference between the carrying amount of the treasury stocks cancelled and their par value shall be charged to capital reserve. If the capital reserve is not sufficient to be offset, the excess shall be charged to surplus reserve and undistributed profit.

36. Other significant accounting judgments 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 judgments 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 how financial assets' performance is evaluated and reported to key management personnel, how risks affecting the performance of financial assets 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 judgments: 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 or groups of 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 capitalized 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 are recognized 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 recognized with reference to the tax planning strategy.

(7) Revenue recognition

As stated in note III. 29, the Company makes the following significant accounting judgments 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 recognized 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.; determining whether the performance obligations are satisfied over time or at a point in time; and determining the progress towards completion. The Company makes judgments primarily based on historical experiences and activities. 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, and may constitute significant impacts.

(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 value-added amount	3, 5, 6, 10, 13(Note 1)
Urban maintenance and construction tax	Actual turnover tax paid	1, 5, 7
Education surcharges	Actual turnover tax paid	3
Local education surcharge	Actual turnover tax paid	Note 2
Enterprise income tax	Taxable income	Note 3

Note 1: Imexpharm Corporation, a subsidiary of the Company, is subject to a value-added tax (VAT) rate of 5% on the sale of pharmaceutical products, and a VAT rate of 10% on the sale of nutritional/healthcare products.

Note 2: 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 3: The implementation of enterprise income tax rate is as follows:

√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.)

Entity	Income tax rate (%)
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) , 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 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)	15
LIVZON MALAYSIA SDN. BHD	17 or 24 (17% applies where the registered capital is less than MYR 2.5 million and profit does not exceed MYR 600,000; 24% applies where the registered capital exceeds MYR 2.5 million or profit exceeds MYR 600,000)
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
Imexpharm Corporation	20
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
Other subsidiaries	25 or enjoy preferential tax policies for small and micro-profit enterprises

2. Tax incentives

√Applicable □N/A

(1)Preferential value added tax

In accordance with the *Announcement on Value-Added Tax Issues Concerning the Sale of Biological Products by Pharmaceutical Trading Enterprises* (Announcement of the State Administration of Taxation [2012] No. 20) and the *Notice on Value-Added Tax Policies for Anti-Cancer Drugs* issued by the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation and the National Medical Products Administration (Cai Shui [2018] No. 47), the Company's sales of biological products and anti-cancer drugs are subject to value-added tax calculated and paid under the simplified method at the collection rate of 3%.

In accordance with Vietnam's phased VAT reduction policy, most goods and services originally subject to the 10% VAT rate are temporarily taxed at a reduced rate of 8% during the period from 1 July 2025 to 31 December 2026. Accordingly, for the sale of nutritional/healthcare products by Imexpharm Corporation, the preferential VAT rate of 8% shall apply during the above-mentioned period.

(2) Preferential enterprise income tax

The Company and its subsidiary, Joincare Haibin (健康元海滨), and Jiaozuo Joincare (焦作健康元), have passed the re-recognition as High and New Technology Enterprises in this period, and shall enjoy the preferential enterprise income tax policies for High and New Technology Enterprises for three years starting from 2025. The Company's subsidiaries, Taitai Pharmaceutical (太太药业), Haibin Pharma (海滨制药) and Xinxiang Haibin (新乡海滨), have applied for the review of the High and New Technology Enterprises qualification in this period.

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 applied for the review of the High and New Technology Enterprises qualification in this period. 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) shall enjoy the preferential enterprise income tax policies for High and New Technology Enterprises for three years starting from 2025. Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司) shall enjoy the preferential enterprise income tax policies for High and New Technology Enterprises for three years starting from 2024. Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (丽珠集团（宁夏）制药有限公司) has been approved to enjoy the preferential tax policies for enterprises in the encouraged industries in the Western China Region. The above-mentioned companies are applying the enterprise income tax rate of 15% in this period.

In accordance with 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), for qualified industrial enterprises located in the Hengqin Guangdong-Macao Deep Cooperation Zone, enterprise income tax is levied at a reduced rate of 15%. 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 applying the enterprise income tax rate of 15% in 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 Chinese herbal medicines planting business engaged by the subsidiaries of Livzon Group, 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), is exempted from enterprise income tax.

According to the tax preferential policies for small and micro enterprises, until 31 December 2027, the portion of annual taxable income not exceeding RMB3 million of a small and micro enterprise shall be subject to enterprise income tax at a rate of 5%.

According to Indonesia's tax preferential policies for micro, small and medium enterprises, for micro, small and medium enterprises, the portion of their taxable income not exceeding IDR 4.8 billion shall be subject to enterprise income tax at a rate of 11%.

According to the Philippines' tax preferential policies for micro, small and medium enterprises, for micro, small and medium enterprises, i.e., enterprises with annual taxable revenue not exceeding PHP5 million, a tax rate of 20% is applicable.

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	357,498.53	349,028.70
Bank deposits	11,541,608,291.48	13,495,487,589.67
Other monetary funds	15,259,852.11	114,879,136.27
Interest receivable	1,728,072.84	0.00
Total	11,558,953,714.96	13,610,715,754.64
Including: total overseas deposits	1,954,509,841.37	4,181,219,245.26

Other descriptions:

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

② Restricted funds held as deposits for letters of credit and bank acceptance notes were excluded from cash and cash equivalents in the cash flow statement. Apart from these restricted funds, the cash at bank is not subject to any charge, pledge or other restrictions that may limit its use. Certain bank balances are held outside mainland China and may be subject to risks in their collection.

Below are the details of the use of restricted monetary funds:

Item	30 June 2026	31 December 2025
Deposits	3,975,720.00	1,865,020,659.69

2. Financial assets 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
Financial asset measured at fair value through profit or loss	644,477,284.66	1,694,102,766.69
Including:		
Funds	256,367,412.95	1,005,892.28
Structured deposits	300,511,308.14	1,611,850,215.33
Equity instrument investments	86,809,162.42	78,525,127.72
Derivative financial assets	789,401.15	2,721,531.36
Total	644,477,284.66	1,694,102,766.69

①the equity instruments investments and debt instruments investments held by the Company at the end of the Period, which are listed and traded on domestic and overseas exchanges, have their fair value determined based on the closing price of the last trading day of the Reporting Period.

②derivative financial assets represent foreign currency forward contracts measured at fair value which were recognized as financial assets as at the balance sheet date.

Other descriptions:

√Applicable □N/A

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

(2) 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	1,070,737,720.24	1,636,435,183.16
Total	1,070,737,720.24	1,636,435,183.16

(2) Notes receivable pledged at the End of the Period

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Amount pledged at the End of the Period
Bank acceptance bills	365,372,261.54
Total	365,372,261.54

As of 30 June 2026, bank acceptance bills with carrying amount of RMB365,372,261.54 (31 December 2025: RMB828,335,011.06) 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	Derecognized amount at the End of the Period	Amount not derecognized at the End of the Period
Bank acceptance bills not yet mature but already endorsed	78,117,752.12	0.00
Bank acceptance bills not yet mature but already discounted	179,341,662.20	0.00
Total	257,459,414.32	0.00

During the current period, the Company discounted bank acceptance bills to banks in the amount of RMB 179,341,662.20 (prior period: RMB 0.00). The discounted bank acceptance bills were without recourse, and substantially all the risks and rewards incidental to ownership of the bills had been transferred to the banks; therefore, they were derecognized. The discount interest expense arising from such discounting in this period amounted to RMB 482,757.09.

(4) As at the End of the Period, the Company had no bills that were transferred to accounts receivable due to the failure of the drawer to fulfill the payment obligations.

(5) 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	1,070,737,720.24	100.00	0.00	0.00	1,070,737,720.24	1,636,435,183.16	100.00	0.00	0.00	1,636,435,183.16
Including:										
Bank acceptance bills	1,070,737,720.24	100.00	0.00	0.00	1,070,737,720.24	1,636,435,183.16	100.00	0.00	0.00	1,636,435,183.16
Total	1,070,737,720.24	/	0.00	/	1,070,737,720.24	1,636,435,183.16	/	0.00	/	1,636,435,183.16

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

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		
	Notes receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	1,070,737,720.24	0.00	0.00
Total	1,070,737,720.24	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

(6) Provision for bad debts
□Applicable √N/A

(7) Actual write-off of notes receivable in the Period
□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:	2,501,717,742.95	2,749,368,127.74
1-2 years	19,597,442.81	14,148,605.95
2-3 years	2,496,712.53	3,897,464.61
3-4 years	2,020,890.53	11,192,213.28
4-5 years	9,923,690.04	1,650,610.33
Over 5 years	20,197,748.30	19,705,295.10
Total	2,555,954,227.16	2,799,962,317.01

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	15,164,344.30	0.59	15,164,344.30	100.00	0.00	15,224,028.91	0.54	15,224,028.91	100.00	0.00
Including:										
Receivables from domestic customers	15,164,344.30	0.59	15,164,344.30	100.00	0.00	15,224,028.91	0.54	15,224,028.91	100.00	0.00

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	2,540,789,882.86	99.41	64,549,917.24	2.54	2,476,239,965.62	2,784,738,288.10	99.46	62,409,706.93	2.24	2,722,328,581.17
Including:										
Receivables from domestic customers	1,714,675,354.05	67.09	52,896,169.98	3.08	1,661,779,184.07	2,167,249,699.10	77.41	52,704,052.40	2.43	2,114,545,646.70
Receivables from overseas customers	826,114,528.81	32.32	11,653,747.26	1.41	814,460,781.55	617,488,589.00	22.05	9,705,654.53	1.57	607,782,934.47
Total	2,555,954,227.16	100.00	79,714,261.54	3.12	2,476,239,965.62	2,799,962,317.01	100.00	77,633,735.84	2.77	2,722,328,581.17

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	15,164,344.30	15,164,344.30	100.00	Full amount is unlikely to be recovered
Total	15,164,344.30	15,164,344.30	100.00	/

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

Aging	Closing balance		
	Account receivables	**Provision for bad debt**	**Expected credit loss rate (%)**
Within 1 year:	1,676,707,382.80	30,753,490.45	1.83
1 to 2 years (inclusive of 2 years)	17,855,799.56	3,165,740.43	17.73
2 to 3 years (inclusive of 3 years)	2,495,168.48	1,501,987.08	60.20
3 to 4 years (inclusive of 4 years)	1,905,533.89	1,805,361.25	94.74
4 to 5 years (inclusive of 5 years)	4,852,326.23	4,810,447.68	99.14
Over 5 years	10,859,143.09	10,859,143.09	100.00
Total	1,714,675,354.05	52,896,169.98	3.08

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

Aging	Balance at the End of the Period

	Account receivables	Provision for bad debts	Expected credit loss rate (%)
Within 1 year:	824,721,654.07	11,530,243.72	1.40
1 to 2 years	1,275,974.05	12,173.89	0.95
2 to 3 years	1,544.05	43.88	2.84
3 to 4 years	115,356.64	111,285.77	96.47
Total	826,114,528.81	11,653,747.26	1.41

Standards of provision for bad debts on portfolio basis and descriptions thereof:
□Applicable √N/A

(3) Provision for bad debts
√Applicable □N/A

Unit: Yuan Currency: RMB

Category	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	Changes in the Scope of Consolidation	Others	
Provision for bad debts	77,633,735.84	2,426,126.24	0.00	739,923.95	395,648.01	-1,324.60	79,714,261.54
Total	77,633,735.84	2,426,126.24	0.00	739,923.95	395,648.01	-1,324.60	79,714,261.54

(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	739,923.95

(5) Accounts receivable and contract assets of the top five debtors by aggregate balance at the end of the Period
√Applicable □N/A

Unit: Yuan Currency: RMB

Unit name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balances of accounts receivable and contract assets	Percentage of the aggregate closing balance of accounts receivable and contract assets （%）	Closing balance of allowance for bad debts
Unit 1	68,764,519.00	0.00	68,764,519.00	2.69	1,485,863.85
Unit 2	63,456,447.05	0.00	63,456,447.05	2.48	958,914.10
Unit 3	58,933,900.38	0.00	58,933,900.38	2.31	884,294.02
Unit 4	55,252,970.65	0.00	55,252,970.65	2.16	1,747,704.69
Unit 5	39,261,891.26	0.00	39,261,891.26	1.54	587,621.18
Total	285,669,728.34	0.00	285,669,728.34	11.18	5,664,397.84

In the current period, the aggregate balance of the accounts receivable from the top five debtors was RMB285,669,728.34, accounting for 11.18% of the total balance of accounts receivable at the end of the Period, and the corresponding aggregate balance of the provision for bad debts accrued at the End of the Period was RMB 5,664,397.84.

Other descriptions:

√Applicable □N/A

(1) Accounts receivable derecognized due to transfers of financial assets

During the Period from January to June 2026, the Company carried out non-recourse factoring on a small portion of its accounts receivable, whereby substantially all the risks and rewards incidental to the ownership of such receivables had been transferred to other parties. The accounts receivable derecognized as a result amounted to RMB15,079,225.53, and the gains and losses recognized in relation to such derecognition were RMB0.00.

(2) The Company has no assets or liabilities arising from continued involvement in transferred accounts receivable.

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	279,071,702.91	93.77	190,158,800.61	93.58
1 to 2 years	11,830,716.90	3.97	8,677,965.20	4.27
2 to 3 years	3,639,834.66	1.22	2,398,600.48	1.18
Over 3 years	3,104,444.74	1.04	1,966,620.77	0.97
Subtotal	297,646,699.21	100.00	203,201,987.06	100.00
Less: Provision for impairment	237,096.90		237,096.90	
Total	297,409,602.31	100.00	202,964,890.16	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	19,029,388.46	6.39
Unit 2	11,880,388.36	3.99
Unit 3	10,315,571.60	3.47
Unit 4	5,980,777.05	2.01
Unit 5	5,891,173.29	1.98
Total	53,097,298.76	17.84

As of 30 June 2026, the total amount of the top five prepayments in closing balance is RMB 53,097,298.76, accounting for 17.84% of the total amount of closing balance of prepayments.

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	13,083,993.15	0.00
Other receivables	64,100,007.61	69,355,886.15
Total	77,184,000.76	69,355,886.15

Dividends receivable

(1) Dividends receivable

√Applicable □N/A

Unit: Yuan Currency: RMB

Item (or Investee)	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	13,083,993.15	0.00
Total	13,083,993.15	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
Within 1 year	57,317,406.09	62,525,312.48
1 to 2 years	8,575,696.39	9,851,955.68
2 to 3 years	2,714,113.74	798,732.93
3 to 4 years	1,029,683.71	678,744.37
4 to 5 years	275,655.90	1,698,369.46
Over 5 years	29,150,635.66	31,042,787.90
Total	99,063,191.49	106,595,902.82

(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	13,396,679.92	14,788,676.17
Reserved funds and advances	19,183,357.19	11,667,777.61
Related party balances	1,216,813.48	1,143,746.92
External corporate borrowings and current accounts	10,665,033.42	10,658,666.50
Tax refund on exports	14,280,833.14	32,973,586.60
Treasury bonds and security deposits	16,042,449.77	16,042,449.77
Others	24,278,024.57	19,320,999.25
Total	99,063,191.49	106,595,902.82

(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	12,862,752.45	24,377,264.22	37,240,016.67
Movement of beginning balance during the Period	0.00	-189,160.00	189,160.00	0.00
--transfer to third stage	0.00	-189,160.00	189,160.00	0.00

Provision for the Period	0.00	-2,131,740.95	0.00	-2,131,740.95
Reversal in the Period	0.00	0.00	0.00	0.00
Write-off in the Period	0.00	0.00	0.00	0.00
Other movements	0.00	-145,091.84	0.00	-145,091.84
Closing balance	0.00	10,396,759.66	24,566,424.22	34,963,183.88

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 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	74,496,767.27	13.96	10,396,759.66	64,100,007.61	
Export tax refund receivable	14,280,833.14	2.25	321,764.05	13,959,069.09	
Security deposits, deposits and rental receivable	13,396,679.92	21.98	2,944,341.00	10,452,338.92	
Other receivables	46,819,254.21	15.23	7,130,654.61	39,688,599.60	
Total	74,496,767.27	13.96	10,396,759.66	64,100,007.61	

At the End of the Period, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	24,566,424.22	100.00	24,566,424.22	0.00	
Treasury bonds and security deposits	16,042,449.77	100.00	16,042,449.77	0.00	Likelihood of recovery is expected to be low
Other receivables	8,523,974.45	100.00	8,523,974.45	0.00	Likelihood of recovery is expected to be low
Total	24,566,424.22	100.00	24,566,424.22	0.00	

As of 31 December 2025, information of provision for bad debts:

As of 31 December 2025, there is no provision for bad debts on those in first stage:

As of 31 December 2025, Provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for 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	82,218,638.60	15.64	12,862,752.45	69,355,886.15	
Export tax refund receivable	32,973,586.60	5.73	1,890,313.55	31,083,273.05	
Security deposits, deposits and rental receivable	14,820,676.17	22.63	3,354,336.11	11,466,340.06	
Other receivables	34,424,375.83	22.13	7,618,102.79	26,806,273.04	
Total	82,218,638.60	15.64	12,862,752.45	69,355,886.15	

As of 31 December 2025, Provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount	Reason

Provision for bad debts on individual item	24,377,264.22	100.00	24,377,264.22	0.00	
Treasury bonds and security deposits	16,042,449.77	100.00	16,042,449.77	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	24,377,264.22	100.00	24,377,264.22	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 the Period is significant:
□Applicable √N/A

(5) Actual write-offs of other receivables in the Period
□Applicable√N/A

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	Aging	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	16,042,449.77	Over 5 years	16.19	16,042,449.77
Tax refund on exports	Export tax refund	14,280,833.14	Within 1 year	14.42	321,764.05
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	5.05	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	1,410,000.00	Within 1-3 years	1.42	251,600.00
Jiaozuo Yangsen Trading Co., Ltd. (焦作市阳森贸易有限公司)	Others	1,174,630.34	Over 5 years	1.19	1,174,630.34
Total	/	37,907,913.25	/	38.27	22,790,444.16

(7) Amounts presented in other receivables due to centralized cash management

□Applicable √N/A

Other descriptions:

The company has no other accounts receivable that are derecognized due to the transfer of financial assets.

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	568,829,691.51	14,152,971.58	554,676,719.93	484,250,105.97	15,354,283.03	468,895,822.94
Packaging materials	121,072,138.51	23,942,306.45	97,129,832.06	115,639,286.27	25,907,963.62	89,731,322.65
Work-in-progress and semi-finished products	742,324,960.23	12,364,760.16	729,960,200.07	728,611,288.36	23,403,443.84	705,207,844.52
Low-value consumables	65,121,148.62	446,741.47	64,674,407.15	58,474,411.61	729,622.83	57,744,788.78
Finished goods and stock goods	949,713,458.77	23,106,244.87	926,607,213.90	876,591,334.02	29,953,148.74	846,638,185.28
Sub-contracting materials	847,000.39	0.00	847,000.39	1,738,534.65	0.00	1,738,534.65
Consumptive biological assets	22,291,276.75	0.00	22,291,276.75	19,737,998.28	0.00	19,737,998.28
Issued goods	14,510,192.67	0.00	14,510,192.67	24,108,217.98	0.00	24,108,217.98
Total	2,484,709,867.45	74,013,024.53	2,410,696,842.92	2,309,151,177.14	95,348,462.06	2,213,802,715.08

(2) Data resources recognized as inventories
□Applicable √N/A

(3) Provision for diminution in value of inventories and 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	15,354,283.03	454,048.47	1,035,449.03	2,690,808.95	0.00	14,152,971.58
Packaging materials	25,907,963.62	1,371,656.36	0.00	3,333,636.86	3,676.67	23,942,306.45
Work-in-progress and semi-finished products	23,403,443.84	275,760.26	0.00	11,314,443.94	0.00	12,364,760.16
Low-value consumables	729,622.83	-254,117.35	0.00	28,764.01	0.00	446,741.47
Finished goods and stock goods	29,953,148.74	1,160,905.73	168,816.94	7,701,057.05	475,569.49	23,106,244.87
Total	95,348,462.06	3,008,253.47	1,204,265.97	25,068,710.81	479,246.16	74,013,024.53

The reasons for the reversal or write-off of the provision for diminution in value of inventories during the current period

√Applicable □N/A

Item	Basis for 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 discarded
Packaging materials	The estimated selling price less related taxes	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 related taxes	Used or discarded
Finished goods and goods in stock	Estimated selling price less the estimated selling expenses and related taxes	Sale and discarded

Provision for inventory write-downs recognized by category
□Applicable √N/A

Basis for recognizing inventory write-down provisions by category
□Applicable √N/A

(4) Descriptions at the End of the Period of inventories including capitalized amount of borrowing costs
□Applicable √N/A

(5) Description of amortization amount of contract performance cost in the current period
□Applicable √N/A

Other descriptions:
□Applicable √N/A

8. 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	525,916,708.48	880,840,324.51
Total	525,916,708.48	880,840,324.51

Significant debt investments and other debt investments at the end of the Period:
□Applicable √N/A

9. 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	81,968,590.52	86,256,592.55
Prepaid income tax	21,427,704.34	20,823,907.10
Cash management	109,655,490.00	0.00
Large-denomination certificates of deposit and related interest	0.00	22,098,183.33
Others	56,356,699.20	443,555.11
Total	269,408,484.06	129,622,238.09

Compensating assets related information
□Applicable √N/A

10. Long-term equity investment

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	2025.12.31	Beginning balance of provision for impairment	Movement in the Period								2026.6.30	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		
①Joint ventures												
Subtotal												
②Associates												
Livzon Medical Electronic Equipment (Plant) Co., Ltd. (丽珠集团丽珠医用电子设备有限公司)	0.00	1,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200,000.00
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	118,830,426.33	0.00	0.00	0.00	7,417,555.63	0.00	0.00	11,475,000.00	0.00	0.00	114,772,981.96	0.00
Fluffy Buddy Animal Health (Guangdong) Co., Ltd.(毛孩子动物保健(广东)有限公司)	0.00	0.00	0.00	0.00	-407,580.57	0.00	0.00	0.00	0.00	78,566,909.02	78,159,328.45	0.00
AbCyte Therapeutics Inc.	11,407,724.55	0.00	0.00	0.00	-75,539.83	0.00	0.00	0.00	0.00	0.00	11,332,184.72	0.00
L&L Biopharma Co. Ltd. (健信生物科技(宁波)有限公司)	12,718,668.04	0.00	0.00	0.00	-517,731.35	0.00	0.00	0.00	0.00	0.00	12,200,936.69	0.00
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Aetio Biotherapy, Inc.	14,794,626.30	0.00	0.00	0.00	-24,127.05	0.00	0.00	0.00	14,770,499.25	0.00	0.00	14,770,499.25
Hangzhou New Element Pharmaceutical Co., Ltd. (杭州新元素药业有限公司)	72,994,422.51	0.00	0.00	0.00	-7,661,475.60	11,261.32	0.00	0.00	0.00	0.00	65,344,208.23	0.00

Investee	2025.12.31	Beginning balance of provision for impairment	Movement in the Period								2026.6.30	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		
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	815,932,340.59	0.00	0.00	0.00	48,860,931.37	0.00	0.00	0.00	0.00	0.00	864,793,271.96	0.00
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	17,378,560.97	0.00	0.00	0.00	168,724.31	0.00	0.00	0.00	0.00	0.00	17,547,285.28	0.00
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物医药科技有限公司)	10,174,650.46	0.00	0.00	0.00	-22,135.96	0.00	0.00	0.00	0.00	0.00	10,152,514.50	0.00
Agimexpharm	0.00	0.00	0.00	0.00	907,346.86	0.00	0.00	0.00	0.00	91,289,540.16	92,196,887.02	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	321,042,892.01	0.00	0.00	0.00	7,649,863.08	0.00	0.00	0.00	0.00	0.00	328,692,755.09	0.00
Ningbo Ningrong Biomedical Co., Ltd. (宁波宁融生物医药有限公司)	27,172,506.23	0.00	0.00	0.00	-188,062.30	0.00	0.00	0.00	0.00	0.00	26,984,443.93	0.00
Feellife Health Inc. (深圳来福士雾化医学有限公司)	8,071,722.61	0.00	0.00	0.00	-963,763.75	0.00	0.00	0.00	0.00	0.00	7,107,958.86	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd. (江苏百宁盈创医疗科技有限公司)	34,326,534.68	0.00	0.00	34,326,534.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	16,745,966.38	0.00	0.00	0.00	453,063.58	0.00	0.00	0.00	0.00	0.00	17,199,029.96	0.00
Haisong Precision Parts (Taicang) Co., Ltd. (海嵩精密零部件(太仓)有限公司)	1,601,098.27	0.00	0.00	1,601,098.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal	1,483,192,139.93	1,200,000.00	0.00	35,927,632.95	55,597,068.42	11,261.32	0.00	11,475,000.00	14,770,499.25	169,856,449.18	1,646,483,786.65	15,970,499.25
Total	1,483,192,139.93	1,200,000.00	0.00	35,927,632.95	55,597,068.42	11,261.32	0.00	11,475,000.00	14,770,499.25	169,856,449.18	1,646,483,786.65	15,970,499.25

11. Other equity instruments investment

（1）Other equity instruments investment

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	2025.12.31	Increase and decrease changes in this period					2026.06.30	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					
Single Asset Management Plans	0.00	2,397,394,925.12	0.00	0.00	362,551,293.66	0.00	2,034,843,631.46	23,202,494.65	0.00	308,168,599.61	Non-trading
Other listed equities	57,440,464.82	0.00	0.00	0.00	27,869,046.24	0.00	29,571,418.58	0.00	0.00	73,590,207.21	Non-trading
Other unlisted equities	932,988,228.68	0.00	2,963,761.61	7,099,652.80	0.00	0.00	937,124,119.87	590,968.83	0.00	684,084.50	Non-trading
Total	990,428,693.50	2,397,394,925.12	2,963,761.61	7,099,652.80	390,420,339.90	0.00	3,001,539,169.91	23,793,463.48	0.00	382,442,891.32	/

Other listed equities, primarily representing early-stage equity investments made by the Company (and/or its subsidiaries), which subsequently went public on domestic or overseas securities exchanges.

(2) Explanation of the situation of termination of recognition in this period
√Applicable □N/A

Item	Cumulative gain transferred to retained earnings due to derecognition	Cumulative loss transferred to retained earnings due to derecognition	Reasons for derecognition
Other unlisted equity investments	294,559.13	0.00	Partial recovery of investment
Total	294,559.13	0.00	

Other descriptions:
√Applicable □N/A

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.

12. 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) Purchased externally		
(2) Transferred in from inventories / fixed assets / construction in progress		
(3) Increase due to business combination		
3.Decrease	0.00	0.00
(1) Disposal		
(2) Other transfers out		
4.Closing balance	79,641,895.79	79,641,895.79
II. Accumulated depreciation and amortization		
1.Beginning balance	64,365,449.65	64,365,449.65
2.Increase	420,441.72	420,441.72
(1) Provision or amortization	420,441.72	420,441.72
3.Decrease	0.00	0.00
(1) Disposal		
(2) Other transfers out		
4. Closing balance	64,785,891.37	64,785,891.37
III. Provision for impairment		
1.Beginning balance	0.00	0.00
2.Increase	0.00	0.00
(1) Provision		
3. Decrease	0.00	0.00
(1) Disposal		
(2) Other transfers out		
4.Closing balance	0.00	0.00
IV. Carrying amount		
1.Carrying value at period end	14,856,004.42	14,856,004.42
2.Carrying value at beginning of the Period	15,276,446.14	15,276,446.14

13. 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	5,551,365,051.11	5,421,615,752.18
Fixed assets for disposal	0.00	0.00
Total	5,551,365,051.11	5,421,615,752.18

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	4,901,146,802.21	6,749,418,795.69	121,237,483.09	1,005,473,081.70	12,777,276,162.69
2.Increase	196,246,989.71	275,933,620.53	17,847,953.70	40,068,238.22	530,096,802.16
(1) Purchase	10,098,525.99	44,799,209.27	4,425,863.15	29,809,470.97	89,133,069.38
(2) Transfer from construction in progress	64,690,001.41	63,536,022.86	220,197.78	5,770,584.85	134,216,806.90
(3) Changes in the scope of consolidation	121,458,462.31	167,598,388.40	13,201,892.77	4,398,966.24	306,657,709.72
(4) Other increase	0.00	0.00	0.00	89,216.16	89,216.16
3.Decrease	2,156,423.78	88,186,189.25	8,688,344.12	33,589,933.18	132,620,890.33
(1) Disposal or scrap	1,770,986.85	55,782,123.59	7,868,115.31	28,245,743.08	93,666,968.83
(2) Changes in the scope of consolidation	0.00	31,440,456.28	0.00	5,295,489.11	36,735,945.39
(3) Others	385,436.93	963,609.38	820,228.81	48,700.99	2,217,976.11
4.Closing balance	5,095,237,368.14	6,937,166,226.97	130,397,092.67	1,011,951,386.74	13,174,752,074.52
II. Accumulated depreciation					
1.Beginning balance	2,394,529,204.79	4,040,162,010.11	91,333,465.02	721,247,827.61	7,247,272,507.53
2.Increase	111,984,117.55	189,209,324.62	5,906,867.07	41,718,054.53	348,818,363.77
(1) Provision	111,984,117.55	189,209,324.62	5,906,867.07	41,644,348.20	348,744,657.44
(2) Other increase	0.00	0.00	0.00	73,706.33	73,706.33
3.Decrease	1,713,847.46	49,900,546.90	7,995,240.54	21,468,595.97	81,078,230.87
(1) Disposal or scrap	1,534,802.58	42,944,392.92	7,281,544.00	19,429,206.57	71,189,946.07
(2) Changes in the scope of consolidation	0.00	6,439,005.20	0.00	1,996,764.80	8,435,770.00
(3) Others	179,044.88	517,148.78	713,696.54	42,624.60	1,452,514.80
4.Closing balance	2,504,799,474.88	4,179,470,787.83	89,245,091.55	741,497,286.17	7,515,012,640.43
III. Provision for impairment					
1.Beginning balance	30,547,641.17	59,002,254.95	0.00	18,838,006.86	108,387,902.98
2.Increase	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	13,520.00	0.00	0.00	13,520.00
(1) Disposal or scrap	0.00	13,520.00	0.00	0.00	13,520.00
4.Closing balance	30,547,641.17	58,988,734.95	0.00	18,838,006.86	108,374,382.98
IV. Carrying amount					

1.Carrying value at Period end	2,559,890,252.09	2,698,706,704.19	41,152,001.12	251,616,093.71	5,551,365,051.11
2.Carrying value at beginning of the Period	2,476,069,956.25	2,650,254,530.63	29,904,018.07	265,387,247.23	5,421,615,752.18

(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	14,243,288.67	12,506,692.80	0.00	1,736,595.87	
Machinery and equipment	154,078,175.42	101,779,480.70	38,017,809.18	14,280,885.54	
Electronic equipment and others	2,057,887.88	1,816,904.80	22,252.11	218,730.97	

(3) Fixed assets leased out under operating leases

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount
Housing and buildings	1,466,757.21

(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	126,701,240.31	Application in progress

14. 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	625,004,086.39	615,348,388.91
Construction materials	0.00	0.00
Total	625,004,086.39	615,348,388.91

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
Simei project (司美项目)	12,993,899.88	0.00	12,993,899.88	12,789,108.77	0.00	12,789,108.77

P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂 P03 建设项目)	67,634,314.15	0.00	67,634,314.15	58,144,309.60	0.00	58,144,309.60
Livzon Jiaozuo new factory relocation project (丽珠焦作新厂迁建项目)	61,866,222.27	0.00	61,866,222.27	64,454,446.84	0.00	64,454,446.84
Construction Project of Livzon Group Indonesia Factory（丽珠集团印尼工厂建设项目）	44,111,468.23	0.00	44,111,468.23	25,769,394.21	0.00	25,769,394.21
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	201,988,346.29	13,576,290.39	188,412,055.90	210,121,373.58	13,576,290.39	196,545,083.19
Jiaozuo Joincare High-End Active Pharmaceutical Ingredients (API) Project (焦作健康元高端原料药项目)	88,099,233.02	0.00	88,099,233.02	119,822,201.39	0.00	119,822,201.39
Others	167,737,703.83	5,850,810.89	161,886,892.94	143,674,655.80	5,850,810.89	137,823,844.91
Total	644,431,187.67	19,427,101.28	625,004,086.39	634,775,490.19	19,427,101.28	615,348,388.91

(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
Simei project (司美项目)	168,900,000.00	12,789,108.77	1,261,859.29	1,057,068.18	0.00	12,993,899.88
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	58,144,309.60	9,490,004.55	0.00	0.00	67,634,314.15
Livzon Jiaozuo new factory relocation project (丽珠焦作新厂迁建项目)	184,261,900.00	64,454,446.84	1,268,848.67	3,857,073.24	0.00	61,866,222.27
Construction Project of Livzon Group Indonesia Factory（丽珠集团印尼工厂建设项目）	191,000,000.00	25,769,394.21	18,342,074.02	0.00	0.00	44,111,468.23
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	1,436,107,400.00	210,121,373.58	23,731,678.24	18,249,230.86	13,615,474.67	201,988,346.29

Jiaozuo Joincare High-End Active Pharmaceutical Ingredients (API) Project(焦作健康元高端原料药项目)	170,214,900.00	119,822,201.39	26,966,000.00	58,688,968.37	0.00	88,099,233.02
Total	2,256,518,100.00	491,100,834.39	81,060,464.77	81,852,340.65	13,615,474.67	476,693,483.84

(Continued)

Project item	Proportion of cumulative input to budget (%)	Progress（%）	Cumulative amount of interest capitalized	Including: interest capitalized in the Period	Interest capitalization rate for the Period (%)	Source of fund
Simei project (司美项目)	81.22	80.00	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)	64.31	65.00	0.00	0.00	0.00	Self-funding
Livzon Jiaozuo new factory relocation project (丽珠焦作新厂迁建项目)	75.30	75.00	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）	23.10	25.00	0.00	0.00	0.00	Self-funding
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	94.00	94.00	0.00	0.00	0.00	Self-funding and funds raised
Jiaozuo Joincare High-End Active Pharmaceutical Ingredients (API) Project(焦作健康元高端原料药项目)	86.24	86.00	0.00	0.00	0.00	Self-funding
Total	/	/	0. 00	0. 00	/	/

15. Right-of-use assets

(1) Right-of-use assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Housing and buildings	Machinery and equipment	Land use rights	Total
I. Book value:				
1.Beginning balance	86,952,461.34	3,147,044.40	0.00	90,099,505.74
2.Increase	12,130,897.36	0.00	146,934,751.11	159,065,648.47
(1) Leasing	12,130,897.36	0.00	0.00	12,130,897.36
(2) Changes in the scope of consolidation	0.00	0.00	146,934,751.11	146,934,751.11
3.Decrease	29,506,525.20	0.00	0.00	29,506,525.20
(1) Decrease	29,506,525.20	0.00	0.00	29,506,525.20
4. Closing balance	69,576,833.50	3,147,044.40	146,934,751.11	219,658,629.01
II. Accumulated depreciation				
1.Beginning balance	46,026,526.30	288,479.07	0.00	46,315,005.37

2.Increase	14,729,651.75	157,352.22	1,078,396.44	15,965,400.41
(1) Provision	14,729,651.75	157,352.22	775,364.36	15,662,368.33
(2) Other increase	0.00	0.00	303,032.08	303,032.08
3.Decrease	29,506,525.20	0.00	0.00	29,506,525.20
(1) Decrease	29,506,525.20	0.00	0.00	29,506,525.20
4.Closing balance	31,249,652.85	445,831.29	1,078,396.44	32,773,880.58
III. Provision for impairment				
1.Beginning balance	0.00	0.00	0.00	0.00
2.Increase	0.00	0.00	0.00	0.00
3.Decrease	0.00	0.00	0.00	0.00
4.Closing balance	0.00	0.00	0.00	0.00
IV. Carrying amount				
1.Carrying value at the End of the Period	38,327,180.65	2,701,213.11	145,856,354.67	186,884,748.43
2.Carrying value at beginning of the Period	40,925,935.04	2,858,565.33	0.00	43,784,500.37

Other descriptions:

During the current period, the Company recognized rental expenses related to short-term leases and leases of low-value assets amounting to RMB3.0951 million.

At the end of the Period, land use rights with a carrying amount of RMB25,557,437.78 were pledged as security for borrowings.

16. 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	510,851,489.91	1,541,424,568.48	108,108,458.24	62,769,716.98	21,855,488.53	2,245,009,722.14
2.Increase	22,637,181.52	7,915,519.41	5,803,796.79	484,998.24	215,253.42	37,056,749.38
(1) Purchase	0.00	4,328,867.93	5,591,192.00	0.00	0.00	9,920,059.93
(2) Internal R&D	0.00	3,586,651.48	0.00	0.00	0.00	3,586,651.48
(3) Increase due to business combination	22,637,181.08	0.00	212,604.79	484,998.24	215,253.64	23,550,037.75
(4) Other increase	0.44	0.00	0.00	0.00	-0.22	0.22
3.Decrease	7,718,849.22	7,403,290.50	4,562,794.56	0.00	3,385.82	19,688,320.10
(1) Disposal	0.00	4,195,904.85	4,545,152.03	0.00	3,385.82	8,744,442.70
(2) Increase due to business combination	0.00	3,207,385.65	0.00	0.00	0.00	3,207,385.65
(3) Other decrease	7,718,849.22	0.00	17,642.53	0.00	0.00	7,736,491.75
4.Closing balance	525,769,822.21	1,541,936,797.39	109,349,460.47	63,254,715.22	22,067,356.13	2,262,378,151.42
II. Accumulated amortization						

1.Beginning balance	150,027,015.84	1,032,481,040.50	87,625,709.43	62,767,083.43	11,901,080.67	1,344,801,929.87
2.Increase	5,090,609.83	47,685,231.15	4,657,192.08	16,402.47	2,121,037.41	59,570,472.94
(1) Provision	5,090,609.83	47,685,231.15	4,657,192.08	16,402.47	2,121,037.41	59,570,472.94
3.Decrease	0.00	1,123,058.50	1,514,790.52	0.00	2,593.92	2,640,442.94
(1) Disposal	0.00	1,123,058.50	1,497,897.45	0.00	0.00	2,620,955.95
(2) Other decrease	0.00	0.00	16,893.07	0.00	2,593.92	19,486.99
4.Closing balance	155,117,625.67	1,079,043,213.15	90,768,110.99	62,783,485.90	14,019,524.16	1,401,731,959.87
III. Provision for impairment						
1.Beginning balance	981,826.94	13,528,663.20	0.00	0.00	0.00	14,510,490.14
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	170,716.64	0.00	0.00	0.00	170,716.64
(1) Decrease	0.00	170,716.64	0.00	0.00	0.00	170,716.64
4.Closing balance	981,826.94	13,357,946.56	0.00	0.00	0.00	14,339,773.50
IV. Carrying amount						
1.Carrying value at period end	369,670,369.60	449,535,637.68	18,581,349.48	471,229.32	8,047,831.97	846,306,418.05
2.Carrying value at beginning of the Period	359,842,647.13	495,414,864.78	20,482,748.81	2,633.55	9,954,407.86	885,697,302.13

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 58.12%.

At the end of the Period, land use rights with a carrying amount of RMB813,997.54 were pledged as security for borrowings.

(2) Data resources recognized as inventories

□Applicable √N/A

(3) Intangible assets pending for certificates of ownership

□Applicable √N/A

Other descriptions

√Applicable □N/A

The land use rights are state-owned land use rights acquired by the Company within the territory of China in accordance with Chinese laws, with the assignment term being 50 years from the acquisition of the land use rights; state-owned land use rights acquired within the territory of Indonesia in accordance with Indonesian laws have an assignment term of 30 years from the acquisition of the land use rights, which may be extended for 20 years upon expiry, with a second renewal of 30 years and an aggregate maximum term of 80 years; and state-owned land use rights acquired within the territory of Vietnam in accordance with Vietnamese laws are partly of perpetual ownership, while the term of the time-limited land use rights ranges from 42 to 50 years.

17. Development Costs

Item	Closing balance as of the previous year	Increase	Decrease	Closing balance as of the End of the Period
Development costs	364,875,894.36	47,538,013.75	3,586,651.48	408,827,256.63

For details, please refer to Note VI. Research and Development Expenses

18. 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)	23,916,795.21	0.00	0.00	0.00	0.00	23,916,795.21
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 Pharmaceutical (China) Co., Ltd. (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
Imexpharm Corporation	0.00	969,616,496.88	0.00	0.00	0.00	969,616,496.88
Total	662,420,858.76	969,616,496.88	0.00	0.00	0.00	1,632,037,355.64

For details of the increase in goodwill for the Period, please refer to Note VII. 3 (1) Business combinations not under common control.

(2) Provision for impairment of goodwill

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee or matters that generated 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

Other descriptions

√Applicable □N/A

The goodwill of the Company arises from business combinations not under common control (non-common-control business combinations). When performing impairment testing on goodwill, the Company compares the carrying amount of the asset groups (groups of cash-generating units) to which the goodwill has been allocated with their recoverable amount. If the recoverable amount is lower than the carrying amount, the relevant difference is recognized in profit or loss for the current period.

19. Long-term deferred expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Amortization	Other decrease	Balance at the End of the Period
Renovation costs of offices	24,784,393.34	127,061.74	3,211,620.06	141,345.01	21,558,490.01
Renovation costs of plants	194,650,404.40	22,805,046.39	23,364,133.12	1,012,104.79	193,079,212.88
Resins and fillers	13,506,699.48	5,101,665.48	6,100,473.50	0.00	12,507,891.46
License and royalty fees	16,333,047.25	0.00	2,024,944.46	0.00	14,308,102.79
Others	65,570,284.07	13,706,365.76	10,720,320.13	3,188,081.79	65,368,247.91
Total	314,844,828.54	41,740,139.37	45,421,491.27	4,341,531.59	306,821,945.05

20. 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	533,408,785.33	80,912,404.26	531,474,555.37	81,530,726.96
Deductible difference arising from accrued expenses	1,178,456,902.76	178,007,877.70	1,387,725,361.15	208,935,550.34
Deductible difference arising from tax loss	1,964,808,324.98	294,604,833.19	1,706,649,653.91	255,291,234.32
Deductible difference arising from deferred income	257,974,098.28	38,705,114.73	269,688,821.77	40,453,323.26
Deductible difference arising from unrealized gains from intra-company transactions	473,612,114.94	70,970,008.02	399,518,301.38	60,241,846.25
Deductible difference arising from changes in fair value of other equity instruments	299,906,053.43	62,636,377.74	189,147,223.74	46,750,435.62
Deductible differences arising from equity incentive expenses	98,809,144.73	14,821,371.71	98,809,144.73	14,821,371.71
Tax and accounting differences in amortization of intangible assets	301,381,938.02	45,207,290.69	233,017,784.97	34,952,667.74
Lease liabilities	40,004,640.65	6,105,403.75	42,479,946.19	6,390,341.39
Other deductible temporary difference	739,876,426.12	120,040,592.30	444,946,906.93	73,300,227.81
Total	5,888,238,429.24	912,011,274.09	5,303,457,700.14	822,667,725.40

(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	11,679,822.45	1,777,175.82	19,558,426.35	2,991,495.75
Accelerated depreciation of fixed assets	1,269,664,952.42	191,561,378.08	1,259,990,619.96	190,422,249.12
Changes in fair value of other equity instrument investments	281,439,570.63	42,964,428.84	298,330,734.47	47,429,088.39
Unrealized 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	45,456,813.19	7,058,292.40	43,784,500.36	6,586,024.52
Appraisal increments	209,646,763.70	41,929,352.74	0.00	0.00
Others	376,817.26	75,363.45	0.00	0.00
Total	1,924,204,739.65	306,156,991.33	1,727,604,281.14	268,219,857.78

(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	279,738,175.52	300,463,620.68
Deductible tax losses	3,861,593,281.82	3,966,626,731.87
Total	4,141,331,457.34	4,267,090,352.55

(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
2026	554,945,209.10	572,643,545.11	
2027	734,129,087.65	752,521,835.88	
2028	1,083,339,882.69	1,136,066,013.38	
2029	951,059,045.82	983,530,105.66	
2030	363,851,461.04	390,710,314.02	
2031	9,541,782.58		
Indefinite	164,726,812.94	131,154,917.82	
Total	3,861,593,281.82	3,966,626,731.87	

21. 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
VAT input tax credits	19,108,770.16	0.00	19,108,770.16	14,541,254.81	0.00	14,541,254.81
Engineering and equipment payments	290,027,688.07	70,105,592.70	219,922,095.37	209,923,113.13	70,105,592.70	139,817,520.43
Time deposits	30,557,506.85	0.00	30,557,506.85	496,893,819.63	0.00	496,893,819.63
Others	9,122,084.50	0.00	9,122,084.50	8,807,198.84	0.00	8,807,198.84
Total	348,816,049.58	70,105,592.70	278,710,456.88	730,165,386.41	70,105,592.70	660,059,793.71

22. Ownership or using rights of assets subject to restriction

Unit: Yuan Currency: RMB

Item	End of the Period			
	Book balance	Carrying amount	Restricted types	Restricted situations
Cash and bank balances	3,975,720.00	3,975,720.00	Pledged, Frozen	Pledged borrowings, deposits for letter of credit and bank acceptance bills
Notes receivable	365,372,261.54	365,372,261.54	Pledged	Acceptance bills and pledged notes receivable
Accounts receivable	25,900,000.00	25,900,000.00	Pledged	Pledged/mortgaged borrowings, issuance of letters of guarantee and letters of credit
Inventories	45,325,000.00	45,325,000.00	Mortgaged	

Right-of-use assets	25,557,437.78	25,557,437.78	Mortgaged	Mortgaged borrowings
Intangible assets	813,997.54	813,997.54	Mortgaged	Mortgaged borrowings
Total	466,944,416.86	466,944,416.86		

23. 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	2,450,000,000.00	2,000,000,000.00
Guaranteed loans	1,021,145,276.15	120,000,000.00
Pledged/mortgaged loans	24,670,501.84	120,000,000.00
Total	3,495,815,777.99	2,240,000,000.00

(2) Overdue short-term loans
□Applicable √N/A

24. 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	410,080.56	487,431.05	/
Including:			
Derivative financial liabilities	410,080.56	487,431.05	/
Total	410,080.56	487,431.05	/

Other descriptions:
√Applicable □N/A

Derivative financial liabilities represent foreign currency forward contracts. The loss from unexpired onerous contracts measured at fair value on balance sheet date was recognized as financial liabilities held for trading.

25. 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	1,137,315,224.65	1,295,877,244.31
Total	1,137,315,224.65	1,295,877,244.31

26. 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 1year	604,311,815.36	544,300,115.35
Over 1 year	120,270,916.96	147,132,452.87

Total	724,582,732.32	691,432,568.22

(2) Significant accounts payable aged over one year
□Applicable √N/A

Other descriptions:
√Applicable □N/A
The aging of accounts payable is calculated from the date of entry.

27. 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	63,959,868.24	91,209,210.73
Over 1 year	29,772,321.15	30,358,578.61
Total	93,732,189.39	121,567,789.34

(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
□Applicable √N/A

Other descriptions:
√Applicable □N/A

At the end of the Period, the Company had no significant contract liabilities with an aging exceeding one year. The amount of revenue recognized during the current period that was included in the carrying amount of contract liabilities at the end of the prior year was RMB 91,795,468.19.

28. 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	483,301,413.10	1,109,220,872.95	1,340,118,559.00	252,403,727.05
II. Post-employment benefits -Defined contribution plans	170,945.22	105,246,554.56	105,259,653.32	157,846.46
III. Termination benefits	8,268,559.78	6,089,459.50	13,973,168.78	384,850.50
IV. Other benefits due within one year	0.00	4,890,774.54	64,872.00	4,825,902.54
Total	491,740,918.10	1,225,447,661.55	1,459,416,253.10	257,772,326.55

(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	475,248,222.77	971,161,808.34	1,202,489,978.48	243,920,052.63

II Staff welfare	5,050,892.94	56,965,405.15	57,101,275.25	4,915,022.84
III Social insurances	279,415.56	38,804,084.92	38,950,121.77	133,378.71
Including: 1. Medical insurance	122,157.17	33,194,116.32	33,309,566.31	6,707.18
2. Work injury insurance	125,820.32	4,326,526.36	4,357,113.22	95,233.46
3. Maternity insurance	31,438.07	1,283,442.24	1,283,442.24	31,438.07
IV Housing fund	1,460,520.12	35,911,681.61	35,925,348.03	1,446,853.70
V Union funds and staff education	1,262,361.71	6,377,892.93	5,651,835.47	1,988,419.17
VI Stock Ownership Plan Special Fund	0.00	0.00	0.00	0.00
Total	483,301,413.10	1,109,220,872.95	1,340,118,559.00	252,403,727.05

(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	170,945.22	105,246,554.56	105,259,653.32	157,846.46
Including: 1. Basic pension insurance	118,982.64	100,642,375.12	100,657,252.33	104,105.43
2. Unemployment insurance	51,962.58	4,604,179.44	4,602,400.99	53,741.03
Total	170,945.22	105,246,554.56	105,259,653.32	157,846.46

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.

29. 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	29,084,023.27	95,236,136.78
Urban maintenance and construction tax	6,160,734.07	8,920,610.59
Enterprise income tax	111,922,147.51	100,954,700.77
Property tax	11,949,256.77	6,679,819.83
Land use tax	3,138,882.81	2,804,140.31
Individual income tax	10,905,285.11	15,432,117.73
Stamp duty	2,660,387.85	2,987,674.04
Education surcharges	4,021,236.60	6,122,253.93
Others	1,495,338.28	1,599,553.49
Total	181,337,292.27	240,737,007.47

30. Other payables

(1) 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	211,015,638.89	14,017,248.88
Other payables	3,329,539,085.26	3,378,828,699.81
Total	3,540,554,724.15	3,392,845,948.69

(2) Interest payable
□Applicable √N/A

(3) 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	202,292,240.72	20,174.46
Qingyuan Xinbeijiang (Group) Company	1,200,710.00	1,200,710.00
Other legal persons and individual shares of subsidiaries	4,755,364.86	9,945,313.73
Staff shares of subsidiaries	2,767,323.31	2,851,050.69
Total	211,015,638.89	14,017,248.88

(4) Other payables
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	92,500,819.34	69,740,676.43
Security deposits	62,281,890.14	63,533,334.20
Utility bill	46,226,391.80	33,995,659.53
Scientific research expenses	36,550,274.72	46,281,196.29
Business promotion expenses	2,904,484,319.74	3,000,493,471.02
Others	187,495,389.52	164,784,362.34
Total	3,329,539,085.26	3,378,828,699.81

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.

31. 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	21,463,376.58	21,599,125.36

Long-term loans and interest due within one year	70,274,180.52	351,630,565.74
Total	91,737,557.10	373,229,691.10

32. 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	5,878,032.75	7,996,328.84
Total	5,878,032.75	7,996,328.84

Change of short-term bonds payable
□Applicable √N/A

33. Long-term loans
(1) Classification of long-term loans
√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Credit loans	828,280,830.52	986,964,176.85
Guaranteed loans	0.00	936,932,987.93
Mortgage loans	25,900,000.00	0.00
Loans due within one year	-70,274,180.52	-351,630,565.74
Total	783,906,650.00	1,572,266,599.04

34. 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	40,973,643.62	43,504,258.60
Less: Lease liabilities due within one year	21,463,376.58	21,599,125.36
Total	19,510,267.04	21,905,133.24

Other descriptions:
The interest expense of lease liabilities accrued for the Period amounts to RMB1.0901 million, which is included in financial expenses - interest expense.

35. Long-term payroll payable
√Applicable □N/A
(1) Long-term payroll payable
√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
I. Post-employment benefits – net liabilities under defined benefit plans		
II. Termination benefits		
III. Other long-term benefits	3,619,183.40	0.00

Less: Long-term payroll payable due within one year	0.00	0.00
Total	3,619,183.40	0.00

Other long-term employee benefits represent provisions for long-service benefits and retirement compensation for employees of Imexpharm Corporation.

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	327,844,468.42	3,609,700.00	15,453,282.30	316,000,886.12	/
Total	327,844,468.42	3,609,700.00	15,453,282.30	316,000,886.12	/

Other descriptions:

√Applicable □N/A

Government grants recorded as deferred income refer to Note VIII. Government grants.

37. Other non-current liabilities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Long-term deposits and guarantees	953,120.00	0.00
Long-term provision for site restoration payable	945,308.93	0.00
Total	1,898,428.93	0.00

38. 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	1,829,453,386	0	0	0	0	0	1,829,453,386
2. Domestically listed foreign shares	0	0	0	0	0	0	0
Tradable shares in aggregate	1,829,453,386	0	0	0	0	0	1,829,453,386
III. Total number of shares	1,829,453,386	0	0	0	0	0	1,829,453,386

39. 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)	663,248,499.95	92,959,509.42	0.00	756,208,009.37
Other capital reserve	479,020,458.94	0.00	6,162.75	479,014,296.19
Total	1,142,268,958.89	92,959,509.42	6,162.75	1,235,222,305.56

Other descriptions, including changes for the current period and reasons therefor:

(1) Changes in share premium during the current period are as follows:

The share premium increased by RMB92,959,509.42, which was attributable to (i) the agreements reached between the Company and minority shareholders of its subsidiaries regarding equity matters of the subsidiaries, and (ii) the non-proportionate capital increases in the subsidiaries, resulting in differences between the actual capital contributions and the corresponding net asset shares attributable to the Company in the subsidiaries. In aggregate, the two items increased the capital reserve.

(2) Changes in other capital reserve during the current period are as follows:

During the current period, the disposal of long-term equity investments accounted for under the equity method resulted in a corresponding transfer-out decrease of other capital reserve by RMB6,162.75.

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	-94,237,767.48	-383,320,687.10	0.00	346,540.15	-59,830,695.52	-204,495,104.33	-119,341,427.40	-298,732,871.81
Including: remeasurements of defined benefit plans								
Other comprehensive income not reclassified to profit or loss under the equity method	3,172,515.16	0.00	0.00	0.00		0.00	0.00	3,172,515.16
Changes in the fair value of investments in other equity instruments	-97,410,282.64	-383,320,687.10	0.00	346,540.15	-59,830,695.52	-204,495,104.33	-119,341,427.40	-301,905,386.97
II. Other comprehensive income to be reclassified to profit or loss	-40,431,365.67	-139,225,896.23	0.00	0.00	0.00	-93,672,666.14	-45,553,230.09	-134,104,031.81
Including: other comprehensive income to be reclassified to profit or loss under the equity method	393,215.74	11,261.32	0.00	0.00	0.00	5,312.63	5,948.69	398,528.37
Exchange differences on translation of foreign financial statements	-40,824,581.41	-139,237,157.55	0.00	0.00	0.00	-93,677,978.77	-45,559,178.78	-134,502,560.18
Total other comprehensive income	-134,669,133.15	-522,546,583.33	0.00	346,540.15	-59,830,695.52	-298,167,770.47	-164,894,657.49	-432,836,903.62

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	898,745,877.34	0.00	0.00	898,745,877.34
Discretionary surplus reserve	40,210,642.44	0.00	0.00	40,210,642.44
Reserve fund	1,103,954.93	0.00	0.00	1,103,954.93
Total	940,060,474.71	0.00	0.00	940,060,474.71

42. Undistributed profits

√Applicable □N/A

Item	For the Period	For the Previous Year
Retained earnings in previous period before adjustments	11,402,453,599.97	10,491,692,921.28
Adjustments to opening balance of retained earnings (increase +, decrease -)	0.00	0.00
Opening balance of retained earnings after adjustments	11,402,453,599.97	10,491,692,921.28
Add: Net profit attributable to parent company for the current year	647,654,146.46	1,335,547,730.75
Gains from disposal of other equity instruments investments	1,679,318.86	-2,677,483.64
Less: Appropriation of statutory surplus reserve	0.00	56,218,891.22
Appropriation of discretionary surplus reserve	0.00	0.00
Appropriation for dividends to ordinary shares	402,479,744.92	365,890,677.20
Dividend to ordinary shares converted to share capital	0.00	0.00
Closing balance of undistributed profits	11,649,307,320.37	11,402,453,599.97

Profit distributions

Item	For the Period	For the Previous Period
Dividends:		
2025 year-end dividend, paid (Note 1)	402,479,744.92	
2024 year-end dividend, paid (Note 2)	--	179,130,730.60
Balance sheet: Dividends proposed for future distribution:		--
2025 year-end dividend distribution (Note 1)	402,479,744.92	
2024 year-end dividend distribution (Note 2)	--	365,890,677.20

Note 1: On 30 March 2026, the seventeenth meeting of the ninth Board of Directors of the Company resolved to approve the 2025 profit distribution plan. Under the plan, based on the Company's total share capital as of the record date to be determined upon implementation of the 2025 profit distribution plan, a cash dividend of RMB2.20 per 10 shares (tax inclusive) would be

distributed to all shareholders of the Company. No bonus shares would be issued, nor would any capital reserve be converted into share capital. The profit distribution plan was approved by the general meeting of shareholders on 1 June 2026, and the payment was completed.

Note 2: On 7 April 2025, the eighth meeting of the ninth Board of Directors of the Company resolved to approve the 2024 profit distribution plan. Under the plan, based on the Company's total share capital as of the record date determined upon implementation of the 2024 profit distribution plan, a cash dividend of RMB2.00 per 10 shares (tax inclusive) would be distributed to all shareholders, and the remaining undistributed profits would be carried forward for distribution in future years. 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.

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	6,523,055,975.07	2,674,720,018.75	7,830,218,720.39	2,934,347,562.81
Other operations	59,739,964.95	43,994,826.66	68,109,530.02	50,785,013.14
Total	6,582,795,940.02	2,718,714,845.41	7,898,328,250.41	2,985,132,575.95

(2) Breakdown information of principal activities income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	
	Revenue	Cost
Segregation by products		
Chemical pharmaceuticals (化学制剂)	2,955,847,407.34	800,859,183.12
Chemical active pharmaceutical ingredients (APIs) and intermediates (化学原料药及中间体)	2,348,213,838.09	1,526,823,862.19
Traditional Chinese medicine (中药制剂)	543,355,312.11	134,054,146.84
Biological product (生物制品)	94,372,908.29	36,303,239.20
Healthcare products (保健食品)	303,728,999.40	58,330,372.80
Diagnostic reagents and equipment (诊断试剂及设备)	270,208,467.23	115,115,873.52
Others	7,329,042.61	3,233,341.08
Segregation by operating location		
Domestic	4,942,675,015.29	1,681,558,304.59
Overseas	1,580,380,959.78	993,161,714.16
Total	6,523,055,975.07	2,674,720,018.75

Other descriptions:

√Applicable □N/A

Segregation by other operations

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Sales materials, processing fees, etc.	18,134,932.47	17,364,026.12	20,576,139.31	15,168,621.27
Rental expense	3,203,137.76	1,534,764.60	2,929,706.93	449,082.91
Others	38,401,894.72	25,096,035.94	44,603,683.78	35,167,308.96

Total	59,739,964.95	43,994,826.66	68,109,530.02	50,785,013.14

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	6,523,055,975.07	2,674,720,018.75	7,830,218,720.39	2,934,347,562.81
Other operations:				
Including: Recognized at a point in time	56,536,827.19	42,460,062.06	65,179,823.09	50,335,930.23
Rental income	3,203,137.76	1,534,764.60	2,929,706.93	449,082.91
Total	6,582,795,940.02	2,718,714,845.41	7,898,328,250.41	2,985,132,575.95

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 2026	445,107,472.62	6.82
January to June 2025	730,163,348.03	9.32

(3) Description of performance obligations
□Applicable √N/A

(4) Description of the transaction prices allocated to the remaining performance obligations
□Applicable √N/A

(5) Significant contract modifications or significant adjustments to the transaction price
□Applicable √N/A

44. Taxes and surcharges
√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Urban construction tax	30,561,553.95	39,869,596.03
Education surcharge	23,324,205.53	30,265,248.52
Land use tax	5,309,444.95	5,250,361.03
Property tax	17,328,941.81	17,383,491.54
Stamp duty and others	6,147,437.74	6,731,566.60
Total	82,671,583.98	99,500,263.72

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	985,482,748.46	1,567,645,657.62
Staff salaries	282,482,028.14	355,211,344.49
Entertainment and travel expenses	97,064,251.49	30,039,977.93
Conference fees	46,828,103.63	33,682,098.36
Others	34,385,394.86	30,215,410.44
Total	1,446,242,526.58	2,016,794,488.84

46. Administrative expenses
√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Staff salaries	223,335,896.49	261,216,044.63
Depreciation and amortization	56,332,180.30	54,876,173.79
Advisory, consultancy and information disclosure fees	7,702,086.60	7,768,803.85
Quality project expenses	11,001,887.18	15,351,835.48
Office, entertainment and travelling expenses	29,709,168.70	27,369,298.00
Repair of utilities, transportation and miscellaneous expenses	8,798,475.13	9,991,950.15
Recruitment and staff training expenses	1,885,031.06	2,181,985.49
Others	40,890,685.39	43,134,631.72
Total	379,655,410.85	421,890,723.11

47. R&D expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Material fee	101,764,115.42	87,370,397.20
Staff salaries	183,074,311.70	217,466,763.10
Testing fee	114,827,018.69	148,399,711.74
Depreciation and amortization	64,115,284.86	73,411,944.38
External purchased R&D expenses	23,000,000.00	47,150,943.40
Others	23,936,294.97	37,353,308.79
Total	510,717,025.64	611,153,068.61

48. Finance expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Interest expenses	32,881,624.05	45,725,827.28
Less: Interest income	109,840,472.99	246,070,795.96
Exchange (gains)/losses	66,362,949.46	-24,822,171.64
Bank charges and others	3,171,436.68	3,463,828.78
Total	-7,424,462.80	-221,703,311.54

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	15,430,901.52	31,779,020.73	Related to assets
Government grants	31,349,978.54	36,660,019.43	Related to income
Handling fees for tax withholding	3,953,239.08	4,361,632.40	
Tax refund on super-deduction	7,613,597.07	12,596,104.90	
Total	58,347,716.21	85,396,777.46	

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	54,704,091.67	39,476,098.20
Investment income from financial assets held for trading during the holding period	9,864,428.58	3,382,790.06
Dividend income from other equity instrument investments	23,793,463.48	1,505,811.26
Investment income arising from disposal of long-term equity investments	16,372,258.76	-731,350.19
Gain arising from the remeasurement of the remaining equity interest at fair value upon the loss of control	1,754,169.56	0.00
Investment income from disposal of financial assets held for trading	9,681,332.06	-4,091,436.47
Total	116,169,744.11	39,541,912.86

Other descriptions:

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
Investments in debt instruments held for trading	114,123.49	101,250.00
Derivative instruments not designated as hedging relationships	9,567,208.57	-4,192,686.47
Including: Forward foreign exchange contracts	9,567,208.57	-4,192,686.47
Total	9,681,332.06	-4,091,436.47

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	4,275,026.83	-15,737,790.86
Including: Funds	462,029.53	9,815.15
Structured deposits	-2,538,907.19	220,784.14
Equity instruments investment	8,284,034.70	-16,458,768.85
Derivative financial assets	-1,932,130.21	490,378.70
Financial liabilities held for trading	69,623.28	9,037,972.35
Including: Derivative financial liabilities	69,623.28	9,037,972.35
Total	4,344,650.11	-6,699,818.51

52. Credit impairment loss

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Bad debt losses on accounts receivable	-2,426,126.24	-5,216,270.63

Bad debt losses on other receivables	2,131,740.95	-2,116,153.12
Total	-294,385.29	-7,332,423.75

53. Asset impairment losses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
I. Impairment losses on contract assets		
II. Loss on write-down of inventories and impairment losses on contract performance costs	-1,193,437.02	-14,804,425.35
III. Impairment losses on long-term equity investments	-14,770,499.25	0.00
IV. Impairment losses on investment property		
V. Impairment losses on fixed assets	0.00	-9,636.13
VI. Impairment losses on project materials		
VII. Impairment losses on construction in progress		
VIII. Impairment losses on bearer biological assets		
IX. Impairment losses on oil and gas assets		
X. Impairment losses on intangible assets		
XI. Impairment losses on goodwill		
XII. Impairment losses on development expenditure		
Total	-15,963,936.27	-14,814,061.48

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)	-3,795,090.80	-149,723.72
Total	-3,795,090.80	-149,723.72

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	1,138,324.51	1,443,497.38	1,138,324.51
Amount not required to be paid	3,943,635.44	2,766,893.56	3,943,635.44
Compensation income	807,483.79	359,027.48	807,483.79
Gains on destruction or retirement of non-current assets	711,220.14	1,168.15	711,220.14
Others	174,903.75	623,677.15	174,903.75
Total	6,775,567.63	5,194,263.72	6,775,567.63

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	3,908,043.36	1,699,555.01	3,908,043.36
Donation expenses	4,908,728.80	4,672,542.76	4,908,728.80
Others	7,983,681.16	7,583,245.07	7,983,681.16
Total	16,800,453.32	13,955,342.84	16,800,453.32

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
Deferred income tax expense	-35,803,620.92	-75,570,304.32
Current income tax calculated in accordance with tax laws and relevant regulations	270,599,133.30	384,597,530.87
Total	234,795,512.38	309,027,226.55

(2) Reconciliation between income tax expenses and accounting profits

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period
Profit before tax	1,601,002,822.74
Income tax expenses calculated at statutory (or applicable) tax rates	400,250,705.69
Impact from tax preferential rate on certain subsidiaries	596,163.90
Effect of tax reduction and exemption	-197,104,631.77
Effect of non-deductible costs, expenses and losses	7,022,434.95
Effect of deductible tax losses for which no deferred tax assets were recognized in prior periods	-25,733.04
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognized in the current period	38,025,059.92
Others	-13,968,487.27
Income tax expenses	234,795,512.38

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	37,078,536.72	73,697,228.18
Interest income	100,918,952.85	224,104,487.80
Current accounts and others	64,402,261.45	44,245,397.22
Total	202,399,751.02	342,047,113.20

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	1,128,140,612.08	1,669,141,529.12

Research and development expenses	158,136,893.63	256,398,806.60
Bank charges	3,157,205.61	3,480,877.87
Deposits & security deposits	11,190,943.95	15,183,367.91
Other expenses paid	355,703,226.87	220,029,336.53
Current accounts and others	24,837,100.90	13,382,383.19
Total	1,681,165,983.04	2,177,616,301.22

（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	6,137,558,675.97	3,131,877,262.48
Cash management	110,179,753.23	109,993,408.80
Total	6,247,738,429.20	3,241,870,671.28

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	3,845,814,116.44	3,302,000,000.00
Cash management	223,266,260.34	110,644,515.80
Cash paid for investment in financial assets	2,701,484,087.21	0.00
Net cash paid for acquisition of subsidiaries	1,557,160,427.97	0.00
Total	8,327,724,891.96	3,412,644,515.80

Other cash received relating to investing activities
√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Deposit for equity acquisition	1,855,603,200.00	0.00
Others	0.00	75,249.03
Total	1,855,603,200.00	75,249.03

Other cash paid relating to investing activities
√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Net cash flows from disposal of subsidiaries	71,654,390.52	0.00
Foreign exchange forward contract losses	1,266,677.07	4,517,299.69
Others	2,642,506.26	0.00
Total	75,563,573.85	4,517,299.69

(3) Cash related to financing activities

Other cash received relating to financing activities

□Applicable√N/A

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	0.00	558,124,454.63
Rental payments	17,046,941.60	14,070,372.31
Collection and advance payment of individual income tax	13,912.66	6,000.00
Withholding income tax	0.00	18,493,376.16
Total	17,060,854.26	590,694,203.10

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	2,240,000,000.00	3,372,306,940.58	39,096,292.24	2,155,587,454.83	0.00	3,495,815,777.99
Long-term loans	1,923,897,164.78	0.00	44,876,428.06	1,114,592,762.30	0.00	854,180,830.52
Lease liabilities	43,504,258.60	0.00	14,516,326.62	17,046,941.60	0.00	40,973,643.62
Total	4,207,401,423.38	3,372,306,940.58	98,489,046.92	3,287,227,158.73	0.00	4,390,970,252.13

(4) Notes to the presentation of cash flows on a net basis

□Applicable √N/A

(5) 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	1,366,207,310.36	1,763,714,798.91
Add: Assets impairment loss	15,963,936.27	14,814,061.48
Credit impairment loss	294,385.29	7,332,423.75
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	349,165,099.16	339,393,439.98
Amortization of right-of-use assets	15,662,368.33	14,127,614.55
Amortization of intangible assets	59,570,472.94	54,174,875.56
Amortization of long-term deferred expenses	45,421,491.27	45,545,273.26
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in “-”)	3,795,090.80	149,723.72

Loss on retirement of fixed assets (Gain as in "-")	3,196,823.22	1,698,386.86
Losses on changes in fair value (Gain as in "-")	-4,344,650.11	6,699,818.51
Financial expenses (Gain as in "-")	76,305,983.89	31,931,171.41
Investment losses (Gain as in "-")	-116,169,744.11	-39,541,912.86
Decrease in deferred tax assets (Increase as in "-")	-28,631,645.67	-78,506,758.96
Increase in deferred tax liabilities (Decrease as in "-")	-7,171,975.25	2,936,454.64
Decrease in inventories (Increase as in "-")	-13,554,161.26	291,311,960.30
Decrease in operating receivables (Increase as in "-")	789,045,788.85	-129,847,275.66
Increase in operating payables (Decrease as in "-")	-512,278,072.47	-399,577,397.35
Others	0.00	0.00
Net cash flows from operating activities	2,042,478,501.51	1,926,356,658.10
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
Fixed assets acquired under finance leases	159,065,648.47	18,261,380.89
3. Net increase/(decrease) in cash and cash equivalents:		
Cash and bank balance as at the End of the Period	11,469,074,922.12	14,475,971,323.03
Less: cash and bank balance at the Beginning of the Period	11,745,695,094.95	14,842,645,678.32
Add: cash equivalents at the End of the Period	0.00	0.00
Less: cash equivalents at the Beginning of the Period	0.00	0.00
Net increase in cash and cash equivalents	-276,620,172.83	-366,674,355.29

(2) Net cash paid for acquisition of subsidiaries during the Period

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period
Cash or cash equivalents paid in the current period for business combinations occurring in the current period	1,565,806,520.26
Including: Imexpharm Corporation	1,565,806,520.26
Less: cash and cash equivalents held by the subsidiary at the date of acquisition	9,490,092.29
Including: Imexpharm Corporation	9,490,092.29
Add: Cash or cash equivalents paid during the current period for business combinations occurring in prior periods	844,000.00
Including: Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公司)	844,000.00
Net cash paid for acquisition of subsidiaries	1,557,160,427.97

(3) Net cash received from disposal of subsidiaries during the Period

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period
Cash or cash equivalents received in the current period from disposals of subsidiaries in the current period	51,450,000.00
Including: Fluffy Buddy Animal Health (Guangdong) Co., Ltd.(毛孩子动物保健(广东)有限公司)	51,450,000.00
Less: cash and cash equivalents held by the subsidiary at the date of loss of control	123,104,390.52
Including: Fluffy Buddy Animal Health (Guangdong) Co., Ltd.(毛孩子动物保健(广东)有限公司)	123,104,390.52
Net cash received from disposal of subsidiaries	-71,654,390.52

(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	11,469,074,922.12	11,745,695,094.95
Including: Cash on hand	357,498.53	349,028.70
Cash at bank readily available for payment	11,457,433,291.48	11,630,468,049.98
Other monetary funds readily available for payment	11,284,132.11	114,878,016.27
II. Cash equivalents	0.00	0.00
Including: bond investments mature within 3 months	0.00	0.00
III. Cash and cash equivalents as at closing balance	11,469,074,922.12	11,745,695,094.95

Cash and cash equivalents do not include cash and cash equivalents over which the Company has restricted use.

(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
Business deposits for equity acquisitions, bank guarantees, etc.	3,975,720.00	1,865,020,659.69	Frozen
Time deposits	84,175,000.00	0.00	Interest is accrued at the fixed-deposit rate. Although the original term of the deposit exceeds one year, the Period from the balance sheet date to maturity is less than one year.
Accrued interest	1,728,072.84	0.00	Interest accrued
Total	89,878,792.84	1,865,020,659.69	

60. Items in foreign currencies

(1) Items in foreign currencies

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance in foreign currency at the End of the Period	Conversion rate	Equivalent RMB balance at the End of the Period

Cash and bank balances			
Including: Hong Kong Dollar (HKD)	361,795,366.38	0.86855	314,237,365.47
Euro (EUR)	251,647.76	7.76710	1,954,573.32
US Dollar (USD)	479,907,240.53	6.81090	3,268,600,224.53
Macau Pataca (MOP)	6,249,068.66	0.84324	5,269,470.91
Japanese Yen (JPY)	203,656,660.00	0.04205	8,562,744.27
British Pound (GBP)	1,691.13	9.01450	15,244.69
Malaysian Ringgit (MYR)	70,093.43	1.67342	117,295.75
Indonesian Rupiah (IDR)	185,273,063,567.20	0.00038	70,589,037.22
Singapore Dollar (SGD)	323,518.91	5.26050	1,701,871.23
Philippine Peso (PHP)	2,495,630.50	0.11100	277,014.99
Vietnamese Dong (VND)	503,483,278,188.00	0.00026	130,402,169.05
Accounts receivable			
Including: US Dollar (USD)	101,292,043.95	6.81090	689,889,982.14
Japanese Yen (JPY)	80,576,380.00	0.04205	3,387,833.90
Euro (EUR)	95,000.00	7.76710	737,874.50
Vietnamese Dong (VND)	455,145,497,024.00	0.00026	117,882,683.73
Dividends receivable			
Including: Hong Kong Dollar (HKD)	15,083,299.36	0.86855	13,100,599.66
Other receivables			
Including: Hong Kong Dollar (HKD)	5,778,926.80	0.86855	5,019,286.87
Euro (EUR)	4,127.61	7.76710	32,059.56
Philippine Peso (PHP)	131,202.45	0.11100	14,563.47
Singapore Dollar (SGD)	0.07	5.26050	0.37
Vietnamese Dong (VND)	9,036,136,937.00	0.00026	2,340,359.47
Other current assets			
Including: US Dollar (USD)	16,100,000.00	6.81090	109,655,490.00
Other non-current assets			
Including: Hong Kong Dollar (HKD)	8,900,000.00	0.86855	7,730,095.00
Vietnamese Dong (VND)	1,053,774,740.00	0.00026	272,927.66
Short-term loans			
Including: Vietnamese Dong (VND)	95,252,902,841.00	0.00026	24,670,501.84
Accounts payable			
Including: Euro (EUR)	63,891.93	7.76710	496,255.01
Japanese Yen (JPY)	10,900,980.29	0.04205	458,331.72
US Dollar (USD)	1,920,522.69	6.81090	13,080,487.99
Indonesian Rupiah (IDR)	82,892,250.00	0.00038	31,581.95
Vietnamese Dong (VND)	49,447,418,514.00	0.00026	12,806,881.40
Dividends Payable			
Including: Vietnamese Dong (VND)	92,405,377,200.00	0.00026	23,932,992.69

Other payables			
Including: US Dollar (USD)	14,557,415.83	6.81090	99,149,103.48
Indonesian Rupiah (IDR)	2,801,647,154.20	0.00038	1,067,427.57
Hong Kong Dollar (HKD)	60,085.41	0.86855	52,187.18
Euro (EUR)	79,246.88	7.76710	615,518.44
Malaysian Ringgit (MYR)	7,400.00	1.67342	12,383.31
Philippine Peso (PHP)	61,350.03	0.11100	6,809.85
Vietnamese Dong (VND)	99,092,220,765.00	0.00026	25,664,885.18
Long-term loans			
Including: US Dollar (USD)	107,052,981.45	6.81090	729,127,151.34
Vietnamese Dong (VND)	100,000,000,000.00	0.00026	25,900,000.00

61. Leases

(1) As leasee

√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	3,095,126.82

(2) As lessor

Operating leases as a lessor
√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	Including: income relating to variable lease payments not recognized as lease receipts
Rental income	3,203,137.76	0.00
Total	3,203,137.76	0.00

Finance 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 leasereceipts	
	Closing balance	Opening balance
First year	4,616,408.66	4,114,245.73
Second year	2,621,709.93	1,839,065.27
Third year	1,284,545.94	1,117,248.77
Fourth year	417,593.97	409,903.97
Fifth year	236,543.97	259,903.97

Total undiscounted lease payments receivable after five years	9,176,802.47	7,740,367.71

VI. Research and development expenditures

(1) Presented based on nature of expense

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the previous period
Material costs	105,067,430.00	88,162,358.44
Staff salaries	186,159,608.07	221,996,262.91
Testing fees	137,473,353.06	191,381,078.65
Depreciation and amortization	64,166,710.33	73,817,274.89
External purchase of research projects	39,766,280.00	79,917,963.40
Others	25,621,657.93	39,769,436.13
Total	558,255,039.39	695,044,374.42
Of which: Expenses amount	510,717,025.64	611,153,068.61
Capitalized amount	47,538,013.75	83,891,305.81

(2) Development expenses on R&D projects eligible for capitalization

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase		Decrease			Closing balance
		Internal development costs	Other increase	Recognized as intangible assets	Recognized in profit or loss	Others	
Chemical pharmaceuticals	364,875,894.36	30,771,733.75	16,766,280.00	3,586,651.48	0.00	0.00	408,827,256.63
Total	364,875,894.36	30,771,733.75	16,766,280.00	3,586,651.48	0.00	0.00	408,827,256.63

Significant capitalized 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

Provision for Impairment of Development Expenditures

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing Balance
Chemical pharmaceuticals	75,125,514.72	0.00	0.00	75,125,514.72
Total	75,125,514.72	0.00	0.00	75,125,514.72

(3) Significant acquired research and development projects

√Applicable □N/A

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:

The JP1366 project has been approved for marketing in South Korea. Following the purchase, the Company is responsible for conducting domestic clinical trials. Based on its assessment, the Company concluded that it is probable that future economic benefits from the project will flow to the enterprise; accordingly, the purchase consideration was recognized as development expenditure.

VII Equity in other entities

1. Interests in subsidiaries

(1) Group structure

√Applicable □N/A

Unit: Yuan Currency: RMB

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		Set-up by investment
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		Set-up by investment
Health Investment Holdings Ltd. (Health Investment)	The British Virgin Islands	USD50,000.00	The British Virgin Islands	Investment		100	Set-up by investment
Joincare Pharmaceutical Group Industry Co.,Ltd.(BVI) *	The British Virgin Islands	USD50,000.00	The British Virgin Islands	Investment		100	Set-up by investment
Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS)	Cayman Islands	USD50,000.00	Cayman Islands	Investment		100	Set-up by investment
Xinxiang Haibin Pharmaceutical Co., Ltd.(Xinxiang Haibin)	Henan Xinxiang	RMB170,000,000.00	Henan Xinxiang	Industry		100	Set-up by investment
Shenzhen Fenglei Electric Power Investment Co., Ltd. (Fenglei Electric Power)	Shenzhen	RMB100,000,000.00	Shenzhen	Investment	100		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		Set-up by investment

Name of subsidiary	Main operating location	Registered capital	Place of registration	Business nature	Shareholding %		Acquisition method
					Direct	Indirect	
Shenzhen Taitai Biological Technology Co., Ltd. (Taitai Biological)	Shenzhen	RMB5,000,000.00	Shenzhen	Industry	100		Set-up by investment
Guangdong Taitai Forensic Test Institute	Shenzhen	RMB0.00	Shenzhen	Business		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 Pharmaceutical (China) Co., Ltd. (Health China)	Zhuhai	HKD73,170,000.00	Zhuhai	Industry		100	Business combination not under common control
Livzon Pharmaceutical Group Inc. (Livzon Group) *Note 1	Zhuhai	RMB887,907,171.00	Zhuhai	Industry	24.93	22.25	Business combination not under common control
Hong Kong Health Pharmaceutical Industry Company Limited	Hong Kong	HKD10,000.00	Hong Kong	Investment		100	Business combination not under common control
Health Pharmaceutical Industry Company Limited	Hong Kong	HKD10,000.00	Hong Kong	Investment		100	Business combination not under common control
Shenzhen Hiyeah Industry Co., Ltd (Hiyeah Industry)	Shenzhen	RMB178,000,000.00	Shenzhen	Business	97.58	2.42	Business combination not under common control
Joincare (Guangdong) Special Medicine Food Co., Ltd.	Shaoguan	RMB20,000,000.00	Shaoguan	Industry	100		Set-up by investment
Jiaozuo Jianfeng Biotechnology Co., Ltd.	Jiaozuo	RMB50,000,000.00	Jiaozuo	Industry		66.5	Set-up by investment
JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD.	Singapore	SGD600,000.00	Singapore	Business		100	Set-up by investment
Joincare Pharma Netherlands B.V.	Netherlands	EUR2,000.00	Netherlands	Business		100	Set-up by investment
Joincare Pharma Philippines Inc.	Philippines	PHP11,500,000.00	Philippines	Business		100	Set-up by investment
CICC Fund Yuanhe No. 1 Single Asset Management Plan	Beijing	RMB 40,000	Beijing	Investment	100		Set-up by investment
CITIC Securities Asset Management Jianying No. 1 Single Asset Management Plan	Beijing	RMB 50,000	Beijing	Investment	100		Set-up by investment
Joincare Wellness Limited	Hong Kong	HKD 10,000.00	Hong Kong	Trade		100	Set-up by investment

*Note 1: Livzon Group controls the subsidiaries in which the company holds stakes

A. 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% of its equity, and the Company holds 40%.

B. Zhuhai Livzon Biopharmaceutical Technology Co., Ltd. (珠海市丽珠生物医药科技有限公司) ("Livzon Biopharmaceutical Technology") is a subsidiary within the consolidation scope of Livzon Group. It was originally 100% indirectly held by Livzon Group. Following the restructuring of the shareholding structure of Livzon Group's subsidiaries and a capital injection by Livzon Group, based on the subscribed capital ratio, Livzon Group now holds 66.54% of its equity, 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%.

Basis for control over significant structured entities included in the consolidation scope:

As at the end of the Reporting Period, the Company (excluding Livzon Group) had two significant structured entities included in its consolidation scope, namely CICC Fund Yuanhe No. 1 Single Asset Management Plan (中金基金元和 1 号单一资产管理计划) and CITIC Securities Asset Management Jianying No. 1 Single Asset Management Plan (中信证券资管健盈 1 号单一资产管理计划). As the Company being the investor in these structured entities, holds all interests therein, bears substantially all or all of the risks associated with the products and is entitled to substantially all or all of their variable returns, the Company has included these structured entities in the scope of its 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	52.8241	492,425,844.51	670,720,773.37	7,060,377,371.07

(3) Principal financial information of significant non-wholly owned subsidiaries
√Applicable □N/A

Unit: 10,000 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	1,311,253.23	1,047,895.77	2,359,149.00	846,179.15	53,197.27	899,376.42	1,611,801.15	786,745.99	2,398,547.14	721,975.28	121,861.85	843,837.13

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	499,966.97	112,091.52	81,424.32	176,293.47	627,191.26	155,122.12	149,210.35	168,694.08

(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

(1) Explanation of changes in the ownership interest in subsidiaries

√Applicable □N/A

A. The Company's controlled subsidiary, Livzon Group, originally held a 55.13% equity interest in Zhuhai Livzon Biopharmaceutical Technology Co., Ltd. (珠海市丽珠生物医药科技有限公司) ("Livzon Biopharmaceutical Technology").

On 17 November 2023, Livzon Group and Livzon Biopharmaceutical Technology entered into the Capital Increase Agreement in relation to Zhuhai Livzon Biopharmaceutical Technology Co., Ltd., pursuant to which the registered capital of Livzon Biopharmaceutical Technology was increased from RMB889,023,284.00 to RMB1,095,472,334.00. Livzon Group subscribed in cash for the newly increased registered capital of RMB206,449,050.00, which shall be fully paid by 31 December 2028. The subscription consideration amounted to RMB1,000,000,000.00, with the portion exceeding the subscribed registered capital credited to capital reserve.

On 26 March 2025, Livzon Group and Livzon Biopharmaceutical Technology entered into another Capital Increase Agreement in relation to Zhuhai Livzon Biopharmaceutical Technology Co., Ltd., pursuant to which the registered capital of Livzon Biopharmaceutical Technology was increased from RMB1,095,472,334.00 to RMB1,301,921,384.00. Livzon Group shall fully pay the newly subscribed registered capital of RMB206,449,050.00 within 24 months after completion of the industrial and commercial registration for this capital increase. The subscription consideration amounted to RMB1,000,000,000.00, with the portion exceeding the subscribed registered capital credited to capital reserve.

During the current period, Livzon Group paid capital contributions totaling RMB130,000,000.00. The capital increase during the current period resulted in an increase of RMB48,299,252.09 in minority interests at the level of Livzon Group's consolidated financial statements, with a corresponding decrease in capital reserve.

B. Livzon Group reached an agreement with the minority shareholders in respect of the relevant equity interests in Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司) ("Shanghai Livzon"), resulting in a corresponding increase in capital reserve.

(2) Effect of the transactions on minority interest and equity attributable to the owners of the parent company

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	LivzonBio
Acquisition cost	
– Cash	130,000,000.00
Total acquisition cost	130,000,000.00

Item	LivzonBio
Less: Difference in net assets shares of subsidiaries calculated based on the proportion of equity acquired	81,700,747.91
Difference	
Of which: adjustment in capital reserve	48,299,252.09

Item	Shanghai Livzon
Acquisition cost	
– Cash	
Total acquisition cost	
Less: Difference in net assets shares of subsidiaries calculated based on the proportion of equity acquired	163,812,060.16
Difference	
Of which: adjustment in capital reserve	-163,812,060.16

3. Changes in the scope of consolidation

(1) Business combinations not under common control

√Applicable □N/A

a) Business combinations not under common control during the current period

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of acquiree	Time of obtaining equity	Cost of obtaining equity	Proportion of equity obtained (%)	Method of obtaining equity	Purchase date	Basis for determining purchase date	Revenue of acquiree from the purchase date to the end of the Period	Net profit of acquiree from the purchase date to the end of the Period	Cash flows of acquiree from the purchase date to the end of the Period
Imexpharm Corporation	2026.5.8	1,549,439,204.72	67.88	Tender offer	2026.5.8	Completion of asset delivery	96,842,789.28	-14,085,391.82	31,082,660.27

b) Consideration and goodwill

√Applicable □N/A

Unit: Yuan Currency: RMB

Consideration for the business combination	Imexpharm Corporation
– Cash	1,549,439,204.72
Total consideration for the business combination	1,549,439,204.72
Less: fair value of the identifiable net assets acquired	579,822,707.84
Goodwill / amount by which the consideration is less than the fair value of the identifiable net assets acquired	969,616,496.88

Method for determining the fair value of the consideration:

√Applicable □N/A

The consideration was determined based on the tender offer price of VND57,400 per share of Imexpharm Corporation multiplied by the number of shares acquired in this acquisition, after deducting the declared but unpaid dividends receivable attributable to the target shares, and was translated into RMB at the spot exchange rate on the acquisition date.

Completion of performance commitments:

□Applicable √N/A

Principal reasons for the formation of significant goodwill:

√Applicable □N/A

The difference between the consideration and the Company's share of the fair value of the identifiable net assets of Imexpharm Corporation at the acquisition date was recognized as goodwill.

c) Identifiable assets and liabilities of the acquiree at the acquisition date

√Applicable □N/A

Unit: Yuan Currency: RMB

	Imexpharm Corporation	
	Fair value at the acquisition date	Carrying amount at the acquisition date
Assets:		
Cash and cash equivalents	123,367,000.50	123,367,540.73
Accounts receivable	98,218,754.45	98,218,754.45
Prepayments	15,107,237.44	15,107,237.44
Other receivables	2,590,834.96	2,590,834.96
Inventories	226,165,834.03	175,371,844.58
Other current assets	1,711,313.75	1,711,313.75
Long-term equity investments	91,289,540.16	33,449,816.55
Fixed assets	306,657,709.72	177,101,394.83
Construction in progress	4,733,815.83	4,733,815.83
Right-of-use assets	146,934,751.11	78,981,991.81
Intangible assets	23,550,037.75	13,972,715.88
Long-term deferred expenses	5,313,635.37	5,313,635.37
Deferred tax assets	7,348,050.36	7,348,050.36
Other non-current assets	309,808.91	316,101.43
Liabilities:		
Borrowings	22,391,643.70	22,391,643.70
Accounts payable	27,834,778.09	27,834,778.09
Contract liabilities	7,935,582.84	7,935,582.84
Employee benefits payable	7,167,229.37	7,167,229.37
Taxes payable	2,603,950.93	2,603,950.93
Other payables	47,477,043.37	47,477,043.37
Non-current liabilities due within one year	410,533.23	410,533.23
Long-term borrowings	26,000,000.00	26,000,000.00
Lease liabilities	1,691,705.71	1,691,705.71
Non-current employee benefits payable	3,936,009.48	3,936,009.48
Deferred tax liabilities	49,756,245.83	
Other non-current liabilities	1,905,758.77	1,905,758.77
Net assets	854,187,843.02	588,230,812.48
Less: non-controlling interests	274,365,135.18	188,939,736.97
Net assets acquired	579,822,707.84	399,291,075.51

Method for determining the fair value of identifiable assets and liabilities:

At the acquisition date, the identifiable assets and liabilities of Imexpharm Corporation were assessed and recognized using the asset-based approach (asset-based valuation method).

(2) Business combinations under common control

□Applicable √N/A

(3) Reverse acquisition

□Applicable √N/A

(4) Disposal of subsidiaries

Whether there were any transactions or events during the current period that resulted in the loss of control over subsidiaries during the current period
√Applicable □N/A

Unit: Yuan Currency: RMB

Name of subsidiary	Date of loss of control	Disposal consideration at the date of loss of control	Percentage of equity interest disposed of at the date of loss of control (%)	Method of disposal at the date of loss of control	Basis for determining the date of loss of control	Difference between the disposal consideration and the share of the subsidiary's net assets attributable to the disposed investment at the consolidated financial statements level
Fluffy Buddy Animal Health (Guangdong) Co., Ltd.（毛孩子动物保健(广东)有限公司)	2026.4.2	51,450,000.00	52.56	Passive dilution due to partial disposal and third-party capital increases	Completion of asset delivery	-

(Continued)

Name of subsidiary	Percentage of remaining equity interest at the date of loss of control (%)	Carrying amount of the remaining equity interest at the date of loss of control at the consolidated financial statements level	Fair value of the remaining equity interest at the date of loss of control at the consolidated financial statements level	Gain or loss arising from the remeasurement of the remaining equity interest at fair value	Methods and key assumptions used to determine the fair value of the remaining equity interest at the date of loss of control at the consolidated financial statements level	Amount of other comprehensive income related to the original equity investment in the subsidiary transferred to investment income or retained earnings
Fluffy Buddy Animal Health (Guangdong) Co., Ltd.（毛孩子动物保健(广东)有限公司)	47.44	76,812,739.46	78,566,909.02	1,754,169.56	Based on the fair value of the identifiable net assets as of October 31, 2025 (the valuation date), carried forward to the date of loss of control.	0.00

(5) Changes in the scope of consolidation due to other reasons

The following describes changes in the scope of consolidation resulting from other reasons (e.g., newly established subsidiaries, liquidated subsidiaries, etc.) and the related circumstances:

√Applicable □N/A

(1) Additions

① In February 2026, the Company contributed RMB400,000,000.00 and RMB500,000,000.00 to establish CICC Fund Yuanhe No. 1 Single Asset Management Plan (中金基金元和 1 号单一资产管理计划) and CITIC Securities Asset Management Jianying No. 1 Single Asset Management Plan (中信证券资管健盈 1 号单一资产管理计划) respectively, and held all the units of the above asset management plans. In the same month, Livzon Group, a subsidiary of the Company, contributed RMB1,010,000,000.00 and RMB800,000,000.00 to establish CITIC Securities Asset Management Zhuyao Linghang No. 1 Single Asset Management Plan (中信证券资管珠曜领航 1 号单一资产管理计划) and CICC Fund Tianying No. 1 Single Asset Management Plan (中金基金

添盈 1 号单一资产管理计划), respectively, and held 100% of the units of the respective asset management plans.

② In April 2026, Hong Kong Health Pharmaceutical Industry Company Limited (香港健康药业有限公司), a subsidiary of the Company, established Joincare Wellness Limited (健康元康健有限公司) in Hong Kong with a registered capital of HKD10,000, in which it holds a 100% equity interest.

(2) Reductions

Henan Joincare Bio-Pharmaceutical Research Institute Co., Ltd. (河南省健康元生物医药研究院有限公司), a subsidiary of the Company, completed its liquidation and deregistration procedures in June 2026.

4. 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

Unit: Yuan Currency: RMB

Item	Closing balance / Current-period amount
	Tianjin Tongrentang Group Co., Ltd.
Owners’ equity attributable to parent company	915,838,970.71
Share of net assets by shareholding	366,335,588.28
Adjustments	
Including: Goodwill	498,457,683.68
Unrealized profit from internal transactions	
Others	
Carrying amount of equity investments in associates	864,793,271.96
Operating revenue	566,830,460.18

Item	Closing balance / Current-period amount
	Tianjin Tongrentang Group Co., Ltd.
Dividends received from associates during the current year	0.00

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 consider 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	781,690,514.69	667,259,799.34
The following amount are calculated on the basis of shareholding ratio		
Net profit	6,736,137.05	2,158,558.89
Other comprehensive income	11,261.32	2,410.36
Total comprehensive income	6,747,398.37	2,160,969.25

(5) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the company
□Applicable √N/A

VIII. Government grants
1. Government grants based on 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	301,447,805.90	3,159,700.00	0.00	15,430,901.52	0.00	289,176,604.38	Related to assets
Deferred income	26,396,662.52	450,000.00	0.00	22,380.78	0.00	26,824,281.74	Related to income

Total	327,844,468.42	3,609,700.00	0.00	15,453,282.30	0.00	316,000,886.12	

3. Government grants recognized in current profit or loss

Unit: Yuan Currency: RMB

Category	For the Period	For the previous period
Related to assets	15,430,901.52	31,779,020.73
Related to income	31,349,978.54	36,660,019.43
Total	46,780,880.06	68,439,040.16

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, and Human Resources and Social Security Bureau), which provide subsidies to the Company and its subsidiaries for projects concerning business operations, research and development, technological transformation, technological innovation, export credit insurance, job stabilization and other areas.

Other descriptions

(1) Government grants recognized in profit or loss for the current period under the gross method

Category	Amount charged to profit or loss for the prior period	Amount charged to profit or loss for the current period	Line items in the statement of profit or loss
Government grants related to assets	31,779,020.73	15,430,901.52	Other income
Government grants related to income	36,660,019.43	31,349,978.54	Other income
Total	68,439,040.16	46,780,880.06	

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, and Human Resources and Social Security Bureau), which provide subsidies to the Company and its subsidiaries for projects concerning business operations, research and development, technological transformation, technological innovation, export credit insurance, job stabilization and other areas.

(2) Government grants offsetting related costs under the net method

None.

(3) Government grants refunded this year

None.

IX. 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, other non-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, lease liabilities and other non-current liabilities. 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 within a 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 minimize 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 is still exposed to certain foreign exchange risks. Considering 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, to minimize its risks.

Financial assets and liabilities in foreign currencies held by the Company expressed in Renminbi are stated below:

① As at 2026.06.30

Unit: 1,000 Yuan

Item	HKD	EUR	USD	MOP	JPY	GBP	MYR	IDR	SGD	PHP	VND
Financial assets in foreign currency —	314,237.37	1,954.57	3,268,600.22	5,269.47	8,562.74	15.24	117.30	70,589.04	1,701.87	277.01	130,402.17
Cash and bank balances	77,540.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial assets held for trading	0.00	737.87	689,889.98	0.00	3,387.83	0.00	0.00	0.00	0.00	0.00	117,882.68
Accounts receivable	13,100.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends receivable	5,019.29	32.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.56	2,340.36
Other receivables	0.00	0.00	109,655.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other current assets	1,981,595.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other equity instruments investment	7,730.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	272.93
Other non-current assets	2,399,223.32	2,724.50	4,068,145.69	5,269.47	11,950.57	15.24	117.30	70,589.04	1,701.87	291.57	250,898.14
Subtotal:											
Financial liabilities in foreign currency —	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24,670.50
Short-term borrowings	0.00	496.26	13,080.49	0.00	458.33	0.00	0.00	31.58	0.00	0.00	12,806.88
Accounts payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,932.99
Other payables	52.19	615.52	99,149.10	0.00	0.00	0.00	12.38	1,067.43	0.00	6.81	25,664.89
Long-term borrowings	0.00	0.00	729,127.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,900.00
Subtotal:	52.19	1,111.78	841,356.74	0.00	458.33	0.00	12.38	1,099.01	0.00	6.81	112,975.26

②As at 2025.12.31

Unit: 1,000 Yuan

Item	HKD	EUR	USD	MOP	JPY	GBP	MYR	IDR	SGD	PHP
Financial assets in foreign currency —										
Cash and bank balances	21,240.58	3,544.58	5,474,359.27	5,523.28	24,323.61	15.95	126.28	142,465.97	1,765.96	527.15
Financial assets held for trading	65,521.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	179.85	583,401.96	0.00	4,641.18	0.00	0.00	0.00	0.00	0.00
Other receivables	2,633.52	33.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.38
Dividends receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other equity instruments investment	132,140.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other non-current assets	8,038.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	229,575.10	3,758.42	6,057,761.23	5,523.28	28,964.79	15.95	126.28	142,465.97	1,765.96	542.53
Financial liabilities in foreign currency—										
Accounts payable	0.00	46.66	228.52	0.00	1,382.97	0.00	0.00	34.65	0.00	0.00
Other payables	54.27	595.65	100,167.49	0.00	0.00	0.00	12.82	784.85	0.00	1.37
Long-term borrowings	0.00	0.00	726,850.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	54.27	642.31	827,246.01	0.00	1,382.97	0.00	12.82	819.50	0.00	1.37

As of 30 June 2026, in respect of the Company's various foreign currency financial assets and financial liabilities denominated in Hong Kong dollars, U.S. dollars, Euros, Japanese Yen, Macau Patacas and other foreign currencies, if the Renminbi appreciated or depreciated by 5% against the above foreign currencies, with all other factors held constant, the profit of the Company would increase or decrease by approximately RMB292,692.71 thousand (31 December 2025: approximately RMB282,017.01 thousand).

(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 purposes. 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 no major credit risk is expected to exist. In addition, the provision made on the impairment of accounts receivables and other receivables is adequate to manage the credit risk.

Among the accounts receivables of the Company, the accounts receivable of the top five customers accounted for 11.18% (31 December 2025: 9.37%); among the other receivables of the Company, the other receivables of the top five customers accounted for 38.27% (31 December 2025: 54.50%).

(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 2026.06.30

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	11,558,953,714.96	0.00	0.00	0.00	11,558,953,714.96
Financial assets held for trading	644,477,284.66	0.00	0.00	0.00	644,477,284.66
Notes receivable	1,070,737,720.24	0.00	0.00	0.00	1,070,737,720.24
Accounts receivable	2,476,239,965.62	0.00	0.00	0.00	2,476,239,965.62
Other receivables	77,184,000.76	0.00	0.00	0.00	77,184,000.76
Non-current assets due within one year	525,916,708.48	0.00	0.00	0.00	525,916,708.48

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Other current assets	164,765,765.55	0.00	0.00	0.00	164,765,765.55
Other non-current assets	0.00	30,557,506.85	8,524,028.66	0.00	39,081,535.51
Subtotal:	16,518,275,160.27	30,557,506.85	8,524,028.66	0.00	6,557,356,695.78
Financial liabilities:					
Short-term borrowings	3,495,815,777.99	0.00	0.00	0.00	3,495,815,777.99
Financial liabilities held for trading	410,080.56	0.00	0.00	0.00	410,080.56
Notes payable	1,137,315,224.65	0.00	0.00	0.00	1,137,315,224.65
Accounts payable	724,582,732.32	0.00	0.00	0.00	724,582,732.32
Other payables	3,540,554,724.15	0.00	0.00	0.00	3,540,554,724.15
Non-current liabilities due within one year	91,737,557.10	0.00	0.00	0.00	91,737,557.10
Lease liabilities	0.00	9,657,677.02	9,637,857.14	214,732.88	19,510,267.04
Long term borrowings	0.00	31,156,650.00	25,900,000.00	726,850,000.00	783,906,650.00
Other non-current liabilities	0.00	0.00	1,898,428.93	0.00	1,898,428.93
Subtotal:	8,990,416,096.77	40,814,327.02	37,436,286.07	727,064,732.88	9,795,731,442.74

②As at 2025.12.31

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	13,610,715,754.64	0.00	0.00	0.00	13,610,715,754.64
Financial assets held for trading	1,694,102,766.69	0.00	0.00	0.00	1,694,102,766.69
Notes receivable	1,636,435,183.16	0.00	0.00	0.00	1,636,435,183.16
Accounts receivable	2,722,328,581.17	0.00	0.00	0.00	2,722,328,581.17
Other receivables	69,355,886.15	0.00	0.00	0.00	69,355,886.15
Non-current assets due within one year	880,840,324.51	0.00	0.00	0.00	880,840,324.51
Other non-current assets	0.00	496,893,819.63	8,251,101.00	0.00	505,144,920.63
Subtotal:	20,613,778,496.32	496,893,819.63	8,251,101.00	0.00	21,118,923,416.95
Financial liabilities:					
Short-term borrowings	2,240,000,000.00	0.00	0.00	0.00	2,240,000,000.00
Financial liabilities held for trading	487,431.05	0.00	0.00	0.00	487,431.05
Notes payable	1,295,877,244.31	0.00	0.00	0.00	1,295,877,244.31
Accounts payable	691,432,568.22	0.00	0.00	0.00	691,432,568.22
Other payables	3,392,845,948.69	0.00	0.00	0.00	3,392,845,948.69
Non-current liabilities due within one year	373,229,691.10	0.00	0.00	0.00	373,229,691.10
Lease liabilities	0.00	11,950,636.84	9,954,496.40	0.00	21,905,133.24
Long term borrowings	0.00	785,432,705.59	59,983,893.45	726,850,000.00	1,572,266,599.04
Subtotal:	7,993,872,883.37	797,383,342.43	69,938,389.85	726,850,000.00	9,588,044,615.65

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 2026, the Company's gearing ratio is 31.57% (31 December 2025: 31.19%).

2. Hedging

(1) The Company conducts hedging operations for risk management

□Applicable √N/A

Other descriptions

□Applicable √N/A

(2) The Company conducts qualifying hedging operations and applies hedge accounting

□Applicable √N/A

Other descriptions

□Applicable √N/A

(3) The Company conducts hedging operations for risk management, expects to achieve its risk management objectives, but does not apply hedge accounting

□Applicable √N/A

Other descriptions

□Applicable √N/A

3. Transfer of financial assets

(1) Classification of transfer methods

Unit: Yuan Currency: RMB

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	78,117,752.12	Derecognized	The contract right to receive cash flows from the financial assets is terminated
Discounting	Notes receivable	179,341,662.20	Derecognized	Without recourse
Factoring	Accounts receivable	15,079,225.53	Derecognized	Without recourse

(2) Financial assets derecognized due to transfer

Unit: Yuan Currency: RMB

Item	Transfer methods	Derecognition amount	Gains or losses related to termination confirmation
Notes receivable	Endorsement	78,117,752.12	0.00
Notes receivable	Discounting	179,341,662.20	482,757.09
Accounts receivable	Transfer	15,079,225.53	0.00

(3) Transferred financial assets with continued involvement

□Applicable √N/A

Other descriptions:

√Applicable □N/A

As of 30 June 2026, the carrying amount of bank acceptance bills endorsed to suppliers for settling accounts payable, which were not yet due, was RMB78,117,752.12 (31 December 2025: RMB65,584,129.67). There were no commercial acceptance bills endorsed to suppliers for settling accounts payable that were not yet due (30 June 2025: RMB0.00). As of 30 June 2026, the maturity of these endorsed bank acceptance bills ranged from one to six months. In accordance with the relevant provisions of the Negotiable Instruments Law, if the accepting bank refuses payment, the holder has the right to claim against the Company (“continued involvement”). The Company considers that it has transferred substantially all the risks and rewards of these bank acceptance bills and therefore derecognizes their carrying amounts, together with the carrying amounts of the associated accounts payable settled. The maximum loss arising from continued involvement or repurchase, as well as the undiscounted cash flows, equals the carrying amount of the bank acceptance bills. The Company considers that the fair value of the continued involvement is not significant.

During the Period from January to June 2026, the Company did not recognize any gain or loss on the dates of transfer of the bills. No income or expense has been recognized, either for the current period or cumulatively, in relation to continued involvement in derecognized financial assets. Endorsements occurred approximately evenly throughout the Period.

X. 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				
(I)Financial assets held for trading	343,176,575.37	789,401.15	300,511,308.14	644,477,284.66
1. Financial assets at fair value through profit or loss				
(1) Debt instruments investment				

(2) Equity instruments investment	86,809,162.42	0.00	0.00	86,809,162.42
(3) Derivative financial assets	0.00	789,401.15	0.00	789,401.15
(4) Funds	256,367,412.95	0.00	0.00	256,367,412.95
(5) Structured deposits	0.00	0.00	300,511,308.14	300,511,308.14
2. Financial assets designated as at fair value through profit or loss				
(1) Debt instruments investment				
(2) Equity instruments investment				
(II) Other debt investments				
(III) Other investments in equity instruments	2,064,415,050.04	0.00	937,124,119.87	3,001,539,169.91
(IV) Investment properties				
1. Land use rights held for lease				
2. Buildings held for lease				
3. Land use rights held for and intended to be transferred after appreciation				
(V) Biological asset				
1. Consumable biological assets				
2. Productive biological assets				
Total assets measured at fair value on a recurring basis	2,407,591,625.41	789,401.15	1,237,635,428.01	3,646,016,454.57
(VI) Financial liabilities held for trading	0.00	410,080.56	0.00	410,080.56
1. Financial liabilities at fair value through profit or loss				
Including: Issued tradable bonds				
Derivative financial liabilities	0.00	410,080.56	0.00	410,080.56
Others				
2. Financial liabilities designated as at fair value through profit or loss				
Total liabilities measured at fair value on a recurring basis	0.00	410,080.56	0.00	410,080.56
II. Non-recurring fair value measurement				
(I) Assets held-for-sale	0.00	0.00	0.00	0.00
Total assets measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00
Total liabilities measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00

2. Basis for determining the market prices of items subject to recurring and non-recurring Level 1 fair value measurements

√Applicable □N/A

During the Period from January to June 2026, there were no transfers between Level 1 and Level 2 in the fair value measurement of the Company’s financial assets and financial liabilities, nor were there any 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.

3.Qualitative and quantitative information on the valuation techniques and significant inputs used for items subject to recurring and non-recurring Level 2 fair value measurements

√Applicable □N/A

Item	Fair value at the End of the Period	Valuation techniques
Derivative financial assets	789,401.15	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract
Derivative financial liabilities	410,080.56	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract

4.Qualitative and quantitative information on the valuation techniques and significant inputs used for items subject to recurring and non-recurring Level 3 fair value measurements

√Applicable □N/A

Item	Fair value at the End of the Period	Valuation techniques
Financial assets held for trading － structured deposits	300,511,308.14	Expected returns
Other equity instrument investments – other unlisted equity interest	253,910,700.00	Market approach
Other equity instrument investments – other unlisted equity interest	89,500,000.00	Income approach
Other equity instrument investments – other unlisted equity interest	74,556,765.09	Price of the latest financing round
Other equity instrument investments – other unlisted equity interest	456,514,797.23	Net asset value
Other equity instrument investments – other unlisted equity interest	62,641,857.55	Cost

5.Reconciliation table for fair value measurement classified as the Level 3 of the fair value hierarchy

√Applicable □N/A

Item(Current year)	2025.12.31	Transfer to Level 3	Transfer out of Level 3	Total profit or loss for the Period		Buy, issue, sell and settle				2026.6.30	For assets held at the End of the Reporting Period, the change in unrealized gains or losses in the Period recognized in profit or loss
				Recorded in profit or loss	Recorded in other comprehensive income	Buy	Issue	Sell	Settle		
Financial assets held for trading	1,611,850,215.33	0.00	0.00	6,881,128.66	0.00	3,715,000,000.00	0.00	0.00	5,033,220,035.85	300,511,308.14	-2,538,907.19
Other equity instruments investment	932,988,228.68	0.00	0.00	590,968.83	7,099,652.80	0.00	0.00	0.00	3,554,730.44	937,124,119.87	0.00
Total	2,544,838,444.01	0.00	0.00	7,472,097.49	7,099,652.80	3,715,000,000.00	0.00	0.00	5,036,774,766.29	1,237,635,428.01	-2,538,907.19

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

From January to June 2026, there were no transfers between Level 1 and Level 2, and no transfers into or out of Level 3, in the measurement of the fair value of the Company's financial assets and financial liabilities.

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

XI. 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	2025.12.31	Increase for the Period	Decrease for the Period	2026.06.30
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	2025.12.31	Ratio	Increase for the Period	Decrease for the Period	2026.06.30	Ratio
Shenzhen Baiyeyuan Investment Co., Ltd.	895,653,653.00	48.96%	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 Note 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 and Note VII.4.

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
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
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
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
Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健(广东）有限公司)	Associates
Agimexpharm	Associates
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associates
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Associates

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 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
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
Shenzhen Xinyou Maohai Investment Partnership (Limited Partnership) (深圳市心有毛孩投资合伙企业（有限合伙）)	An entity controlled by a close family member of a director of Livzon Group

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	48,849.56			830,442.49
Agimexpharm	Finished goods	1,117,876.59			0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Electricity, Steam	120,157,512.02	300,000,000	No	132,128,548.07

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	26,349,135.55	17,634,391.44
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Power and modern services	124,199.86	107,016.26
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Power and modern services	293,322.61	293,731.44
Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健(广东）有限公司)	Finished products	284,817.35	0.00
Agimexpharm	Finished products	129,705.22	0.00
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海横琴维胜精准医学科技有限公司)	Modern services	0.00	418,223.89

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)	Buildings	80,081.18	80,081.18
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Buildings	92,779.98	92,779.98
Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健(广东）有限公司)	Buildings	683,486.21	0.00
Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司)	Buildings	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)	Buildings	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	Whether the guarantee has been fully performed
Jinguan Electric Power	5,000.00	2025/8/27	2026/7/9	No
Jinguan Electric Power	4,840.00	2025/10/13	2026/10/13	No
Jinguan Electric Power	3,000.00	2025/12/25	2026/7/10	No
Jinguan Electric Power	3,000.00	2025/11/27	2026/11/27	No
Jinguan Electric Power	800.00	2025/11/27	2026/11/27	No
Jinguan Electric Power	800.00	2025/11/28	2026/11/27	No
Jinguan Electric Power	5,000.00	2026/1/22	2027/1/22	No
Jinguan Electric Power	4,703.60	2026/6/22	2027/1/31	No
Jinguan Electric Power	519.62	2026/6/29	2027/6/29	No

The Company as the guaranteed party
□Applicable √ N/A

Descriptions of guarantees with related parties
√Applicable □N/A

①On 6 June 2025, the Proposal on the Provision of Guarantees by the Company and Its Controlled Subsidiary Jiaozuo Joincare for the Loans of Jinguan Electric Power was considered and approved at the Company's 2024 Annual General Meeting. The Company and its controlled subsidiary Jiaozuo Joincare jointly provided a revolving guarantee facility for the loans of Jinguan Electric Power, with an outstanding balance not exceeding RMB450 million (inclusive) (the specific guarantor(s) to be specified in each guarantee contract). The facility is valid from the date on which the guarantee proposal was approved at the Company's general meeting until 31 December 2028.

As at 30 June 2026, the Company had provided guarantees for loans of Jinguan Electric Power comprising RMB130.00 million from China CITIC Bank Shenzhen Branch, RMB48.40 million from China Zheshang Bank Shenzhen Branch, RMB51.1962 million from Nanyang Commercial Bank Shenzhen Branch and RMB47.0360 million from China Everbright Bank Shenzhen Branch, amounting to RMB276.6322 million in aggregate.

To safeguard the guaranteed loans, Jinguan Electric Power provided counter-guarantees in respect of all the above guarantees provided by the Company using its own assets. Jinguan Electric Power also undertook to unconditionally provide mutual guarantees for the Company or any controlled subsidiary designated by the Company, when deemed necessary by the Company, up to an aggregate amount of RMB450 million (inclusive).

②As another shareholder of Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司), the Company issued a Counter-Guarantee Commitment Letter, undertaking to assume joint and several guarantee liability for 26.84% of Livzon Group's guarantee obligations in respect of Livzon MABPharm Inc. The guarantee period will expire on the date on which the Company's guarantee obligations terminate.

③ Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业（有限合伙）), another shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司), issued a *Counter-Guarantee Commitment Letter*, undertaking to assume joint and several counter-guarantee liability for 8.44% of all guarantees provided by Livzon Group for Livzon Xinbeijiang.

(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	1,382.68	989.88

(8) Other related transactions

√Applicable □N/A

① Equity Transfer and Capital Increase of Fluffy Buddy Animal Health (Guangdong) Co., Ltd.

Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健（广东）有限公司) (“Fluffy Buddy”) was a controlled subsidiary of Livzon Pharmaceutical Group Inc. (丽珠医药集团股份有限公司) (“Livzon Group”), a controlled subsidiary of the Company. Prior to the Transaction, the Company directly held a 49% equity interest in Fluffy Buddy, while Livzon Group directly held the remaining 51% equity interest.

On 30 December 2025, the Company, Livzon Group, Shenzhen Xinyou Maohai Investment Partnership (Limited Partnership) (深圳市心有毛孩投资合伙企业(有限合伙))(“Xinyou Maohai”) and Fluffy Buddy entered into the *Agreement on Capital Subscription and Equity Transfer*. The *Proposal on the Connected Transaction Concerning the Equity Transfer and Capital Increase and Expansion of a Subsidiar*y was considered and approved at the 14th meeting of the 9th session of the board of directors of the Company. Pursuant to the agreement, the Company agreed to transfer its 49% equity interest in Fluffy Buddy, corresponding to RMB98 million of Fluffy Buddy’s registered capital, of which RMB73.5 million had been paid and RMB24.5 million remained unpaid, to Xinyou Maohai for a consideration of RMB51.45 million (the “Transfer”). Concurrently, Xinyou Maohai agreed to subscribe for an additional RMB15 million of registered capital in Fluffy Buddy for a subscription amount of RMB15 million (the “Capital Increase”; the Transfer and the Capital Increase are collectively referred to as the “Transaction”). Livzon Group agreed to waive its right of first refusal in respect of the Transfer and its pre-emptive subscription right in respect of the Capital Increase, while the Company agreed to waive its pre-emptive subscription right in respect of the Capital Increase.

As of 2 April 2026, Xinyou Maohai had completed the acquisition of the equity interest and the Capital Increase and acquired a 52.56% equity interest in Fluffy Buddy. The Company ceased to hold any direct equity interest in Fluffy Buddy, while Livzon Group’s equity interest in Fluffy Buddy was diluted to 47.44%. As a result, Livzon Group lost control of Fluffy Buddy, which therefore ceased to be included in the scope of consolidation of the Company’s financial statements.

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)	7,943,176.64	0.00	0.00	0.00

Accounts receivable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	19,243,200.00	192,432.00	24,786,400.00	260,257.20
Accounts receivable	Agimexpharm	997,848.74	288.61	0.00	0.00
Accounts receivable	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	206,205.62	2,062.06	202,591.25	2,066.43
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)	1,017,650.00	0.00	1,048,580.00	0.00
Other receivables	Feellife Health Inc. (深圳来福士雾化医学有限公司)	0.00	0.00	42,000.00	0.00
Other receivables	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	1,135,828.34	11,358.28	1,143,746.92	11,437.47
Other receivables	Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健（广东）有限公司)	80,985.14	809.85	0.00	0.00

(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
Notes payable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	496,800.00	607,200.00
Notes payable	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	68,450,000.00	77,900,000.00
Accounts payable	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	24,028,635.62	23,120,551.90
Accounts payable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	0.00	441,600.00
Accounts payable	Agimexpharm	637,825.95	0.00
Other payables	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	1,000.00	0.00

(3) Other items

□Applicable√N/A

7. Commitments with related parties

□Applicable√N/A

8. Others

□Applicable√N/A

XII. Share-based payment

1. Various equity instruments

(1) Detailed information

□Applicable √N/A

(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

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 vesting equity instruments	Determine according to the vesting 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
Total expenses recognized during the current period for equity-settled share-based payments	0.00

3. Cash settled share-based payments

□Applicable √N/A

4. Information on cash-settled share-based payments

□Applicable √N/A

5. Modification and termination of share-based payments

□Applicable √N/A

6. Other description:

□Applicable √N/A

XIII. Commitments and contingencies

1. Significant commitments

√Applicable □N/A

Significant commitments to outsiders as of the balance sheet date, and their nature and amount

Capital commitments entered into but not recognized in the financial statements	Closing balance	Beginning balance
Commitments in relation to acquisition of long-term assets	280,915,426.77	265,349,638.93
Commitments in relation to research and development expenditures	723,431,166.93	864,759,312.57
Commitments in relation to acquisition of equity interests	0.00	1,845,730,873.77

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

As at 30 June 2026, the capital expenditure commitments and other commitments of the Company have been fulfilled in accordance with the commitments made previously.

XIV. Events after the Balance Sheet Date

1. Significant non-adjusting 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

XV. Other significant events

√Applicable □N/A

1.The Company

The respective holders' meetings of the Phase I and Phase II Share Ownership Schemes under the Medium to Long-term Business Partner Share Ownership Scheme were convened, at which the relevant proposals on extending the duration of each respective Share Ownership Scheme were considered and approved. The Phase I Share Ownership Scheme holds 2,430,800 A Shares of the Company, and its duration was extended by 12 months to 3 August 2027. The Phase II Share Ownership Scheme holds 6,275,372 A Shares of the Company, and its duration was extended by 12 months to 7 June 2027.

2.Livzon Group

At the third meeting of the holders of the Second Phase Ownership Scheme under the Medium to Long-term Business Partner Share Ownership Scheme, the *Proposal on Adjusting Relevant Terms of and Extending the Duration of the Second Phase Ownership Scheme* was considered and approved. It was agreed that the duration of the Second Phase Ownership Scheme, which holds 2,057,711 A Shares of Livzon Group, would be extended by 12 months to 12 August 2027.

As at 30 June 2026, other than the matters disclosed above, the Company had no other significant matters requiring disclosure.

XVI. Net current assets and total assets minus current liabilities

1. Net current assets

Item	2026.6.30	2025.12.31
Current assets	19,331,024,324.01	23,160,168,339.65
Less: Current liabilities	9,529,135,937.73	8,855,914,927.12

Net current assets	9,801,888,386.28	14,304,253,412.53

2. Total assets minus current liabilities

Item	2026.6.30	2025.12.31
Total assets	34,715,790,522.32	35,414,299,308.64
Less: Current liabilities	9,529,135,937.73	8,855,914,927.12
Total assets minus current liabilities	25,186,654,584.59	26,558,384,381.52

XVII. Notes to the Key Components of Financial Statements item of the Parent Company

1. Notes receivable

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	140,440,440.58	0.00	140,440,440.58	138,080,748.46	0.00	138,080,748.46
Commercial acceptance bill	0.00	0.00	0.00	0.00	0.00	0.00
Total	140,440,440.58	0.00	140,440,440.58	138,080,748.46	0.00	138,080,748.46

（1）Notes receivable pledged at the end of the Period

Category	Amount pledged at the End of the Period
Bank acceptance bills	65,409,041.90

（2）Notes receivable endorsed or discounted to other parties but not yet expired at balance sheet date

Category	Amount derecognized at the End of the Period	Amount not derecognized 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
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	Carrying value
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	140,440,440.58	100.00	0.00	0.00	140,440,440.58	138,080,748.46	100.00	0.00	0.00	138,080,748.46
Including:										
Bank acceptance bills	140,440,440.58	100.00	0.00	0.00	140,440,440.58	138,080,748.46	100.00	0.00	0.00	138,080,748.46
Total	140,440,440.58	100.00	0.00	0.00	140,440,440.58	138,080,748.46	100.00	0.00	0.00	138,080,748.46

（5）There are no provisions for bad debt made, recovered or reversed during the Period.

（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	121,396,068.27	134,326,854.46
1-2 years	419,436.49	7,494,598.11
2-3 years	523,097.14	1,307,887.57
3-4 years	186,045.28	236,936.53
4-5 years	208,972.75	212,029.38
Over 5 years	7,522,739.93	7,459,143.43
Total	130,256,359.86	151,037,449.48

(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	0.33	426,373.39	100.00	0.00	426,373.39	0.28	426,373.39	100.00	0.00
Including:										
Receivables from domestic customers	426,373.39	0.33	426,373.39	100.00	0.00	426,373.39	0.28	426,373.39	100.00	0.00
Provision for bad debts on portfolio basis	129,829,986.47	99.67	8,793,111.08	6.77	121,036,875.39	150,611,076.09	99.72	9,466,090.56	6.29	141,144,985.53
Including:										
Receivables from domestic customers	129,829,986.47	99.67	8,793,111.08	6.77	121,036,875.39	150,611,076.09	99.72	9,466,090.56	6.29	141,144,985.53
Total	130,256,359.86	100.00	9,219,484.47	7.08	121,036,875.39	151,037,449.48	100.00	9,892,463.95	6.55	141,144,985.53

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	Likelihood of recovery is expected to be low
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	121,396,068.27	1,258,642.74	1.04
1-2 years (inclusive of 2 years)	419,436.49	20,971.82	5.00
2-3 years (inclusive of 3 years)	523,097.14	156,929.14	30.00
3-4 years (inclusive of 4 years)	186,045.28	93,022.64	50.00
4-5 years (inclusive of 5 years)	208,972.75	167,178.20	80.00
Over 5 years	7,096,366.54	7,096,366.54	100.00
Total	129,829,986.47	8,793,111.08	6.77

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	9,892,463.95	-110,880.43	0.00	562,099.05	0.00	9,219,484.47
Total	9,892,463.95	-110,880.43	0.00	562,099.05	0.00	9,219,484.47

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

Unit: Yuan Currency: RMB

Item	Write-off amount
Accounts receivable written off	562,099.05

Of which: significant write-offs of accounts receivable
□Applicable √N/A

Notes on the write-offs of accounts receivable
□Applicable √N/A

(5) The top five balances of accounts receivable by debtors as at the end of the Period
√Applicable □N/A

Unit: Yuan Currency: RMB

Unit name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balances of accounts receivable and contract assets	Proportion of the total balance of accounts receivable and contract assets at the end of the Period (%)	Closing balance of the bad debt reserve
Unit 1	9,948,690.97	0.00	9,948,690.97	7.64	99,486.91
Unit 2	7,222,833.31	0.00	7,222,833.31	5.55	72,228.33
Unit 3	5,652,292.61	0.00	5,652,292.61	4.34	56,522.93
Unit 4	4,450,485.91	0.00	4,450,485.91	3.42	44,504.86
Unit 5	3,915,811.34	0.00	3,915,811.34	3.01	39,158.11
Total	31,190,114.14	0.00	31,190,114.14	23.95	311,901.14

As of 30 June 2026, the total amount of the top five debtors in closing balance is RMB 31,190,114.14, accounting for 23.95% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB311,901.14.

Other descriptions:
√Applicable □N/A

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	424,999,500.00	769,999,500.00
Other receivables	271,763,605.30	271,463,465.70
Total	696,763,105.30	1,041,462,965.70

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
Topsino	374,999,500.00	374,999,500.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
Joincare Haibin	30,000,000.00	375,000,000.00
Total	424,999,500.00	769,999,500.00

(2) Significant dividends receivable with an aging of more than one year

□Applicable √N/A

(3) Disclosure by category of bad debt provision method

□Applicable √N/A

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	130,987,386.86	133,454,592.50
1-2 years	5,728,241.93	137,971,043.12
2-3 years	135,903,609.47	187,880.86
3-4 years	165,267.77	132,664.47
4-5 years	46,000.00	81,017.16
Over 5 years	16,901,634.15	17,483,941.07
Total	289,732,140.18	289,311,139.18

(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	264,216,806.64	263,942,510.66
Treasury bonds and security deposits	16,042,449.77	16,042,449.77
External entities balances	166,185.33	0.00
Security deposits	5,386,005.38	6,312,311.57
Others	3,920,693.06	3,013,867.18
Total	289,732,140.18	289,311,139.18

(3) Provision made for bad debts

√Applicable □N/A

Unit: Yuan Currency: RMB

	First stage	Second stage	Third stage	Total

Provision for bad debts	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	1,805,223.71	16,042,449.77	17,847,673.48
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
-- Reversal to second stage	0.00	0.00	0.00	0.00
-- Reversal to first stage	0.00	0.00	0.00	0.00
Provisions made for the Period	0.00	120,861.40	0.00	120,861.40
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
Other changes	0.00	0.00	0.00	0.00
Balance at the End of the Period	0.00	1,926,085.11	16,042,449.77	17,968,534.88

Basis for division of each stage and provision ratio for bad debts
Provisions 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 debts on portfolio basis	264,216,806.64	0.00	0.00	264,216,806.64	
Other receivables of each company within the scope of combination	264,216,806.64	0.00	0.00	264,216,806.64	Expected to be recovered
Total	264,216,806.64	0.00	0.00	264,216,806.64	

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 debts on portfolio basis	9,472,883.77	20.33	1,926,085.11	7,546,798.66	
Receivables of security, deposits and rental fees	5,386,005.38	32.91	1,772,685.04	3,613,320.34	
Other receivables	4,086,878.39	3.75	153,400.07	3,933,478.32	
Total	9,472,883.77	20.33	1,926,085.11	7,546,798.66	

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	16,042,449.77	100.00	16,042,449.77	0.00	
Government Bonds and Margin	16,042,449.77	100.00	16,042,449.77	0.00	Likelihood of recovery is expected to be low
Total	16,042,449.77	100.00	16,042,449.77	0.00	

As at 31 December 2025, provision made for bad debts:
As at 31 December 2025, 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 debts on portfolio basis	263,942,510.66	0.00	0.00	263,942,510.66	
Other receivables of each company within the scope of combination	263,942,510.66	0.00	0.00	263,942,510.66	Expected to be recovered
Total	263,942,510.66	0.00	0.00	263,942,510.66	

As at 31 December 2025, 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 debts on portfolio basis	9,326,178.75	19.36	1,805,223.71	7,520,955.04	
Receivable for securities, deposits and rental fees	6,312,311.57	28.08	1,772,685.04	4,539,626.53	
Other receivables	3,013,867.18	1.08	32,538.67	2,981,328.51	
Total	9,326,178.75	19.36	1,805,223.71	7,520,955.04	

As at 31 December 2025, 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	16,042,449.77	100.00	16,042,449.77	0.00	
Treasury bonds and Margin	16,042,449.77	100.00	16,042,449.77	0.00	Likelihood of recovery is expected to be low
Total	16,042,449.77	100.00	16,042,449.77	0.00	

(4) The situation of bad debt provision
□Applicable √N/A

Of which: significant write-offs of other receivables
□Applicable √N/A

Notes on the write-offs of other receivables
□Applicable √N/A

(5) 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	44.85	
Jiaozuo Joincare Biological Product Co., Ltd.（焦作健康元生物制品有限公司）	Current account	125,000,000.00	Within 1 year	43.14	

Hua Xia Securities Co., Ltd. (华夏证券股份有限公司)	Treasury bonds and security deposits	16,042,449.77	Over 5 years	5.54	16,042,449.77
Joincare (Guangdong) Special medicine Food Co., Ltd. (健康元(广东) 特医食品有限公司)	Current account	5,174,865.75	Within 1 year: 900,000.00; Over 1 year: 4,274,865.75	1.79	
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司)	Current account	4,071,836.60	Within 1 year: 658,598.00 Over 1 year: 3,413,238.60	1.41	
Total	/	280,245,256.41	/	96.73	16,042,449.77

(6) Presented in other receivables due to centralized management of funds

□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	4,520,178,312.11	7,010,047.91	4,513,168,264.20	3,693,678,312.11	7,010,047.91	3,686,668,264.20
Investments in associates	43,212,258.44	0.00	43,212,258.44	78,207,548.03	0.00	78,207,548.03
Total	4,563,390,570.55	7,010,047.91	4,556,380,522.64	3,771,885,860.14	7,010,047.91	3,764,875,812.23

(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
Haibin Pharma	783,054,186.38	0.00	0.00	0.00	0.00	0.00	783,054,186.38	0
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
Taitai Genomics	37,500,000.00	0.00	0.00	0.00	0.00	0.00	37,500,000.00	0
Taitai Pharmaceutical	105,939,709.72	0.00	0.00	0.00	0.00	0.00	105,939,709.72	0
Shenzhen Hiyeah	164,700,000.00	5,400,000.00	0.00	0.00	0.00	0.00	164,700,000.00	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
Jiaozuo Joincare	525,000,000.00	0.00	0.00	0.00	0.00	0.00	525,000,000.00	0
Shanghai Frontier	32,500,000.00	0.00	0.00	0.00	0.00	0.00	32,500,000.00	0
Taitai Biological	4,832,950.00	0.00	0.00	0.00	0.00	0.00	4,832,950.00	0
Joincare Haibin	100,000,000.00	0.00	0.00	0.00	0.00	0.00	100,000,000.00	0
Joincare Special Medicine Food	20,000,000.00	0.00	0.00	0.00	0.00	0.00	20,000,000.00	0
LivzonBio	294,037,191.00	0.00	0.00	0.00	0.00	0.00	294,037,191.00	0
Lijian (Guangdong) Animal Healthcare Co., Ltd.	73,500,000.00	0.00	0.00	73,500,000.00	0.00	0.00	0.00	0
Wuhan Kangli Health Investment Management Co., Ltd.	40,000.00	0.00	0.00	0.00	0.00	0.00	40,000.00	0
CICC Fund Yuanhe No. 1 Single Asset Management Plan	0.00	0.00	400,000,000.00	0.00	0.00	0.00	400,000,000.00	0
CITIC Securities Asset Management Jianying No. 1 Single Asset Management Plan	0.00	0.00	500,000,000.00	0.00	0.00	0.00	500,000,000.00	0
Total	3,686,668,264.20	7,010,047.91	900,000,000.00	73,500,000.00	0.00	0.00	4,513,168,264.20	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	Beginning balance of impairment allowance	Change during the Period								Balance at the End of the Period	Balance of provision for impairment at the End of the Period
			Increased investment	Decreased investment	Investment profit and loss under equity method	Adjustment in other comprehensive income	Other equity changes	Cash dividend or profit distribution declared	Provision for Impairment	Others		
I Joint Ventures												
Subtotal												
II Associates												
Ningbo Ningrong Biomedical Co., Ltd.	27,172,506.23	0.00	0.00	0.00	-188,062.30	0.00	0.00	0.00	0.00	0.00	26,984,443.93	0.00
Feellife Health Inc.	7,613,733.72	0.00	0.00	0.00	-642,506.81	0.00	0.00	0.00	0.00	0.00	6,971,226.91	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd.	34,326,534.68	0.00	0.00	34,326,534.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd.	9,094,773.40	0.00	0.00	0.00	161,814.20	0.00	0.00	0.00	0.00	0.00	9,256,587.60	0.00
Subtotal	78,207,548.03	0.00	0.00	34,326,534.68	-668,754.91	0.00	0.00	0.00	0.00	0.00	43,212,258.44	0.00
Total	78,207,548.03	0.00	0.00	34,326,534.68	-668,754.91	0.00	0.00	0.00	0.00	0.00	43,212,258.44	0.00

(3) Impairment testing of long-term equity investments

□Applicable √N/A

5. Operating revenue and operating cost

(1) Operating revenue and operating cost

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Primary operations	657,186,104.07	403,941,539.05	580,739,605.09	385,386,857.00
Other operations	23,718,575.96	7,209,866.99	13,774,202.59	7,601,053.77
Total	680,904,680.03	411,151,406.04	594,513,807.68	392,987,910.77

(2) Descriptions of operating revenue and operating cost

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Total	
	Revenue	Cost
Product types		
Chemical pharmaceuticals	473,605,221.26	309,324,600.88
Healthcare products	22,396,323.97	16,070,546.50
Traditional Chinese medicine	161,184,558.84	78,546,391.67
Classification by business region		
Domestic	657,186,104.07	403,941,539.05
Overseas	0.00	0.00
Total	657,186,104.07	403,941,539.05

Other descriptions

√Applicable □N/A

Descriptions of other activities

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Rental fees	3,593,579.81	582,767.68	4,212,986.53	812,445.35
Technical services	2,500,000.00	0.00	8,490.56	19,458.53
Agency operation and others	17,624,996.15	6,627,099.31	9,552,725.50	6,769,149.89
Total	23,718,575.96	7,209,866.99	13,774,202.59	7,601,053.77

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)	657,186,104.07	403,941,539.05	580,739,605.09	385,386,857.00

(3) Description of performance obligations

□Applicable √N/A

(4) Description of the transaction price allocated to remaining performance obligations

□Applicable √N/A

(5) Material contract modifications or material adjustments to the transaction price

□Applicable √N/A

6. Investment income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Investment income from long-term equity investments accounted for under the cost method	341,316,858.74	262,551,429.80
Investment income from financial assets held for trading during the holding period	1,936,883.19	0.00
Dividend income from other equity instrument investments	486,815.60	1,505,811.26
Investment income from disposal of long-term equity investments	-13,285,440.42	0.00
Investment income from associates accounted for using the equity method	-668,754.91	420,879.56
Investment income from disposal of financial assets held for trading	0.00	101,250.00
Total	329,786,362.20	264,579,370.62

XVIII Supporting Information

1. Statement of non-recurring profit or loss

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Amount
Gains/losses on disposal of non-current assets	11,134,514.30
Government grants recognized in profit or loss for the current period, excluding those that are closely related to the Company's normal operating activities, comply with the requirements of national policies, are entitled in accordance with established criteria, and have a continuing impact on the Company's profit or loss	46,780,880.06
Gains/losses on fair value changes of financial assets and financial liabilities held by non-financial enterprises, and gains/losses on the disposal of financial assets and financial liabilities, excluding effective hedging activities related to the Company's normal operating activities	23,699,235.79

Reversal of impairment provisions for receivables that have been individually tested for impairment	0.00
Other non-operating income and expenses other than the above items	-6,828,062.47
Less: Income tax effects	753,191.30
Effects of minority interests (after tax)	30,303,740.96
Total	43,729,635.42

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

Other descriptions
□Applicable √N/A

2. Rate of return on net assets and earnings per share

√Applicable □N/A

Profits for the Reporting Period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	4.21	0.35	0.35
Net profit attributable to the parent company's shareholders, excluding non-recurring profit or loss	3.92	0.33	0.33

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: 24 August 2026

Revised information

□Applicable √N/A