健康元 Joincare | Stock Short Name:健康元
Stock Code: 600380

2025 ANNUAL 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 this annual report (the "Report"), and that there are no false representations, misleading statements or material omissions contained in the Report, and severally and jointly accept legal responsibility.

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

III. Grant Thornton issued a standard unqualified audit report for the Company.

IV. Mr. Zhu Baoguo (朱保国), the person-in-charge of the Company, and Mr. Qiu Qingfeng (邱庆丰), the person-in-charge of 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 resolution during the Reporting Period

Based on the audit conducted by Grant Thornton, as of 31 December 2025, the undistributed profit in the parent company statement of the Company amounted to RMB2,775.7845 million. Pursuant to the resolution of the Company's Board of Directors, the Company plans to distribute cash dividends for the fiscal year 2025, based on the Company's total share capital on the record date to be determined upon implementation of the 2025 profit distribution plan. The Company plans to distribute a cash dividend of RMB2.20 (tax inclusive) for every 10 shares to all shareholders of the Company, and the remaining undistributed profits will be carried forward to the following year.

As of the end of the Reporting Period, details regarding the accumulated losses not yet offset of the parent company and their impact on matters such as dividend distribution.

□Applicable √N/A

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 were no material risks that had a substantial 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, raw material price volatility and supply risks and R&D risk. For more information, please refer to "Potential Risks" part 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 document of the auditors' report sealed by the accounting firm and signed and sealed by the certified public accountants
	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

Moving with the Times, Embracing the New

— A Letter to All Shareholders

Dear Shareholders,

As we look back on 2025, we find ourselves standing together at a historic turning point.

The global pharmaceutical industry is undergoing a transformation of unprecedented scale — waves of innovation surge relentlessly forward, artificial intelligence accelerates its evolution, and global expansion continues to deepen. Multiple forces of change converge and intertwine, and a defining watershed moment for our era has arrived. In the face of this powerful tide of history, Joincare chooses not to stand on the sidelines, but to be a trailblazer forging ahead through the waves; not to drift with the current, but to be a determined pioneer charting new territory. We firmly believe that only by navigating uncertainty with unwavering conviction, and forging a new future with resilience and resolve, can we seize new opportunities amid transformation and open new frontiers in the face of challenge.

As this annual report is published, I am honored, on behalf of the Board of Directors, to present to you a weighty account of our stewardship — we have held firm to the "stability" of our core business, while achieving meaningful "progress" in our key pillars, laying a solid foundation for sustainable value growth.

Breakthrough: A Historic Leap for Innovative Drugs from Zero to One

This year marked a milestone moment on Joincare's journey of innovation.

The successful approval of Pixavir Marboxil capsules (Yilikang) represents not only the emergence of a Class 1 innovative drug, but the completion of a fully integrated chain from research and development through to commercialization. Behind this breakthrough lie more than a decade of unwavering commitment, countless restarts after failure, and a relentless pursuit of better health outcomes. It signals clearly: Joincare's innovation-driven transformation has officially entered a harvest phase.

Today, more than ten core pipeline products have advanced into Phase II clinical trials and beyond, with strategic positioning in key therapeutic areas such as respiratory diseases, anti-infectives, and pain management becoming increasingly well-defined. We are building a sustainable innovation ecosystem of "one generation commercialized, one in clinical development, and one in reserve" — marketed products generating stable cash flows to reinforce our foundation; clinical-stage products accumulating growth momentum in readiness for launch; and early-stage projects staking out future therapeutic areas ahead of the curve. We are committed to developing globally competitive innovative drugs, which will serve as the core engine driving long-term value growth.

The breakthrough from zero to one is the hardest of all — but once achieved, it opens up a whole new world of possibilities.

Intelligent Transformation: Redefining the Paradigm of Pharmaceutical Innovation with AI

Innovation is not confined to drugs alone — it also means reimagining the very way innovation is pursued.

The global pharmaceutical industry is undergoing profound transformation, with innovation-driven

growth, technological advancement, and global expansion continuously reshaping the industrial ecosystem. Faced with a new competitive landscape and evolving development requirements, Joincare remains steadfast in placing innovation at its core, continuously enhancing R&D capabilities and operational efficiency, and driving the Company forward to capture opportunities amid change.

Since 2024, the Company has actively explored the application of artificial intelligence in pharmaceutical R&D, conducting practical work across target research, molecular design, and R&D support, while steadily advancing the integration of relevant tools with business processes. The Company has consistently emphasized real-world application scenarios as the guiding principle, ensuring that AI technologies translate into tangible gains in R&D efficiency, process optimization, and capability building.

At the same time, the Company continues to strengthen cross-disciplinary collaboration across algorithms, pharmacology, biology, and other fields, progressively building a stronger foundational capability in AI-related applications and driving continuous optimization of the R&D system. These explorations have become one of the Company's key initiatives for enhancing innovation efficiency and strengthening R&D capabilities.

Looking ahead, the Company will continue to build on its core business, steadily advancing its priorities in innovative R&D, lean operations, international development, and sustainable management, to deliver more solid operating results for shareholders and society. In the tide of technological change, only those who proactively embrace transformation can remain undefeated.

Setting Sail: Firm Strides from China to the World

Joincare's ambitions extend far beyond China.

In 2025, we took the most decisive step yet in our internationalization strategy — announcing the acquisition of Vietnam's IMP. This is not a simple expansion of scale, but a deep strategic synergy: integrating IMP's established brand heritage, well-developed distribution network, and localized production capabilities to jointly build a pharmaceutical manufacturing and supply platform radiating across Southeast Asia and connecting to the world.

At the same time, our high-end API facility in Jakarta serves as a strategic foothold for entering European and U.S. markets; Joincare Haibin successfully obtained Malaysia's PIC/S GMP certification, marking a further advancement in the Company's quality systems and international operating capabilities. Rooted in China, oriented toward the world, Joincare is advancing its internationalization strategy with steady and purposeful strides.

We firmly believe that truly strong enterprises must be deeply rooted at home — and equally far-sighted in their global ambitions.

Building Trust: Making Sustainability an Intrinsic Virtue

Enduring success is rooted in a reverence for responsibility.

This year, Joincare was included in the S&P Global Sustainability Yearbook (Global Edition) for the second consecutive year, ranking among the leading pharmaceutical companies in the world for sustainability. This recognition reflects the international community's high regard for Joincare's ESG practices, and stands as a testament to our commitment to long-termism.

At Joincare, ESG is never a matter of choice — it is a mandatory commitment central to our long-

term development. We fulfill our environmental responsibilities by advancing green manufacturing transformation and building a low-carbon supply chain, safeguarding our shared home; we fulfill our social responsibilities by improving employee development systems and engaging in public welfare, growing together with all stakeholders; and we uphold our governance responsibilities by optimizing corporate governance, maintaining strict compliance standards, and protecting the rights and interests of every stakeholder.

We believe that doing the right thing will ultimately be rewarded by time. Between short-term gains and long-term value, we will always choose the latter; between individual advancement and shared prosperity, we will always pursue mutual benefit.

Gratitude: Every Achievement Embodies Trust and Perseverance

Every accomplishment of 2025 was hard-won.

We are deeply grateful to all our shareholders — your trust gives us the confidence to navigate cycles, and your patience enables us to remain steadfast in our long-term commitment. We are deeply grateful to every member of the Joincare family — your dedication turns the impossible into the possible, and your wisdom turns dreams into reality. We are deeply grateful to every partner — your companionship ensures we never walk alone, and your support keeps us moving forward with confidence.

On behalf of the Board of Directors, I extend our most sincere gratitude to you all.

Looking Ahead: Anchoring Long-Term Value by Meeting Uncertainty with Certainty

The bell of 2026 has sounded, and a new journey stretches out before us.

In the face of an external environment that remains full of uncertainty, Joincare's direction is clear and resolute — to meet all uncertainty with the certainty of innovation:

We will build on innovation as our foundation, continuing to deepen our R&D efforts and solidify our profitability base; with AI as an engine for transformation, deepening AI-powered enablement to maintain our leadership in the efficiency arena; embrace the globe as our domain, accelerating our international footprint and unlocking new sources of overseas growth; and uphold responsibility as our bedrock, honoring our ESG commitments and consolidating our foundation for sustainable development.

The Board and management team look to the Company's future with full confidence. We will overcome every challenge with strategic resolve, and achieve lasting results through dedication and hard work, giving our very best to create sustainable long-term value for all shareholders.

In the new year ahead, we look forward to continuing this journey shoulder to shoulder with you, toward a new chapter of high-quality development.

Moving with the times. Embracing the new.

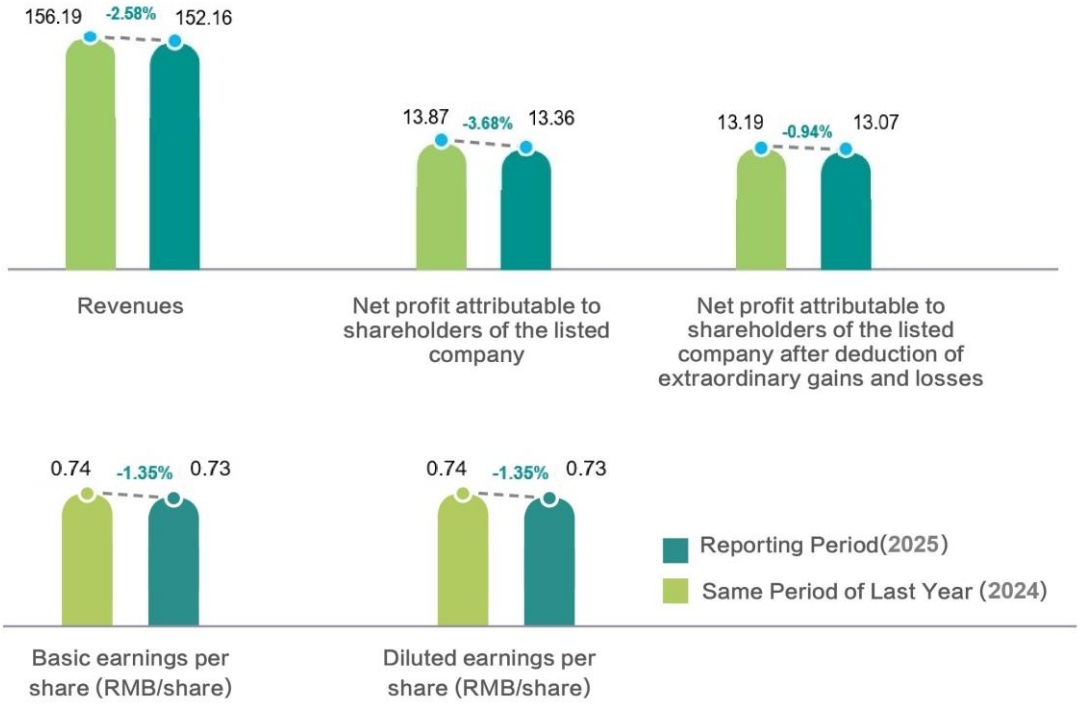
Joincare Pharmaceutical Group Industry Co., Ltd.

Chairman: Zhu Baoguo

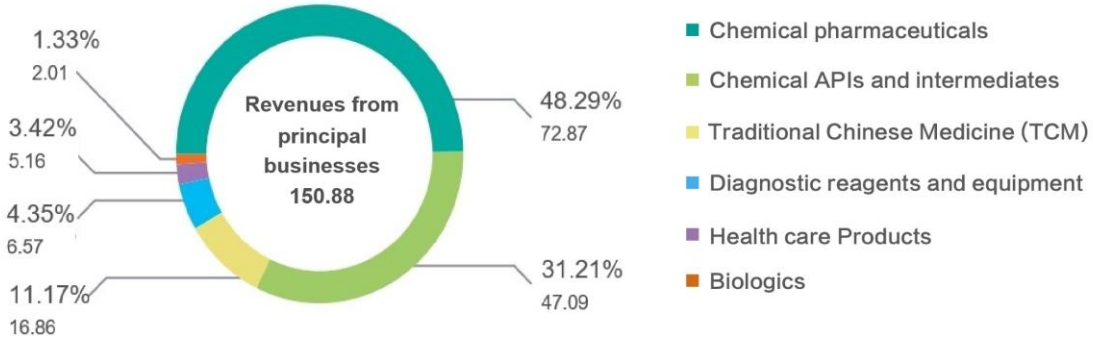
30 March 2026

Financial Highlights

Major Financial indicators (RMB100 Million)



Principal Businesses (RMB 100 million)



Chapter 1 Definitions

I. Definitions

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

Definitions of common terms		
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
Baiyeyuan or the Controlling Shareholder	Refers to	Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)
Company, the Company, Group or the Group	Refers to	Joincare Pharmaceutical Group Industry Co., Ltd.* (健康元药业集团股份有限公司)
COPD	Refers to	Chronic Obstructive Pulmonary Disease
BD	Refers to	Business Development
HAP	Refers to	Hospital-Acquired Pneumonia
VAP	Refers to	Ventilator-Associated Pneumonia
Hp	Refers to	Helicobacter pylori
FXI	Refers to	Factor XI
GMP	Refers to	Good Manufacturing Practice
GSP	Refers to	Good Supply Practice
DTC	Refers to	Direct to Consumer
ICH	Refers to	International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
PIC/S	Refers to	Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme
Livzon Group	Refers to	Livzon Pharmaceutical Group Inc.* (丽珠医药集团股份有限公司)
Haibin Pharma	Refers to	Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海滨制药有限公司)
Joincare Haibin	Refers to	Joincare Haibin Pharmaceutical Co., Ltd.* (健康元海滨药业有限公司)
Xinxiang Haibin	Refers to	Xinxiang Haibin Pharmaceutical Co., Ltd. * (新乡海滨药业有限公司)
Taitai Pharmaceutical	Refers to	Shenzhen Taitai Pharmaceutical Co., Ltd. * (深圳太太药业有限公司)
Jiaozuo Joincare	Refers to	Jiaozuo Joincare Bio Technological Co., Ltd.*（焦作健康元生物制品有限公司）
Topsino	Refers to	Topsino Industries Limited * (天诚实业有限公司)
Shanghai Frontier	Refers to	Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. *(上海方予健康医药科技有限公司)
Health Pharmaceutical	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 Pharmaceutical	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)
Grant Thornton	Refers to	Grant Thornton Zhitong Certified Public Accountants LLP (Special General Partnership)
Reporting Period	Refers to	From 1 January 2025 to 31 December 2025
End of the Reporting Period	Refers to	31 December 2025
Currency or unit	Refers to	RMB yuan unless otherwise specified

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 information

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

III. Introduction of the Company's basic information

Registered address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Historical changes in registered address	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	www.joincare.com
E-mail	joincare@joincare.com

IV. Information disclosure and place for inspection

Designated media and website for disclosing annual report	*China Securities Journal, Securities Times, Securities Daily, and Shanghai Securities News*
Stock exchange website for disclosing annual report	www.sse.com.cn
Place where the annual report is available for inspection	Office address of the Company

V. Company stock profile

Company Stock Profile				
Class of stock	Stock Exchange	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

Accounting firm appointed by the Company (domestic)	Name	Grant Thornton Zhitong Certified Public Accountants LLP (Special General Partnership)
	Office address	5th Floor, Scitech Palace, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing
	Name of the signing accountants	Tang Hanlin (唐汉林) and Li Weibo (李伟波)
Sponsor responsible for continuous supervision during the Reporting Period	Name	Guolian Minsheng Investment Banking Company Limited
	Office address	8 Puming Road, China (Shanghai) Pilot Free Trade Zone
	Signing sponsor representatives	Yu Chunyu (于春宇) and Yu Yang(于洋)
	Period of continuous supervision	From 24 October 2018 to 31 December 2019

Note: According to Article 12.2.2 of "the Rules Governing the Listing of Stocks on Shanghai Stock Exchange", for offering of new stocks or convertible corporate bonds by a listed company, the period of continuous supervision and guidance shall be the remaining time of the current year of the listing of securities and the following one full accounting year. As the Company issued shares to the public by allotment on 24 October 2018, the period of continuous supervision should start from the completion of this issuance and end on 31 December 2019. Furthermore, according to "Article 13 of the Guidelines of Shanghai Stock Exchange for Self-Regulation Rules for Listed Companies No. 11 - Continuous Supervision", the sponsor shall continue to perform the obligations of continuous supervision if the proceeds have not been fully utilized upon the expiration of the continuous supervision period. As of 31 December 2024, proceeds in this issuance have not yet been fully utilized, so the sponsor, Guolian Minsheng Investment Banking Company Limited, shall continue to perform its continuous supervision obligations in respect of the deposit and utilization of the proceeds. As of 30 September 2025, the proceeds from this issuance have been fully utilized, and all investment projects funded by the proceeds have been concluded. As of 25 November 2025, the Company has cancelled all special accounts for the proceeds. Consequently, the Tripartite Supervision Agreements for the Proceeds signed by the Company, the sponsor, and the commercial banks have been terminated.

VII. Major accounting data and financial indicators in the last three years

(1) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2025	2024	YoY change (%)	2023
Revenues	15,215,738,549.28	15,619,480,306.89	-2.58	16,646,350,349.72
Total profit	3,366,308,071.47	3,574,886,645.33	-5.83	3,465,554,801.13
Net profit attributable to shareholders of the listed company	1,335,547,730.75	1,386,570,192.56	-3.68	1,442,779,722.23
Net profit attributable to shareholders of the listed company after deduction of extraordinary gains and losses	1,306,915,498.07	1,319,327,822.48	-0.94	1,374,136,730.41
Net cash flow from operating activities	3,891,842,483.63	3,636,320,913.57	7.03	3,928,909,609.73
	End of 2025	End of 2024	Increase or decrease at the end of the period over the same period of last year (%)	End of 2023
Net assets attributable to shareholders of the listed company	15,179,567,286.42	14,534,719,589.34	4.44	13,755,901,924.06
Total assets	35,414,299,308.64	35,718,129,456.13	-0.85	36,358,126,258.82

(2) Major financial indicators

Major financial indicators	2025	2024	YoY change (%)	2023
Basic earnings per share (RMB/share)	0.73	0.74	-1.35	0.76
Diluted earnings per share (RMB/share)	0.73	0.74	-1.35	0.76
Basic earnings per share after deduction of extraordinary gains and losses (RMB/share)	0.71	0.71	0.00	0.72
Weighted average return on net assets (%)	9.13	9.74	Decreased by 0.61 percentage points	11.00
Weighted average return on net assets after deduction of extraordinary gains and losses (%)	8.93	9.27	Decreased by 0.34 percentage points	10.47

Statement on major accounting data and financial indicators within three years before the End of the Reporting Period

□Applicable √N/A

VIII. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profit and net assets attributable to shareholders of the listed company disclosed in the financial statements according to international financial reporting standards (IFRS) and Chinese accounting standards (Chinese GAAP)

□ Applicable √ N/A

(2) Differences in net profit and net assets attributable to shareholders of the listed company disclosed in the financial statements according to foreign accounting standards and Chinese accounting standards

□ Applicable √ N/A

(3) Explanations on differences under domestic and foreign accounting standards:

□ Applicable √ N/A

IX. Major financial indicators in 2025 by quarter

Unit: Yuan Currency: RMB

	1st quarter (Jan. - Mar.)	2nd quarter (Apr.- Jun.)	3rd quarter (Jul. - Sept.)	4th quarter (Oct. - Dec.)
Revenues	4,089,279,479.56	3,809,048,770.85	3,579,478,699.21	3,737,931,599.66
Net profit attributable to shareholders of the listed company	435,788,328.07	349,151,585.27	306,274,217.94	244,333,599.47
Net profit attributable to Shareholders of the listed company after deduction of extraordinary gains and losses	423,759,792.88	346,053,324.42	288,317,700.24	248,784,680.53
Net cash flow from operating activities	809,939,509.20	1,116,417,148.90	1,075,045,313.97	890,440,511.56

Statement on differences between quarterly data and the data disclosed in previous periodic reports

□Applicable √N/A

X. Items and amounts of extraordinary gains and losses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item of extraordinary gains and losses	2025	2024	2023
Gain or loss on disposal of non-current assets (including the reversal of previously recognized asset impairment provisions)	-4,802,205.72	37,180,488.55	-169,901.01
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)	147,184,095.32	156,357,000.69	233,058,407.11
Except for effective hedging activities related to the Company's ordinary business operations, gains or losses arising from changes in the fair value of financial assets and liabilities held by non-financial enterprises, as well as gains or losses from the disposal of such financial assets and liabilities	27,635,097.68	-13,963,725.94	-48,440,235.41
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually	912,285.60	0.00	1,013,650.67
Other non-operating income and expenses apart from the above items	-92,577,198.14	-33,139,440.72	-41,010,372.38
Less: Effect of income tax	20,978,805.01	24,269,674.10	21,086,934.90
Effect of minority equity (after tax)	28,741,037.05	54,922,278.40	54,721,622.26
Total	28,632,232.68	67,242,370.08	68,642,991.82

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

XI. Companies with equity incentives and employee stock ownership plans can choose to disclose net profit after deducting the impact of share payments

☐ Applicable √ N/A

XII. Items measured at fair value

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Beginning balance	Ending balance	Change for the period	Effect on profits & losses for the period
Financial assets held for trading	89,363,055.07	1,694,102,766.69	1,604,739,711.62	19,703,920.35
Other equity instrument investments	1,026,548,743.15	990,428,693.50	-36,120,049.65	2,847,426.33
Financial liabilities held for trading	9,046,554.29	487,431.05	-8,559,123.24	8,554,037.14
Total	1,124,958,352.51	2,685,018,891.24	1,560,060,538.73	31,105,383.82

XIII. Others

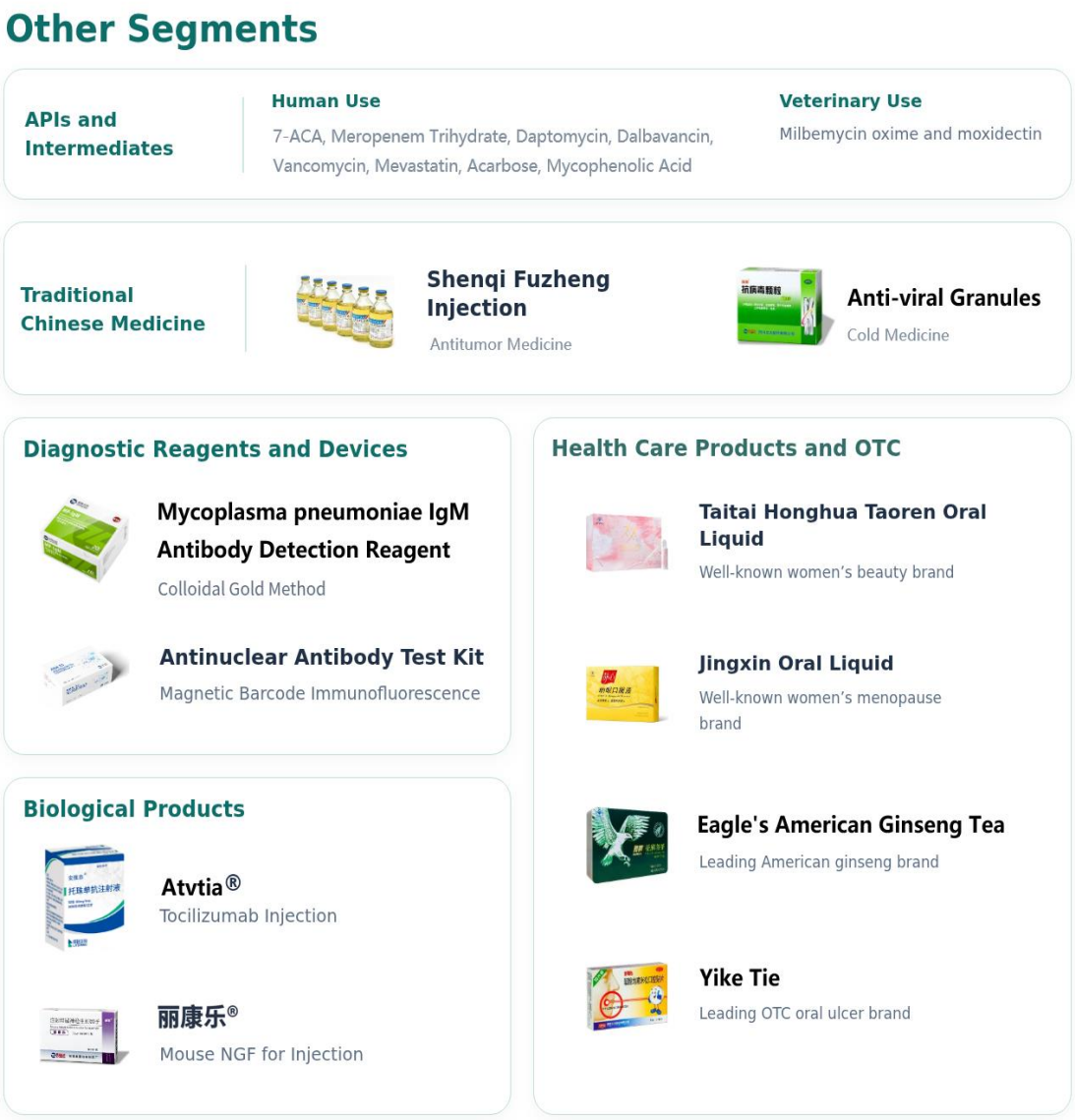
□ Applicable √ N/A

Chapter 3 Management Discussion and Analysis

I. Overview on the 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, diagnostic reagents and equipment, healthcare products, etc. The Company's diversified product portfolio provides broader market opportunities and greater room for growth. Main products of the Company are as follows:



(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 R&D, manufacturing, and sales 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 licensing, and collaborative development. In terms of in-house innovation, the Company has established a multi-tiered R&D system covering a wide range of areas including chemical formulations and biopharmaceuticals. Based on its proprietary technology platforms, the Company

has developed a clearly defined R&D pipeline focused on key therapeutic areas such as respiratory diseases and tumor immunology. In terms of collaborative innovation, the Company actively engages in domestic and international scientific partnerships through commissioned or joint development. It also pursues technology transfer and in-licensing of strategic new technologies and products to facilitate 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 subsidiaries to procure materials in accordance with the Company's quality standards and relevant GMP requirements. It has entered into long-term strategic partnerships with bulk material suppliers, ensuring a balance between quality assurance and cost control. An internal evaluation system and pricing database have been established to monitor market dynamics in real time. The Company practices a competitive procurement approach based on comparative quality and price evaluation

3. Production

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

4. Sales

(1) Drug formulation products

The Company's chemical pharmaceuticals, biologics, and traditional Chinese medicine formulations are primarily sold to end customers such as hospitals, clinics, and retail pharmacies. In line with common practices in the pharmaceutical industry, the Company primarily conducts

sales through pharmaceutical distribution enterprises. Distributors are selected and centrally managed based on criteria such as distribution capabilities, market familiarity, financial strength, credit history, and operational scale. All selected partners must hold valid pharmaceutical distribution licenses and certifications of compliance with Good Supply Practice (GSP) standards. The typical sales process is as follows: end customers place purchase orders with distribution enterprises, which then submit orders to the Company based on their inventory levels, distribution agreements, and contractual terms. The Company delivers products to the distributors and recognizes revenue accordingly.

(2) APIs and intermediates

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

(3) Diagnostic reagents and equipment

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

(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, in the retail pharmacy channel, the Company leverages its commercial partners' distribution networks and terminal coverage. It currently collaborates with 95 first-tier commercial distributors，comprising 63 pharmaceutical distributors and approximately 32 distributors in the food retail and supermarket segment. Their affiliated second-tier distributors and the pharmacy and food retail terminals they cover amount to approximately 400,000 outlets. This tiered marketing channel structure enables effective product management and promotion. In addition to the traditional distributor management model, the Company has also pursued collaborative development through

online channels, and has to date established official flagship stores on mainstream e-commerce platforms including Tmall, JD.com, Douyin, Xiaohongshu, Pinduoduo, and WeCom Youzan.

(III) Performance drivers during the Reporting Period

During the Reporting Period, despite challenges posed by shifting market conditions and intensifying industry competition, the Company's overall performance remained on a steady development track, demonstrating strong operational resilience and risk management capabilities. This was largely attributable to the active implementation of the Company's core strategies across all business segments.

1) Chemical Pharmaceuticals Segment: The segment's overall revenue experienced phased fluctuations due to the continued impact of the national centralized drug procurement policy. In the face of industry headwinds, the Company maintained strategic resolve and deepened its commitment to "innovation-driven" development. Through optimized resource allocation, the Company continued to actively advance product mix adjustment and innovation-driven transformation. Notably, the approval and commercial launch of the anti-influenza innovative drug Pixavir Marboxil Capsules (Yilikang) marked a milestone in the Company's innovation-driven transformation. It further strengthened the Company's pipeline in the antiviral therapeutic area, laying a solid foundation for the future commercialization of innovative products and the sustainable growth of the segment.

2) APIs and Intermediates Segment: Facing the dual challenges of cyclical price fluctuations in certain individual products and escalating industry competition, the APIs and Intermediates segment fully leveraged its competitive advantage in vertical industrial chain integration. Through process improvements and lean management practices, the segment achieved cost reduction and efficiency gains, ensuring the stable operation of its core business. On one hand, the Company accelerated the construction and qualification of high-standard production capacity both domestically and internationally to enhance its responsiveness to global markets. On the other hand, it continued to optimize its product mix by increasing the proportion of high-value-added, high-margin products. Looking ahead, as the Company's internationalization strategy deepens, its market share in the global API market is expected to rise steadily.

3) Healthcare products Segment: The segment demonstrated exceptional growth resilience during the Reporting Period. Against the backdrop of a high comparison base in the same period of the prior year, the segment still achieved a year-on-year revenue growth of approximately 37%, underscoring the Company's brand influence and market penetration capabilities.

Explanation of Significant New Non-Principal Businesses during the Reporting Period

□ Applicable √ N/A

II. Overview on the industry in which the Company operates during the Reporting Period

In 2025, China's pharmaceutical innovation entered a new phase of high-quality development, driven by both policy and market forces. The National Healthcare Security Administration (NHSA), in conjunction with the National Health Commission (NHC), issued the Several Measures to Support the High-Quality Development of Innovative Drugs, establishing a comprehensive support system spanning the entire value chain from R&D and market access to payment. Through core initiatives such as data-driven support based on healthcare insurance data and targeted science and technology programs, the policy framework injected stable and systemic momentum into the industry.

1) R&D output improved in both volume and quality, with multi-sector innovation advancing in concert. In 2025, the National Medical Products Administration (NMPA) approved 76 innovative drugs for market launch, a historic high, with a significantly higher proportion of Class 1 innovative drugs covering clinically urgent therapeutic areas such as oncology and rare diseases. The pace of domestic substitution accelerated, with domestically developed chemical drugs and biologics accounting for 80.85% and 91.30% of approvals, respectively, highlighting the growing strength of homegrown capabilities. The launch of multiple first-in-class and globally novel products signaled the industry's transition into a stage of coordinated multi-sector innovation. Enhancing original innovation and addressing the over-concentration of research on a narrow set of targets have emerged as key priorities for the industry's continued development.

2) Overseas licensing transactions surged, with international competitiveness steadily strengthening. In 2025, the total value of overseas licensing deals by Chinese pharmaceutical companies exceeded USD 130 billion, with transaction volumes surpassing 150 deals — both reaching historic highs. This represents not merely a leap in scale, but also reflects a diversification of partnership models and breakthroughs in technology export. Pharmaceutical companies are building global networks through licensing arrangements, co-development agreements, and other mechanisms, forging collaborative ecosystems with multinational pharmaceutical companies and steadily expanding their influence in global innovation.

3) The payment ecosystem continued to mature, consolidating the foundation for monetizing innovation. A flexible payment ecosystem was established through the coordinated development of public healthcare insurance and commercial insurance coverage lists. The 2025 edition of the National Reimbursement Drug List (NRDL) added 50 Class 1 innovative drugs, with a negotiation success rate of 88%, alongside optimized renewal rules. The inaugural commercial insurance innovative drug formulary incorporated 19 high-value drugs, addressing patient needs beyond the scope of public insurance coverage. The implementation of special case review mechanisms and the "dual-channel" dispensing policy effectively improved access to drugs and medical devices, reinforcing the commercial foundation for innovative products.

These trends indicate that China is accelerating its transition from a large pharmaceutical manufacturer to a global leader in pharmaceutical innovation. In 2025, domestically developed innovative drugs achieved multi-therapeutic-area breakthroughs on the global stage, with homegrown first-in-class drugs making meaningful progress and the industry's overall competitiveness rising significantly. As the value of China's innovative drug licensing transactions reached the top position globally, the industry has completed a transformation from following the pack to running alongside global leaders — and in select areas, taking the lead — now reshaping the global pharmaceutical landscape as a core participant.

III. Discussion and analysis of business operation

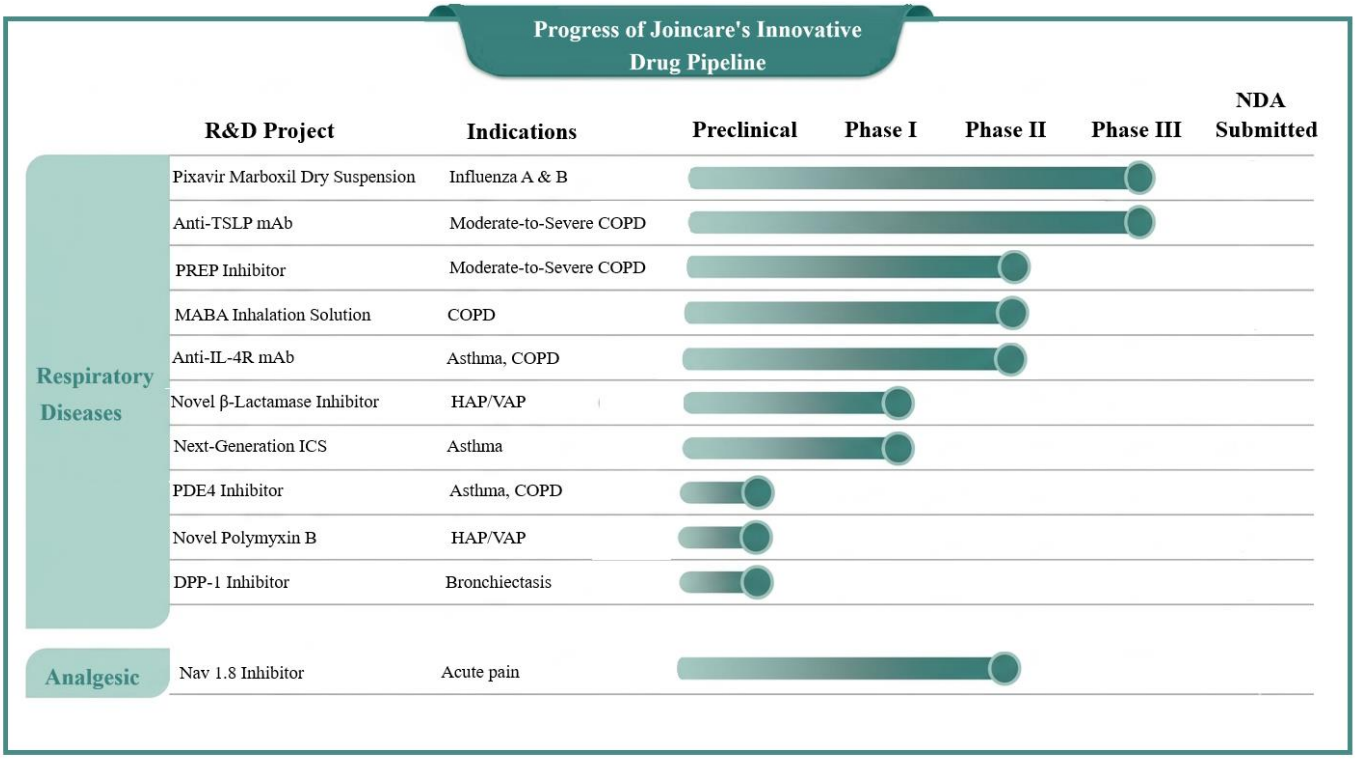
In 2025, in the face of deepening pharmaceutical industry policies and a shifting market environment, Joincare was guided by its "innovation-driven" strategy and demonstrated strong development resilience and value creation capabilities during this critical period of transformation. During the Reporting Period, the Company's net operating cash flow grew steadily, its business mix continued to optimize, and the contribution of non-Volume-Based Procurement (non-VBP) and innovative drug segments further increased. Through forward-looking strategic positioning and resource reallocation, the Company made meaningful progress in innovative drug R&D, with the commercialization of selected key projects continuing to advance. The Company also continued to optimize its R&D processes and manufacturing techniques, and explored the application of artificial intelligence tools in select business scenarios to improve R&D efficiency and process optimization.

1. R&D Innovation Delivering Breakthroughs Across Multiple Fronts, with Innovation Outcomes Accelerating to Fruition

R&D innovation is the core engine of Joincare's development. The Company has consistently focused on frontier therapeutic areas with unmet clinical needs, and has now established a well-structured, highly competitive pipeline of new drugs. Drawing on deep expertise across respiratory diseases, anti-infectives, assisted reproduction, neurology and psychiatry, and gastroenterology, the Company has built a pipeline of more than 20 Class 1 innovative drugs. In 2025, the Company entered a period of concentrated R&D harvest, achieving the approval and launch of landmark products while securing regulatory review breakthroughs and key clinical milestones across multiple cutting-edge targets, elevating its overall R&D capabilities to a new level.

In its leading therapeutic area of respiratory diseases, the Company's independently developed Class 1 anti-influenza innovative drug, Pixavir Marboxil capsules (Yilikang), received regulatory approval and was successfully launched in December 2025. The product's distinctive clinical advantages — including single-dose administration, dual coverage against influenza A and B, and a low resistance profile — fill a gap in the market. This represents a major milestone in the Company's innovative drug development in recent years, and signals the beginning of the commercialization phase for the Company's innovation pipeline in the respiratory field. At the same

time, Pixavir Marboxil dry suspension achieved a regulatory review breakthrough that enabled advancement from Phase I directly to Phase III through quantitative pharmacology-based dose extrapolation, significantly accelerating the development of a pediatric formulation. In addition, the anti-TSLP monoclonal antibody for moderate-to-severe COPD received approval to advance into Phase III clinical trials, with development progress ranking among the foremost in China; the PREP inhibitor, which has First-in-Class (FIC) potential, is steadily advancing through Phase II clinical trials and is expected to address the unmet need for oral small-molecule anti-inflammatory treatment. Together with substantive progress across the Company's tiered pipeline — including novel ICS, PDE4 inhibitor, and DPP-1 inhibitor programs — the Company's product matrix and technological moat in this therapeutic area have been further strengthened. While continuing to consolidate its competitive advantages in the respiratory disease field, the Company is also accelerating the expansion of its innovative pipeline into other key therapeutic areas, including pain management, gastroenterology and psychiatry. In particular, the Company's Nav1.8 inhibitor for pain management, as an important drug candidate under development, is progressing steadily through Phase II clinical trials, further demonstrating the Company's ability to continuously expand its innovative pipeline around unmet clinical needs. It also provides strong support for building an innovative drug portfolio with coordinated development across multiple therapeutic areas. For the R&D progress of the relevant products, please refer to the section headed "Overall R&D Progress" in this report.



In other therapeutic areas, the Company has also achieved multiple milestone advances, forming a well-balanced innovation pipeline. In the autoimmune field, the recombinant human IL-17A/F dual-target inhibitor (Lecankitug) for psoriasis has been submitted for market approval and granted priority review status, while Phase III clinical trials for the ankylosing spondylitis indication have been successfully completed. In the metabolic field, Semaglutide Injection for the diabetes indication has been submitted for market approval, while the weight management indication has entered the late Phase III stage. In the neurology and psychiatry field, long-acting Aripiprazole Microspheres received successful approval, and NS-041 tablets and other programs are progressing smoothly. Meanwhile, in the gastroenterology field, JP-1366 tablets have completed Phase III clinical trials and an NDA application has been filed, while the injection formulation has advanced to Phase II clinical trials. In the assisted reproduction field, the oral GnRH antagonist LPM7100328 capsules have initiated Phase III clinical trials. Key pipeline programs including the analgesic Nav1.8 inhibitor, the anticoagulant H001 capsules, and the anti-infective SG001 tablets are all advancing steadily through Phase II clinical trials. Early-stage pipeline programs such as the novel β-lactamase inhibitor, novel polymyxin B, and the FXI bispecific antibody for cardiovascular and cerebrovascular diseases are also demonstrating strong innovative potential, collectively underpinning the Company's long-term value growth. Overall, the Company's innovation system is progressively transitioning from “sustained investment” toward “fruition of outcomes,” and from “project reserves” toward “product launches, clinical advancement, and incremental business contribution” — with the verifiability of R&D value becoming increasingly apparent.

2. Internationalization Accelerating Across the Board, Building a Global Industrial Footprint

Supported by continuous enhancement of R&D, manufacturing, and supply chain capabilities, the Company's international footprint is transitioning from an early-stage focus on product export and regulatory filings to a systematic layout characterized by localized operations, regional deepening, and local production. During the Reporting Period, the Company made meaningful progress in the internationalization of both APIs and formulation products, with overseas revenues reaching RMB2.768 billion, a year-on-year increase of 4.78%.

In API internationalization, the Company continued to advance its global market expansion on the foundation of quality, compliance, and service excellence, continuously optimizing its global customer base. Deep strategic partnerships were established with multiple leading global pharmaceutical and animal health companies, and long-term supply relationships were built with dozens of high-quality overseas clients, with the revenue contribution from strategic clients continuing to grow. During the Reporting Period, compliance standards at the Company's API manufacturing facilities improved steadily: the Fuzhou Fuxing plant successfully passed an EU-GMP inspection; the Ningxia plant passed the FDA inspection with zero 483 observations and also successfully passed a German official inspection, ensuring the stability of global supply. In addition, construction of the API manufacturing facility in Jakarta, Indonesia is progressing steadily. This

project serves as an important strategic anchor for the Company's overseas API production capacity layout, and will in future help overcome barriers in overseas markets and build out a more complete global production capacity coordination network.

In formulation internationalization, the Company has continued to advance the transition from a registration filing-focused approach to a coordinated strategy encompassing registration, on-the-ground commercialization and deeper regional market penetration. During the Reporting Period, the Company obtained marketing authorizations for multiple products in Pakistan, Uzbekistan, Indonesia, and other markets, and completed product registration filings and GMP certifications in key emerging markets such as Brazil and Malaysia, establishing an initial international registration and compliance framework covering Asia and Latin America. Joincare Haibin formally obtained the PIC/S GMP certificate from Malaysia's National Pharmaceutical Regulatory Agency (NPRA), demonstrating that the Company's quality management system has further aligned with international standards. Going forward, the Company will continue to deepen strategic collaboration with international partners, leveraging the demonstration effect of PIC/S certification to drive more of its leading respiratory, gastroenterology, and other advantaged products into global markets, achieving value advancement for the Company's formulation business on a broader scale.

In terms of localized operations, the Company continued to advance its overseas physical presence. In Southeast Asia, in May 2025, the Company's controlling subsidiary Livzon Group officially initiated the acquisition of Imexpharm Corporation (IMP), the third-largest listed pharmaceutical company in Vietnam, making Joincare the first Chinese pharmaceutical company to acquire a Vietnamese listed enterprise. IMP operates one of the largest numbers of EU-GMP certified production lines in Vietnam, with products covering more than 80% of Vietnamese medical institutions. This will provide the Company with a unique competitive advantage in using Vietnam as a bridgehead to serve the broader Southeast Asian market. To date, the Company's application for a public tender offer has received approval from Vietnam's State Securities Commission. Over the medium-to-long term, the Company will leverage IMP's local channel resources and policy advantages to develop and commercialize innovative drugs, biologics, and high-end generics across multiple product categories in the local market, establishing a core anchor for localized operations in Southeast Asia.

3. Continued Advancement of Artificial Intelligence Applications, Optimizing Governance and Operational Efficiency

The Company is actively responding to the national strategic deployment of the “AI+” initiative, and is continuing to advance digital infrastructure development and the application of relevant tools across key functions including R&D, manufacturing, sales, and functional management, while continuously improving organizational coordination, mechanism development, and institutional safeguards to drive ongoing optimization of operational and management approaches. Overall, the Company places increasing emphasis on embedding relevant technologies and tools into specific

business scenarios to serve R&D efficiency improvement, process optimization, and operational management enhancement.

On the R&D side, the Company is exploring the application of deep learning models and AI agents in target identification, molecular generation, retrosynthetic analysis, and druggability prediction, while supporting R&D decision-making through clinical and patent data analysis to reduce trial-and-error costs in select research stages and improve overall R&D efficiency. In COPD research, the Company has integrated molecular generation and ADMET property prediction models to improve research efficiency in the lead compound discovery stage, reducing the relevant work cycle to approximately 6 months — demonstrating the potential of AI to accelerate early-stage drug discovery. In clinical development, the Pixavir Marboxil dry suspension project utilized an AI-assisted clinical development strategy to support the rapid advancement of the project to Phase III clinical trials. On the manufacturing side, the Company applied a "data + model" approach, building analytical models from historical process data to identify key process parameters and critical quality attributes, thereby driving process optimization and manufacturing efficiency improvement. For the imipenem intermediate manufacturing process, the Company used relevant models to optimize and control reaction parameters, achieving a yield improvement of more than 5 percentage points for the relevant products while effectively reducing unit consumption.

In sales and functional management, the Company continued to advance data-driven management and process optimization, progressively enhancing capabilities in operational analysis, resource allocation, and decision support. In marketing, the Company continuously optimized the efficiency of academic promotion deployment and resource allocation through analysis of physician behavior, patient adherence, and market trends. In functional management, the Company strengthened information integration, process coordination, and risk monitoring across compliance management, administrative and human resources, and project evaluation scenarios, improving organizational responsiveness and governance standards. In BD-related work, systematic screening and analysis of project materials and market information also improved the efficiency of project assessment and decision support.

4. Practicing ESG Principles, Advancing Sustainability

The Company has continued to integrate sustainability requirements into its governance framework and the full scope of its operational management, continuously improving its ESG management mechanisms and raising its standards of compliant operations, green development, and social responsibility fulfillment. During the Reporting Period, the Company further refined its three-tier governance architecture comprising the Board of Directors, the Sustainability Committee, and the Working Group, strengthened ESG-related institutional development and the implementation of key initiatives, and incorporated key ESG indicators into the annual performance assessment framework for relevant management personnel, driving the effective integration of the sustainability philosophy into day-to-day operational 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 corresponding response measures in line with its operational realities. In supply chain management, the Company continued to improve its supplier management mechanisms, incorporating environmental, social, and governance requirements into supplier qualification, audit, and evaluation processes. By implementing the Supplier Code of Conduct and delivering targeted EHS (Environment, Health and Safety) training, the Company not only strengthened its assessment of suppliers' ESG performance, but also drove compliant operations among upstream and downstream partners, ensuring the long-term stability and sustainability of the supply chain. In fulfilling its social responsibilities, the Company continued to carry out relevant initiatives in the areas of inclusive healthcare, rural revitalization, and health education, drawing on its own industrial strengths and characteristics. During the Reporting Period, the Company continued to advance the “Inclusive Chronic Disease Prevention and Control Public Welfare Project,” providing drug assistance to economically disadvantaged chronic disease patients in remote areas; leveraged its industrial resources to advance the construction of standardized TCM cultivation bases, supporting industrial assistance and rural revitalization; and carried out health education campaigns on topics including chronic disease prevention and oral health, actively fulfilling its corporate social responsibilities.

Underpinned by its outstanding ESG practices, the Company has received multiple authoritative recognitions both domestically and internationally: its S&P Global CSA score reached 72, and it was included in the Sustainability Yearbook (Global Edition) for the second consecutive year; its Wind ESG rating maintained an AA grade, ranking first in the pharmaceutical industry. Looking ahead, the Company will continue to enhance its sustainability management capabilities in alignment with regulatory requirements, industry development trends, and its own operational realities, driving mutual reinforcement between high-quality development and sustainable development.

IV. Analysis of core competitive strengths during the Reporting Period

√Applicable □N/A

1. Strategic Foresight: Value-Oriented Leadership Through Industry Cycles

As a long-term value creator in the pharmaceutical and healthcare sector, Joincare has, since completing its strategic integration with Livzon Group in 2002, consistently advanced its business positioning and capability building in alignment with evolving industry trends and clinical needs. Against the backdrop of cyclical industry fluctuations, a changing policy environment, and intensifying market competition, the Company has maintained strong development resilience and sustained operational capabilities. This ability to navigate through cycles stems from management's

forward-looking insight into industry trends, its sustained commitment to deepening core therapeutic areas, and its long-term investment in key resources.

Forward-looking strategic positioning is one of the most important sources of the Company's core competitiveness. As early as 2013, the Company identified the significant market potential of the respiratory disease field driven by the aging population trend, and made a proactive move into the high-end inhalation formulation space. Following years of sustained R&D investment and technical accumulation, the Company progressively overcame the relevant technological barriers. After the launch of its first product in 2019, sales of respiratory products grew rapidly, achieving a 22-fold increase over four years and establishing the Company's important market position in China's respiratory sector.

Through sustained strategic investment and industry-wide positioning, Joincare has established significant competitive advantages in the respiratory, gastroenterology, and assisted reproduction fields. In the respiratory field, Joincare seized first-mover advantage with an early and diverse product portfolio, having successfully launched 10 products, breaking the long-standing monopoly of multinational pharmaceutical companies and securing a position in the top tier of market share. In addition, closely aligned with clinical needs, the Company has built a reserve of more than 10 Class 1 innovative drug pipeline projects, laying the groundwork for long-term development. In the gastroenterology field, Ilaprazole, as a domestically developed innovative PPI, has stood out in the market with its remarkable efficacy advantages, securing a leading position. The Company's in-development P-CAB product also lays a solid foundation for technological advancement and market expansion in this area. In the assisted reproduction field, the Company has established a comprehensive product matrix, with its flagship products maintaining a leading position in their respective sub-markets for consecutive years. Leveraging the strengths of its microsphere formulation technology platform, the Company has strategically planned for long-acting formulations, with pipeline projects progressing steadily, providing strong support for sustained development in this field.

While advancing innovative drug R&D across the board, the Company has also been quick to identify the industry upgrade opportunities brought by new technologies such as artificial intelligence. The Company is actively driving the deep integration of AI technologies in target discovery, molecular design, clinical trial data management, and corporate compliance governance. From early forward-looking positioning in key therapeutic areas to the current active deployment of the convergence of artificial intelligence and the pharmaceutical industry, this strategic foresight in converting cutting-edge technology into business productivity is becoming an important pillar supporting the Company in accelerating its innovative drug development pipeline and building long-term competitive barriers.

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

Organizational execution is the key enabler of Joincare's strategy implementation. The Company has built a young, dynamic, professional management team with strong execution capabilities, with members covering key business and functional areas including R&D, manufacturing, sales, and marketing. The Company adheres to a management philosophy that places strong emphasis on organizational synergy, having built efficient communication and collaboration mechanisms that foster close coordination and seamless integration among departments, breaking down information silos, minimizing communication losses, and significantly improving the scientific rigor of decision-making and the effectiveness of execution — laying a solid organizational foundation for the realization of strategic goals.

In recent years, the Company has continued to advance its transition from generic drugs to innovative drugs across key therapeutic areas, establishing a systematic R&D and product pipeline in respiratory, pain management, gastroenterology, psychiatry, and other fields. With the formal approval and launch of the Company's first innovative drug, Pixavir Marboxil capsules (Yilikang), the Company's innovative drug business has entered a new stage of development. Drawing on precise industry judgment and deep scientific and research capabilities, the Company has now built a well-structured and mature innovative drug pipeline, covering more than 20 core programs across indications including asthma, COPD, pain management, autoimmune diseases, and antiviral therapy. This efficient transition from “strategic transformation” to “delivered outcomes” not only validates Joincare's outstanding organizational execution capabilities and precision resource deployment, but also marks the Company's successful crossing of the innovation threshold — now advancing toward the strategic goal of becoming a globally leading pharmaceutical enterprise with a more competitive innovative drug matrix.

In the area of enterprise-level AI application, Joincare has consistently been at the forefront of the industry. In 2025, the Company was among the first to deploy DeepSeek-related large language model (LLM) capabilities for enhancement of business efficiency. Entering 2026, the Company has further explored and deployed next-generation intelligent agent (AI Agent) technologies, such as OpenClaw. By rapidly embedding advanced large models into business scenarios including drug screening, clinical analysis, compliance management, and digital marketing, the Company has demonstrated its capacity for rapid response to frontier technologies and its ability to internalize them organizationally, continuously empowering operational efficiency improvement and management upgrading. As these applications continue to deepen, the Company's advantages in operational efficiency, process optimization, and management enhancement are expected to become even more pronounced.

3. Brand Value: Quality Heritage and Ecosystem Development

In an increasingly competitive pharmaceutical and healthcare market, Joincare has remained deeply focused on brand value building, and through outstanding strategic vision and steadfast execution, has carefully cultivated and progressively built a distinctive and powerful brand system.

Taita (太太) and Eagle's (鷹牌), two beloved national brands under Joincare with more than 30 years of heritage, embody deep brand equity. Leveraging these well-established brands, the Company has fully advanced a dual-engine strategy of quality heritage and digital innovation. In recent years, the Company has injected powerful momentum into the high-speed and sustainable growth of its health supplement business through refined and professional digital operations.

In the API segment, the production bases of Joincare and its subsidiary Livzon Group in Zhuhai, Jiaozuo, and other locations have deeply integrated advanced intelligent manufacturing systems, enabling precise digital and automated control over the entire production process. Underpinned by the outstanding quality forged through stringent quality assurance, the Company has earned the trust of global pharmaceutical giants such as Pfizer, Eli Lilly, and Teva, establishing long-term and stable partnerships with these enterprises. Today, Joincare's API products, known for their superior quality and consistent performance, are exported to more than 60 countries and regions worldwide, helping establish Joincare as a benchmark of advanced Chinese manufacturing in the high-end API sector and a model of innovation and quality leadership in the industry.

In the prescription drug segment, the Company is vigorously advancing its digital marketing strategy, building a user-centered digital marketing ecosystem. Through its professional platform “Respiratory Experts' View,” the Company collaborates with leading industry experts to share professional knowledge and facilitate academic exchange, strengthening interaction and communication with physicians and patients and effectively enhancing the professionalism and credibility of the brand. At the same time, by leveraging big data analytics and artificial intelligence technologies, the Company precisely identifies market demand and user preferences, formulates targeted strategies, and has established an efficient service ecosystem linking physicians, patients, and the Company. The Company's brand awareness and reputation continue to rank among the leaders within the industry.

V. Overview of business operations during the Reporting Period

During the Reporting Period, the Company's overall operations maintained a steady and resilient growth trajectory, with all core business segments working in concert to demonstrate strong resilience amid a changing market environment.

As of the end of the Reporting Period, the Company directly and indirectly holds a 47.18% equity interest in Livzon Group. As the cornerstone of the Company's development, Livzon Group continues to deliver stable performance through its mature product portfolio and the channel advantages built through years of deep market cultivation, providing a solid operational foundation for the Group as a whole. Meanwhile, Livzon Biologics, the Company's biopharmaceutical R&D platform, has continued to show meaningful improvement in its operations. Through business streamlining and ongoing cost reduction and efficiency improvement initiatives, losses have

progressively narrowed and the development foundation has been continuously strengthened, providing solid support for the stability of the Company’s overall performance.

In the chemical pharmaceuticals segment, respiratory products experienced a degree of sales decline due to the continued impact of VBP policies and the intensifying competitive landscape. Meanwhile, revenue from innovative respiratory drugs accounted for more than 25% of total respiratory segment revenue, reflecting a continuous optimization of the product mix and the progressive realization of the Company's innovation-driven transformation. In response, the Company proactively took measures to consolidate the market position of its existing products and accelerate the development and commercialization of innovative drugs. On one hand, the Company stepped up market expansion efforts for its existing product Tobramycin Inhalation Solution, continuously strengthening terminal development, academic promotion, and access management — full-year sales of this product grew approximately 76% year-on-year, demonstrating a strong growth momentum. On the other hand, the Company accelerated the development of innovative drugs and drove the upgrading of its product mix, accumulating long-term competitive momentum. Most notably, toward the end of the Reporting Period, the Company's independently developed Class 1 innovative drug, Pixavir Marboxil capsules (Yilikang), received formal regulatory approval and was commercially launched. The Company has been actively advancing commercialization preparations and market access work: on the access side, the Company is actively advancing listing applications across provinces, with a view to achieving nationwide coverage as soon as practicable; on the channel side, the Company has simultaneously advanced its online platform and offline retail terminal deployment — rapidly completing the online launch on leading e-commerce platforms including JD Pharmacy and Ali Health, while also working with chain pharmacies to accelerate the penetration of retail terminals and improve patient access to the medication.

At the same time, the Company's healthcare products segment delivered outstanding results. Through continued strengthening of brand management systems and optimization of online-offline channel synergy, the Company drove the transformation of its health supplement business from traditional channel-based sales toward a model driven by brand building and refined operations. Supported by continuously improving operational capabilities in brand development, content communication, user engagement, and channel coordination, the healthcare products segment achieved a further 37% rapid year-on-year growth against the backdrop of an already high comparison base from the prior year, becoming an important contributor to overall performance and demonstrating the positive effect of the Company's diversified business portfolio.

During the Reporting Period, the API business maintained overall steady operations and continued to play an important role in supporting the Company's core business foundation. The Company continued to advance operational optimization across API and intermediate production, quality management, market expansion, and project reserves. While certain products showed divergent performance due to changes in market demand and price fluctuations, the segment as a whole

maintained strong resilience overall. Through deepening collaboration with strategic clients, optimizing production capacity allocation and supply chain management, the Company continued to consolidate its leading market share position and actively expanded its overseas business, while simultaneously advancing regulatory filing work for multiple APIs to build momentum for a recovery in performance. At the same time, the Company continued to advance project reserves and technology development around high-end APIs and innovative drug raw materials, with several key projects achieving phased milestones, providing support for subsequent business development and product mix upgrading.

(I) Analysis of principal business

1. Analysis of changes in items of income statement and cash flow statement

Unit: Yuan Currency: RMB

Item	Amount for the period	Amount for the same period of last year	Change (%)
Revenues	15,215,738,549.28	15,619,480,306.89	-2.58
Operating costs	5,714,323,041.92	5,827,852,690.99	-1.95
Selling expenses	4,147,535,893.31	3,922,967,960.40	5.72
Administrative expenses	870,488,589.13	911,595,557.28	-4.51
Financial expenses	-308,783,478.66	-301,975,435.84	N/A
R&D expenses	1,273,012,436.33	1,435,351,627.65	-11.31
Net cash flow from operating activities	3,891,842,483.63	3,636,320,913.57	7.03
Net cash flow from investing activities	-3,868,751,183.72	-1,154,006,895.66	N/A
Net cash flow from financing activities	-2,946,364,487.55	-3,036,022,692.95	N/A

Reasons for changes in net cash flow from investing activities: The change was primarily due to an increase in structured deposits during the current period and security deposits paid in connection with the equity acquisition of Vietnam's IMP.

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

□Applicable √N/A

2. Analysis of revenues and costs

√Applicable □N/A

During the Reporting Period, the Company realized revenues of RMB15,216 million, and the operating costs totaled RMB5,714 million. The specific breakdown of its principal business is as follows:

(1). Composition of principal businesses by industry, product, region and sales model

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	15,088,478,911.37	5,619,812,359.89	62.75	-2.60	-1.75	Decreased by 0.32 percentage points
Principal business by product						
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	7,286,582,108.23	1,603,618,889.84	77.99	-5.64	-2.61	Decreased by 0.68 percentage points
Chemical APIs and intermediates	4,709,293,317.75	3,087,769,931.91	34.43	-5.76	-4.34	Decreased by 0.97 percentage points
Traditional Chinese medicine formulations	1,685,567,775.31	433,513,934.72	74.28	14.47	19.06	Decreased by 0.99 percentage points
Diagnostic reagents and equipment	656,895,405.45	281,038,436.88	57.22	-8.56	8.15	Decreased by 6.61 percentage points
Healthcare products	515,923,500.81	108,256,915.51	79.02	36.96	10.28	Increased by 5.08 percentage points
Biologics	200,803,952.93	78,694,252.67	60.81	17.50	-26.89	Increased by 23.79 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	12,320,973,374.32	3,923,606,006.73	68.16	-4.12	-4.24	Increased by 0.04 percentage points
Overseas	2,767,505,537.05	1,696,206,353.16	38.71	4.78	4.54	Increased by 0.14 percentage points
Principal business by sales model						
By sales model	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)
Channel sales	9,757,449,686.77	2,253,361,397.71	76.91	-1.31	6.51	Decreased by 1.69 percentage points
Direct sales	5,331,029,224.60	3,366,450,962.18	36.85	-4.89	-6.60	Increased by 1.15 percentage points

Explanations on composition of principal businesses by industry, product, region and sales model

During the Reporting Period, the Company's principal businesses generated revenues of RMB15,088 million, representing a year-on-year decrease of RMB403 million or 2.60%. Due to the combined impact of multiple factors — including shifting market conditions and the challenges posed by intensifying industry competition — the Company's overall revenue from principal business operations experienced a slight decline. Chemical pharmaceuticals achieved revenues of RMB7,286 million, representing a decrease of 5.64% year-on-year. Chemical APIs and intermediates achieved revenues of RMB4,709 million, a year-on-year decrease of 5.76%. Traditional Chinese Medicine achieved revenues of RMB1,686 million, a year-on-year increase of 14.47%. Diagnostic reagents and equipment achieved revenues of RMB657 million, a year-on-year decrease of 8.56%. Healthcare products achieved revenues of RMB516 million, a year-on-year increase of 36.96%. Biologics achieved revenues of RMB201 million, a year-on-year increase of 17.50%.

(2). Analysis of production and sales

√Applicable □N/A

Main products	Unit	Production	Sales	Inventory level	YoY change in production (%)	YoY change in sales (%)	YoY change in inventory (%)
Leuprorelin Acetate Microspheres for Injection	Ten thousand boxes	254.18	253.84	0.00	14.40	14.29	-
7-ACA (including D-7ACA)	Ton	3,017.57	2,815.39	233.58	-2.96	-8.72	643.87
Shenqi Fuzheng Injection	Ten thousand bottles/ Ten thousand bags	1,385.62	1,246.67	183.48	23.30	7.93	309.10
Ilaprazole Enteric-Coated Tablets	Ten thousand boxes	1,743.66	1,727.71	215.33	21.83	-2.48	7.68
Ilaprazole Sodium for Injection	Ten thousand boxes	1,961.54	1,982.17	155.89	5.83	3.64	-12.53

Explanations on production and sales

In 2025, the fluctuation in the inventory of 7-ACA (including D-7ACA) and Shenqi Fuzheng Injection was mainly influenced by the supply-demand relationship at the end-user markets.

(3). Performance of major procurement contracts and major sales contracts

□Applicable √N/A

(4). Cost analysis

Unit: Yuan

By industry	Cost components	Amount incurred in the current period	As a percentage of total costs in the	Amount incurred in the same period of previous year	As a percentage of total costs in the	YoY change (%)

			current period (%)		same period of previous year (%)	
Pharmaceutical manufacturing Industry	Costs of materials	2,693,721,292.07	47.14	3,097,639,305.86	53.15	-13.04
	Labor costs	920,615,409.23	16.11	893,347,195.69	15.33	3.05
	Manufacturing costs	1,060,399,300.85	18.56	1,122,352,983.54	19.26	-5.52
	Depreciation	480,725,294.21	8.41	474,266,001.50	8.14	1.36
	Others	556,071,433.11	9.73	237,014,107.79	4.07	134.62
	Subtotal	5,711,532,729.47	99.95	5,824,619,594.38	99.94	-1.94
Service industry	Costs of materials	583,241.82	0.01	457,897.80	0.01	27.37
	Labor costs	1,700,947.02	0.03	2,231,501.36	0.04	-23.78
	Manufacturing costs	353,148.59	0.01	402,904.86	0.01	-12.35
	Depreciation	152,975.02	0.00	140,792.59	0.00	8.65
	Subtotal	2,790,312.45	0.05	3,233,096.61	0.06	-13.70
Total	Costs of materials	2,694,304,533.88	47.15	3,098,097,203.66	53.16	-13.03
	Labor costs	922,316,356.25	16.14	895,578,697.05	15.37	2.99
	Manufacturing costs	1,060,752,449.45	18.56	1,122,755,888.40	19.27	-5.52
	Depreciation	480,878,269.22	8.42	474,406,794.09	8.14	1.36
	Others	556,071,433.11	9.73	237,014,107.79	4.07	134.62
	Subtotal	5,714,323,041.92	100.00	5,827,852,690.99	100.00	-1.95
By product	Cost components	Amount incurred in the current period	As a percentage of total costs in the current period (%)	Amount incurred in the same period of previous year	As a percentage of total costs in the same period of previous year (%)	YoY change (%)
Health care products	Costs of materials	59,883,112.95	1.05	62,422,644.05	1.07	-4.07
	Labor costs	13,769,029.22	0.24	13,469,499.90	0.23	2.22
	Manufacturing costs	17,321,772.42	0.30	14,318,940.08	0.25	20.97
	Depreciation	1,752,492.70	0.03	4,068,599.69	0.07	-56.93
	Others	15,530,508.23	0.27	3,888,788.78	0.07	299.37
	Subtotal	108,256,915.51	1.89	98,168,472.49	1.68	10.28
Pharmaceutical Products	Costs of materials	2,601,906,882.80	45.53	3,008,112,021.71	51.62	-13.50
	Labor costs	906,846,380.01	15.87	874,828,979.60	15.01	3.66
	Manufacturing costs	1,023,294,485.89	17.91	1,050,183,299.30	18.02	-2.56
	Depreciation	476,160,790.96	8.33	469,031,468.12	8.05	1.52
	Others	500,556,592.26	8.76	216,316,739.27	3.71	131.40
	Subtotal	5,508,765,131.93	96.40	5,618,472,508.01	96.41	-1.95

Other information on cost analysis

Cost and variety of main medicinal herbs used in main TCMs

Main TCMs	Variety of main medicinal herb	Supply and demand	Procurement model	Influence of price fluctuation
Shenqi Fuzheng Injection(参芪扶正注射液)	Codonopsis Root and Astragalus Root	The supply of Livzon Limin's Codonopsis Root and Astragalus Root is relatively stable. Both medicinal herbs are supplied by plantation bases and external suppliers. Plantation Base of Livzon Limin Pharmaceutical Manufacturing Factory ("Livzon Limin Base") maintains safety stock of medicinal herbs, which ensures the supply quantity and stabilizes the supply price. Meanwhile, Limin signed annual demand-based supply agreements with external suppliers who are obligated to stock up according to Limin's quality requirements, so as to ensure sufficient supply of herbs with stable quality.	Supplied by Livzon Limin Base and external suppliers	**Codonopsis:** Driven by the high price environment of previous years, farmers' enthusiasm for cultivating Codonopsis remained persistently strong. In 2024, production capacity recovered and output grew steadily, gradually bringing supply and demand into balance and prompting a rational correction in prices. In 2025, the supply price of Codonopsis declined slightly on a year-on-year basis. **Astragalus:** Underpinned by the dynamic inventory management at the Company's Astragalus cultivation base, overall supply remained stable, with the 2025 supply price broadly in line with the same period of the prior year.
Anti-viral granules, Anti-viral granules (Sugar-free), Anti-viral syrup, Anti-viral tablets	Indigowoad Root, Fructus Forsythiae, Anemarrhena, Acori graminei Rhizoma, Gypsum, Rhizoma Phragmitis, Patchouli, Rehmanniae Radix, Radix Curcumae, Dahurian Angelica Root	The supply of primary raw medicinal materials for Anti-Viral Granules has remained stable. Stimulated by the high price environment of previous years, farmers became significantly more willing to cultivate the relevant medicinal herbs, leading to a continuous expansion of cultivation acreage over the past two years. Market inventories have been comprehensively replenished, and the availability of supply has become increasingly adequate. Compounded by the broadly subdued market conditions across the traditional Chinese medicinal materials sector in 2025, the supply-demand dynamics have undergone a significant shift. Prices of the vast majority of medicinal material varieties used in antiviral granules have declined to varying degrees, with the overall market reflecting a state of oversupply relative to demand.	Tendering procurement	Stimulated by the high price environment of preceding years, the cultivation acreage of traditional Chinese medicinal materials expanded significantly over the past two years. In 2025, the market entered a period of capacity release, with the supply of most medicinal materials becoming abundantly available. Compounded by the broadly subdued industry-wide market conditions throughout the year, the supply-demand imbalance intensified, and prices of the vast majority of medicinal material varieties declined to varying degrees. A notable example is Forsythia (Lian Qiao), a key ingredient used in antiviral granules. Although production was affected by multiple factors prior to the 2025 harvest season, resulting in a reduced yield, the post-harvest price fell by more than 40% year-on-year compared to 2024, driven by weak end-market demand and the steady release of cultivated production capacity. In light of the overall

				downward trend in the traditional Chinese medicinal materials market in 2025, Sichuan Guangda closely tracked market movements and adopted a phased, batched procurement strategy aligned with actual production requirements, effectively capitalizing on the declining price environment to achieve a corresponding reduction in procurement costs.

(5). Changes in consolidation scope due to equity change of major subsidiaries during the Reporting Period

□Applicable √N/A

(6). Material changes or adjustments in business, products or services during the Reporting Period

□Applicable √N/A

(7). Major customers of sales and major suppliers

A. Major customers of sales and major suppliers

√Applicable □N/A

Sales to the top 5 customers were RMB1,330 million, representing 8.74% of the total annual sales; of which the sales to related parties were RMB0 million, representing 0.00% of the total annual sales.

Purchases from top 5 suppliers were RMB641 million, representing 20.03% of the total annual purchase cost, of which the purchases from related parties were RMB265 million, representing 8.28% of the total annual purchase cost.

B. Sales to any individual customer in excess of 50% of the total, any new customer in the top 5 customers or heavy dependence on a few customers during the Reporting Period

□Applicable √N/A

Purchases from any individual supplier in excess of 50% of the total, any new supplier in top 5 suppliers or heavy dependence on a few suppliers during the Reporting Period.

□Applicable √N/A

C. During the Reporting Period, the Company's shares were subject to delisting risk warning or other risk warning

Top five sales customers

□Applicable √N/A

Top five suppliers
□Applicable √N/A

D. During the Reporting Period, the Company had trading business revenue
☐Applicable √ N/A

Top five sales customers where trading business accounts for more than 10% of operating revenue
☐Applicable √ N/A

Top five suppliers where trading business revenue accounts for more than 10% of operating revenue
☐Applicable √ N/A

3. Expenses

√Applicable □ N/A

Unit: Yuan

Item	2025	2024	YOY Change (%)	Explanations
Selling expenses	4,147,535,893.31	3,922,967,960.40	5.72	No material change
Administrative expenses	870,488,589.13	911,595,557.28	-4.51	No material change
Financial expenses	-308,783,478.66	-301,975,435.84	N/A	No material change
R&D expenses	1,273,012,436.33	1,435,351,627.65	-11.31	No material change

4. Investment in R&D

(1). Investment in R&D
√Applicable □ N/A

Unit: Yuan

Current expensed R&D expenditure	1,226,612,988.74
Current capitalized R&D expenditure	202,460,282.57
Total R&D expenditure	1,429,073,271.31
Total amount R&D expenditure as a percentage of Revenues (%)	9.39
Ratio of capitalized R&D expenditure (%)	14.17

(2). R&D Staff
√Applicable □ N/A

Number of R&D staff	1,561
Proportion of R&D staff to the total employees (%)	11.50
Education background of R&D staff	
Education composition	Number
Doctoral degree	50
Master’s degree	423

Bachelor’s degree	736
Junior college	250
High school and below	102
Age composition of R&D staff	
Age composition	Number
Under 30 years old (exclusive)	577
30-40 years old (including 30 years old, excluding 40 years old)	696
40-50 years old (including 40 years old, excluding 50 years old)	235
50-60 years old (including 50 years old, excluding 60 years old)	52
Over 60 years old	1

(3). Explanations

□Applicable √ N/A

(4). Reasons for and impact of the material change in the composition of R&D staff on the future development of the Company

□Applicable √ N/A

5. Cash flows

√Applicable □ N/A

Unit: Yuan

Item	2025	2024	YOY Change (%)	Explanations
Net cash flow from operating activities	3,891,842,483.63	3,636,320,913.57	7.03	No material change
Net cash flow from investing activities	-3,868,751,183.72	-1,154,006,895.66	N/A	Mainly due to an increase in structured deposits during the current period and security deposits paid in connection with the equity acquisition of Vietnam's IMP.
Net cash flow from financing activities	-2,946,364,487.55	-3,036,022,692.95	N/A	No material change

(II) Statement on material changes in profits arising from non-principal businesses

√Applicable □ N/A

Unit: Yuan

Item	Amount	As a percentage of total profit	Cause	Sustainable or not
Investment income	71,492,342.71	2.12%	Mainly due to changes in the profit or loss of invested associates.	No
Gains or losses from changes in fair value	19,493,748.76	0.58%	Mainly due to fluctuations in exchange rates on forward foreign exchange contracts.	No
Losses of credit impairment	-2,044,492.48	-0.06%	Mainly due to expected credit losses on accounts receivable.	No
Impairment loss of assets	-120,789,538.71	-3.59%	Mainly due to the provision for impairment of inventories and other assets.	No
Non-operating income	9,769,974.85	0.29%	Mainly due to transfer-in of payables no longer required to be settled and income from the disposal of scrap materials.	No

Non-operating expenses	109,390,887.55	3.25%	Mainly due to donation expenses.	No
Other income	170,002,759.70	5.05%	Mainly due to government grants.	Yes

(III) Analysis of assets and liabilities

√Applicable □ N/A

1. Status of assets and liabilities

Unit: Yuan

Item	Ending balance of this period	Proportion of ending balance of this period to the total assets (%)	Ending balance of previous period	The proportion of ending balance of previous period to the total assets (%)	Change in amount (%)	Explanations
Trading financial assets	1,694,102,766.69	4.78	89,363,055.07	0.25	1,795.75	Mainly due to the increase in structured deposits during the current period.
Other receivables	69,355,886.15	0.20	51,166,649.86	0.14	35.55	Mainly due to the increase in export tax rebates receivable.
Assets held for sale	0.00	0.00	54,029,237.68	0.15	-100.00	Mainly due to the completion of the transfer of assets held for sale by the wholly-owned subsidiary Health Pharmaceutical.
Non-current assets due within one year	880,840,324.51	2.49	556,410,803.22	1.56	58.31	Mainly due to the transfer-in of cash management products maturing within one year.
Other non-current assets	660,059,793.71	1.86	1,273,057,844.54	3.56	-48.15	Mainly due to the transfer-out of cash management products maturing within one year.
Trading financial liabilities	487,431.05	0.00	9,046,554.29	0.03	-94.61	Mainly due to exchange rate fluctuations on forward foreign exchange contracts.
Other current liabilities	7,996,328.84	0.02	11,841,940.51	0.03	-32.47	Mainly due to the recognition of revenue upon certain contract advances received during the current period meeting the criteria for revenue recognition, with the corresponding output tax transferred accordingly.
Long-term borrowings	1,572,266,599.04	4.44	2,424,635,112.37	6.79	-35.15	Mainly due to the repayment of part of the long-term borrowings.
Capital reserve	1,142,268,958.89	3.23	1,654,383,491.41	4.63	-30.96	Mainly due to the cancellation of treasury shares repurchased by the Company during the current period, with the corresponding amount offset against capital reserve.
Treasury shares	0.00	0.00	328,221,279.42	0.92	-100.00	Mainly due to the cancellation of treasury shares repurchased

						by the Company during the current period, with the corresponding amount offset against capital reserve.
Other comprehensive income	-134,669,133.15	-0.38	-41,177,547.42	-0.12	N/A	Mainly due to changes in foreign currency translation differences arising from exchange rate fluctuations.

2. Overseas assets

√Applicable □ N/A

(1) Asset size

Of which: Overseas assets were 60.81 (Unit: 100 million Currency: RMB), representing 17.17% 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

Item	Carrying value at the end of the period	Cause of restriction
Other monetary funds	1,865,020,659.69	Security deposits for equity acquisition and letter of guarantee arrangements
Notes receivable	828,335,011.06	Notes pool business and pledge of notes receivable
Total	2,693,355,670.75	

4. Others

□Applicable √ N/A

(IV) Analysis of industry-related business information

√Applicable □N/A

According to the Guidelines for the Industry Statistics and Classification of Listed Companies issued by the China Association for Public Companies, the Company is operating in the pharmaceutical manufacturing industry (C27). Adhering to the mission of "For the health, For the future" and the vision of "diligently make high-quality and innovative drugs", the Company has been committed to the pharmaceutical business and been strengthening R&D, production, marketing and management of medical products, to strive to become a domestic leading integrated pharmaceutical enterprise with capacity for independent innovation and international competitiveness in terms of production, technology and management in the near future.

Analysis of business information on pharmaceutical manufacturing industry

1. Basic information on industry and main drugs (products)

(1). Basic information on industry

√Applicable □N/A

1. Influence of industry policies

2025 marked a pivotal year for concluding the 14th Five-Year Plan and laying the groundwork for the 15th Five-Year Plan. Propelled by cohesive policy frameworks, the pharmaceutical and healthcare industry has embarked on a new trajectory of high-quality development. The sector is now defined by innovation-led growth, structural refinement, and heightened regulatory standardization, with policy playing a key role in reshaping the industry landscape. Meanwhile, the synergy among healthcare insurance, medical services, and regulatory compliance is driving a fundamental transition: from scale expansion to quality-driven growth, and from price-centric competition to value-centric competition. This evolution marks the formal establishment of a multi-tiered, full-lifecycle industry governance system.

The "Dual Catalogues" for Strategic Healthcare Coverage

On December 7, 2025, the National Healthcare Security Administration (NHSA), in collaboration with the Ministry of Human Resources and Social Security (MOHRSS), released the revised National Reimbursement Drug List (NRDL) alongside the inaugural Commercial Insurance Innovative Drug Catalogue. A total of 114 drugs—including 50 Class 1 innovative drugs—were added to the NRDL, while 29 low-efficacy drugs were delisted, bringing the total count to 3,253. This update significantly bolsters coverage in clinically prioritized areas such as oncology and rare diseases. Simultaneously, the Commercial Insurance Innovative Drug Catalogue incorporated 19 high-value innovative drugs, establishing a dual-layered security framework: basic coverage via the NRDL complemented by high-end supplemental protection through commercial insurance. This policy initiative has not only expanded market access for innovative drugs and alleviated patient financial burdens but also incentivized pharmaceutical enterprises to prioritize unmet clinical needs, fundamentally enhancing the accessibility of innovative drugs.

Supporting the High-Quality Development of Innovative Drugs

On June 30, 2025, NHSA, in collaboration with the National Health Commission (NHC), unveiled the “Several Measures to Support the High-Quality Development of Innovative Drugs”. Serving as a strategic pillar alongside the "Dual Catalogues," these Measures establish a comprehensive support system focused on optimizing negotiation and renewal terms, exempting innovative therapies from traditional payment assessment, and facilitating clinical integration. Crucially, the policy reinforces the requirement for evidence-based clinical value. This regulatory framework has significantly bolstered R&D confidence, catalyzing a strategic shift toward original innovation. By incentivizing investment in rare diseases and frontier technologies—and encouraging the use of Real-World Research (RWR) to substantiate value evidence—the policy fosters a "virtuous cycle" connecting unmet patient needs, enterprise innovation, and advancements in clinical practice.

The 11th Round of National Volume-Based Procurement (VBP)

On October 27, 2025, NHSA initiated the 11th Round of National VBP. This round adhered to the core tenets of stabilizing clinical supply, ensuring product quality, deterring bid rigging, and curbing vicious competition. More than ten procurement rules were refined, including the abandonment of the "lowest-price-wins" criterion and the establishment of pricing anchors to control price variances. Notably, the scope was expanded to include volume commitments from retail pharmacies and private hospitals, while quality inspections and mechanisms for reinstating bids after quality review were significantly strengthened. In total, 794 products from 445 enterprises participated, resulting in 453 products from 272 enterprises being tentatively shortlisted. This policy has accelerated the phase-out of obsolete production capacity and increased industrial consolidation. Crucially, by safeguarding the profit margins of high-value innovative drugs, the framework guides the reallocation of resources toward high-end R&D and innovation.

Deepening the Reform of DRG/DIP Payment Models

In 2025, NHSA accelerated the reform of Diagnosis-Related Groups (DRG) and Diagnosis-Intervention Packet (DIP) payment models through the issuance of key implementation guidelines. By year-end, the reform achieved universal coverage across inpatient medical institutions, disease categories, and healthcare funds. Notably, it incorporated inter-provincial inpatient expenses into disease-specific payments and refined grouping logic to better align with standardized clinical pathways. From a payment perspective, the reform has created incentives for medical institutions to prioritize cost-effective products and drives a strategic upgrade in medication structures. Consequently, pharmaceutical enterprises are incentivized to focus on unmet clinical needs, substantiate the cost-effectiveness evidence of their products, and proactively adapt to the evolving requirements of disease-specific reimbursement.

The Healthcare Capacity Enhancement Program

In September 2025, the State Council released the *Implementation Plan for the Healthcare Capacity Enhancement Program*, a strategic initiative dedicated to bolstering primary healthcare services. The plan prioritizes optimizing the institutional layout, strengthening the development of medical consortiums, promoting the grassroots adoption of Traditional Chinese Medicine (TCM), and modernizing infrastructure and workforce capabilities. This policy has significantly expanded the market for primary healthcare pharmaceuticals, generating incremental demand for generic drugs, medical consumables, and TCM products. Furthermore, it has accelerated the expansion of pharmaceutical distribution channels into lower-tier markets / primary healthcare markets and advanced the equitable development of regional healthcare systems.

Multi-dimensional Reform of Healthcare Fund Settlements

In early 2025, NHSA unveiled a series of settlement reform initiatives. These policies advanced real-time settlements between healthcare funds and medical institutions, direct settlement models between healthcare funds and pharmaceutical enterprises, and the synchronized settlement of basic

and commercial medical insurance. Furthermore, the reform clarified disease-specific payment requirements for inter-provincial inpatient services. This systemic shift has significantly accelerated capital recovery for pharmaceutical enterprises and stabilized drug pricing systems. It has also prompted enterprises to refine their marketing and financial management frameworks, ultimately driving an overall improvement in operational efficiency.

Response measures: In response to the significant policy shifts in the pharmaceutical industry, the Company takes effective and proactive measures, focusing on early planning, early transformation, and early compliance to continuously enhance its core competitiveness.

1. Innovation and R&D

The Company strengthens its commitment to innovative research and development by increasing investment in new product development and closely tracking advances in cutting-edge medical science. It emphasizes the development of innovative drugs with independent intellectual property rights. Development is driven by R&D, supported by professional research teams, strengthened collaboration with academic institutions, and continuous optimization of R&D processes. The Company also harnesses technologies such as big data and artificial intelligence to identify promising R&D targets and improve efficiency.

2. Medical Insurance Access

The Company closely monitors changes to the National Reimbursement Drug List and stays abreast of newly added or removed drugs. For products with potential for inclusion in the list, it proactively collects clinical data and conducts pharmacoeconomic evaluations, preparing in advance to participate in reimbursement negotiations and striving for fair and reasonable pricing. Communication with healthcare security authorities is strengthened to ensure smooth integration of the Company's products into the reimbursement process.

3. Response to VBP

From a business perspective, the Company increases R&D investment in innovative drugs to enrich its product pipeline and reduce reliance on highly competitive, low-value-added products. It places strong emphasis on product quality and continuously optimizes manufacturing processes. Through digitalization and intelligent manufacturing, the Company lowers costs and improves efficiency, ensuring its ability to offer competitively priced, high-quality products in centralized procurement tenders.

4. Price Management Measures

The Company maintains a robust drug price monitoring system to track market pricing trends and policy changes in real time. For innovative drugs, it aligns pricing strategies with newly established pricing mechanisms for first-launch drugs. For existing products, it adjusts pricing in accordance with policies such as the price governance initiative. The Company actively supports national efforts

to eliminate unfair and discriminatory pricing, maintaining a strong and responsible market reputation.

5. Compliance Operations Assurance

The Company operates a dedicated compliance department to enhance its compliance governance system. It adheres to rigorous compliance standards across all stages of production, distribution, and sales. A rational and market-oriented internal governance framework is in place to ensure lawful operations. In addition, an internal monitoring mechanism enables the timely detection and resolution of non-compliant behavior.

II. Basic information on the sector where the Company operates

The Company is primarily engaged in the R&D, production and sale of hundreds of varieties of pharmaceutical products and healthcare products in areas such as chemical pharmaceuticals, biologics, chemical active pharmaceutical ingredients (APIs), TCM, and healthcare products. Basic information on the market niches in which the Company operates is as follows:

Chemical pharmaceuticals: In recent years, the chemical pharmaceuticals industry has entered a period of profound structural adjustment, catalyzed by policy mandates such as the normalization of healthcare cost containment, the institutionalization of Volume-Based Procurement (VBP), and the rigorous advancement of Generic Quality Consistency Evaluation (GQCE). As market competition intensifies, industry-wide revenue and profit growth have moderated, with the growth ceiling for traditional generic drugs becoming increasingly evident. Conversely, the central government has introduced a robust suite of supportive policies, including R&D incentives for innovative drugs, expedited medical insurance access, and coordinated commercial insurance coverage. Consequently, innovative drugs have emerged as the primary engine for high-quality development and the quintessential profit driver, solidifying "innovation-driven growth" as the industry's definitive trajectory. Leveraging decades of deep-seated expertise in chemical pharmaceuticals, the Company maintains a diversified product portfolio spanning multiple therapeutic areas. Our robust market position is anchored in well-established sales channels, an expansive terminal network, and a distinguished brand heritage, allowing us to maintain resilience amidst industry shifts. Embracing the imperative for transformation, the Company has designated innovation-led transition as its core strategy. Moving forward, we will accelerate R&D iterations, expand our footprint in frontier technologies and novel drug candidates, and continuously refine our product mix. By strengthening our clinical translation and R&D capabilities, the Company aims to leverage its core innovative prowess to navigate market volatility and capture emerging opportunities in the evolving industrial landscape.

Biologics: In recent years, the biopharmaceutical industry has experienced rapid expansion, driven by its unique clinical value and its emergence as the preeminent track for global pharmaceutical innovation. The sector’s comprehensive portfolio, encompassing monoclonal antibodies (mAbs),

vaccines, and recombinant therapeutic proteins, has fundamentally addressed significant unmet medical needs through superior safety profiles and efficacy. In China and other emerging markets, the industry's growth trajectory significantly outpaces the broader pharmaceutical market. Specifically, the monoclonal antibody segment has witnessed explosive growth, signaling immense untapped potential. Joincare has established a robust strategic presence in the innovative biopharmaceutical space, with a core focus on antibody therapies, recombinant proteins, and next-generation vaccines. We continue to escalate our R&D investment to secure pivotal technological breakthroughs. Leveraging our leadership in autoimmune diseases and vaccinology, we have strategically extended our R&D boundaries into innovative biologics for respiratory health. Through disciplined R&D deployment and deep-seated technological accumulation, the Company is fortifying its core innovation engine to forge a differentiated competitive advantage in the global marketplace.

Chemical APIs: The Company's current chemical APIs portfolio encompasses cephalosporins, statins, carbapenems, and other specialty categories. Characterized by intensive capital investment, extended construction cycles, formidable technical barriers, and stringent environmental mandates, the domestic bulk API market maintains a high degree of industrial concentration. Nevertheless, systemic overcapacity continues to fuel intense competition. To navigate this landscape, the Company is accelerating its strategic evolution: transitioning from bulk APIs to high-end specialty APIs, and executing a market leap from non-regulated to regulated markets, and from domestic to international arenas. At the same time, the Company is focused on leveraging AI technologies to drive the green and low-carbon transformation of its industries, enhance the value-added potential of pharmaceutical intermediates and APIs, and accelerate its integration into global industrial and value chains. Currently, the Company is advancing its global manufacturing footprint with the construction of production capacity in Indonesia. This overseas expansion is designed to optimize our global supply chain and solidify our core competitive edge in the international market.

Traditional Chinese medicine: In recent years, the traditional Chinese medicine has experienced a sustained influx of favorable policies and refined regulatory frameworks. In terms of policies, China increased its support for traditional Chinese medicine from the top-level design, and shifted its policies from the overall long-term planning in the past to more specific guidance including medical insurance payment, optimization of review and approval rules, and encouragement of traditional Chinese medicine innovation. Traditional Chinese medicine stands as a cornerstone of the Company's traditional strengths. Flagship products such as Shenqi Fuzheng Injection and Anti-Viral Granules represent key traditional Chinese medicines of the Company. In the future, the Company will make every effort to develop an innovative R&D platform for traditional Chinese medicine to further strengthen the research and development of innovative traditional Chinese medicine products and continuously diversify the product pipeline of the Company.

Diagnostic reagents and equipment: In recent years, China's In Vitro Diagnostic (IVD) industry

has achieved consistent market expansion, propelled by the continuous evolution of the healthcare sector alongside rapid technological iterations. Its application landscape is diversifying, extending beyond traditional clinical laboratories to third-party diagnostic centers (ICLs), health check-up centers, primary healthcare facilities, and point-of-care (home-based) settings. Driven by the sustained release of underlying demand, the industry maintains robust growth momentum. While a gap remains compared to developed markets in Europe and North America, the dual trends of domestic substitution and innovation-led upgrading are definitive, underscoring the industry's vast long-term development potential. Since its establishment, Livzon Diagnostics, controlled by Livzon Group (a holding subsidiary of the Company), has been committed to the R&D, production and sales of diagnostic reagents and equipment. After years of efforts and development, it has built a multi-faceted technical platform that supports ELISA test, colloidal gold rapid test, chemiluminescence assay, multiplex liquid-chip assay, and nucleic acid assay. It has strong market influence in such fields as respiratory infection, infectious diseases, and drug concentration monitoring. Some of its products rank among the top in China in terms of market share. The Company continues to drive business development through technological innovation.

Healthcare products: The healthcare products industry has entered an era of rapid expansion, fueled by rising health consciousness, an accelerating aging population, and a distinct trend toward premiumization. This growth is further amplified by the proliferation of direct-to-consumer (DTC) and e-commerce channels, leading to a consistent release of market demand. However, the sector remains challenged by low technical barriers to entry, pervasive product homogenization, and a fragmented market landscape. Consequently, the industry faces intensifying competition characterized by aggressive price wars and the proliferation of disparate brands. With decades of expertise in the healthcare products sector, the Company possesses a portfolio of iconic brands—including “Taita” (太太), “Jingxin” (静心), and “Eagle’s” (鹰牌). These brands are anchored in a profound heritage, enjoying high market penetration and robust brand loyalty among consumers. In response to the evolving competitive landscape, the Company is reinforcing its leadership in traditional pharmacy chains while aggressively expanding its digital footprint. By forging deep strategic alliances with emerging social e-commerce platforms, the Company is leveraging omni-channel synergies to extend its market reach and ensure sustained, high-quality sales growth.

(2). Basic information on main drugs (products)

√Applicable □N/A

Basic information on main drugs (products) by segment and therapeutic areas

√Applicable □N/A

Segment	Main therapeutic area	Name of drug (product)	Registration Category	Indications	Prescription drug or not	Protected TCM or not (if applicable)	Effective and expiration date of patent right for invention (if applicable)	New drug (product) launched during the Reporting Period or not	Included in the Catalog of National Essential Drugs or not	Included in NRDL or not
Chemical pharmaceuticals	Gonadotropic hormones	Leuprorelin Acetate Microspheres for Injection	Chemical drugs Class 6	Endometriosis, uterine fibroids, breast cancer, etc.	Yes	No	2010.12.23-2030.12.23	No	No	Yes
Traditional Chinese medicine	Antitumor	Shenqi Fuzheng Injection	Traditional Chinese medicine Class 2	Enhancing the vital energy and strengthening the body resistance It is used for the treatment of mental fatigue, lacking in strength, weak breath, laziness to speak, spontaneous perspiration and dizziness caused by the deficiency of vital energy in lung and spleen; adjunctive treatment for patients with lung cancer or gastric cancer who suffer from the above indications.	Yes	No		No	No	Yes
Chemical pharmaceuticals	Gastroenterology	Ilaprazole Enteric-Coated Tablets	Chemical drugs Class 1	Duodenal ulcer and reflux esophagitis	Yes	No		No	No	Yes
Chemical pharmaceuticals	Gastroenterology	Ilaprazole Sodium for Injection	Chemical drugs Class 2	Peptic ulcer bleeding, and prevention of stress ulcer bleeding in critically ill patients	Yes	No	2018.08.10-2038.08.10	No	No	Yes

Note: The starting and expiration dates listed above refer to the corresponding term of patents of core products in each product category.

Main drugs (products) newly added into and exited from the Catalog of National Essential Drugs and National Reimbursement Drug List during the Reporting Period

√Applicable □N/A

Name of main products	Catalog of National Essential Drugs	National Reimbursement Drug List
Leuprorelin Acetate Microspheres for Injection	Not included	Included
Shenqi Fuzheng Injection	Not included	Included
Ilaprazole Enteric-Coated Tablets	Not included	Included
Ilaprazole Sodium for Injection	Not included	Included

Winning bids for main drugs in centralized drug procurement during the Reporting Period

√Applicable □N/A

Name of main drugs	Bid-winning price range	Total actual procurement volume by medical institutions	Unit
Leuprorelin Acetate Microspheres for Injection	RMB897.86-903.86	258.17	Ten thousand boxes
Shenqi Fuzheng Injection	RMB90.62-113.20	913.38	Ten thousand bottles/bags
Ilaprazole Enteric-Coated Tablets (6 tablets)	RMB69.90-78.34	1,327.53	Ten thousand boxes
Ilaprazole Enteric-Coated Tablets (10 tablets)	RMB116.00-156.30	116.80	Ten thousand boxes
Ilaprazole Sodium for Injection	RMB63.00	2,213.84	Ten thousand boxes

Explanations

√Applicable □N/A

① Data regarding total actual procurement volume by medical institutions is from IQVIA;

② The disclosed information refers to bid-winning prices in provinces where tenders were conducted during the Reporting Period or where newly implemented winning prices took effect.

Operating data by therapeutic areas or main drugs (products)

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Therapeutic area	Operating income	Operating costs	Gross profit margin (%)	YoY change in operating income (%)	YoY change in operating costs (%)	YoY change in gross profit margin (%)	Gross profit margin of products in the same field in the same industry
Gonadotropic hormones	290,350.89	78,403.37	73.00	3.25	-5.15	2.39	-
Gastroenterology	252,014.79	20,689.39	91.79	-1.81	-1.12	-0.06	75.20%
Antitumor	110,322.70	13,094.06	88.13	6.69	11.40	-0.50	92.57%

Explanations

√Applicable □N/A

① No comparable data on gross profit margin in the field of gonadotropic hormones has been

found.

② The gross profit margin of products in the field of gastroenterology is derived from that of the relevant industry in “Major products of metabolism and alimentary system” in Fosun Pharma's 2024 Annual Report.

③ The gross profit margin data of products in the field of Antitumor comes from that of “Oncology” in Hengrui Medicine’s 2024 Annual Report.

2. Drug (product) R&D of the Company

(1). Overview of R&D of the Company

√Applicable □N/A

During the Reporting Period, the Company’s total R&D investment amounted to RMB1,429 million, accounting for 9.39% of its total revenues. The Company adheres to an innovation-driven development strategy, accelerating the value realization of its innovative drug pipeline through independent R&D, collaborative development, and licensing partnerships. As of the date of this report, the Company has established a diversified product portfolio centered around its core therapeutic areas, including respiratory, gastroenterology, assisted reproduction, and anti-infectives, and is achieving key breakthroughs in strategic emerging areas such as pain management, cardiovascular and cerebrovascular diseases, metabolic disorders, and neurology and psychiatry, among which the progress of main projects is as follows:

Therapeutic Area	Key R&D Projects	Indications	Registration Classification	R&D Stage
Respiratory System	Pixavir Marboxil Capsules	Influenza A/B	Chemical Drug Class 1	Approved for marketing
	Pixavir Marboxil Dry Suspension	Influenza A/B	Chemical Drug Class 2	Phase III Clinical Trial
	Anti-TSLP mAb	Moderate-to-severe COPD	Therapeutic Biological Product Class 1	Phase III Clinical Trial
	PREP Inhibitor	Moderate-to-severe COPD	Chemical Drug Class 1	Phase II Clinical Trial
	MABA Inhalation Solution	COPD	Chemical Drug Class 1	Phase II Clinical Trial
	Anti-IL-4R mAb	Asthma, COPD	Therapeutic Biological Product Class 1	Phase II Clinical Trial
	Novel β-Lactamase Inhibitor	HAP/VAP	Chemical Drug Class 1	Phase I Clinical Trial
	Next-generation ICS	Asthma	Chemical Drug Class 1	Phase I Clinical Trial
	PDE4 Inhibitor	Asthma, COPD	Chemical Drug Class 1	Preclinical
	Novel Polymyxin B	HAP/VAP	Chemical Drug Class 1	Preclinical
	DPP-1 Inhibitor	Bronchiectasis	Chemical Drug Class 1	Preclinical
Pain Management	Nav1.8 Inhibitor	Acute Pain	Chemical Drug Class 1	Phase II Clinical Trial
Gastrointestinal Tract	JP-1366 Tablets	Reflux esophagitis In combination for *H. pylori* eradication	Chemical Drug Class 3	Manufacturing application submitted Clinical trial application submitted
	JP-1366 for Injection	Gastrointestinal bleeding ulcer	Chemical Drug Class 2	Phase II Clinical Trial

Therapeutic Area	Key R&D Projects	Indications	Registration Classification	R&D Stage
Assisted Reproduction/ GnRH	Leuprorelin Acetate Microspheres for Injection (3M)	Prostate cancer, breast cancer, etc.	Chemical Drug Class 4	Manufacturing application submitted
	Triptorelin Acetate Microspheres for Injection	Central precocious puberty	Chemical Drug Class 2	Phase III Clinical Trial
	LPM7100328 Capsules (Oral GnRH Antagonist)	Assisted reproduction	Chemical Drug Class 1	Phase III Clinical Trial
	Vardenafil Tablets	Benign prostatic hyperplasia	Chemical Drug Class 1	Phase II Clinical Trial
	Alarelin Acetate Microspheres for Injection	Prostate cancer, endometriosis	Chemical Drug Class 2	Phase I Clinical Trial
Psychiatry	Aripiprazole Microspheres for Injection	Adult schizophrenia	Chemical Drug Class 2	Approved for marketing
	Aripiprazole for Injection	Schizophrenia	Chemical Drug Class 4	Manufacturing application submitted
	NS-041 Tablets	Epilepsy Depressive disorder	Chemical Drug Class 1	Phase II Clinical Trial Phase I Clinical Trial
Autoimmune/ Metabolic	Lecankitug Injection	Moderate-to-severe psoriasis Ankylosing spondylitis	Therapeutic Biological Product Class 1	Manufacturing application submitted Phase III Clinical Trial
	Semaglutide Injection	Type 2 diabetes Weight management	Therapeutic Biological Product Class 3	Manufacturing application submitted Phase III Clinical Trial
Cardio-cerebrovascular	H001 Capsules	Prevention of postoperative venous thrombosis in orthopedics	Chemical Drug Class 1	Phase III Clinical Trial
	LZSN2501 (FXI Bispecific Antibody)	Prevention of postoperative venous thrombosis	Therapeutic Biological Product Class 1	Preclinical
Anti-infectives	SG001 Tablets	Invasive fungal diseases	Chemical Drug Class 1	Phase II Clinical Trial
Vaccines	Quadrivalent Recombinant Protein Influenza Vaccine	Prevention of influenza	Preventive Biological Product Class 1.3	Phase I Clinical Trial

Building on the continued advancement of the major R&D projects above, the Company has continued to strengthen its competitiveness by focusing on the differentiated advantages and clinical value of its key products. The status of certain core products is set out below:

- **Pixavir Marboxil Capsules (Yilikang):** The product can effectively inhibit both influenza A and influenza B viruses, and features single-dose oral administration over the full course of treatment, rapid onset of action, prolonged viral suppression and good tolerability. As the first innovative drug product approved for the Company in recent years, it marks the Company's innovation-driven transformation as gradually entering a stage of commercialization of R&D achievements.
- **Pixavir Marboxil Dry Suspension**: This formulation has been specifically developed for children and patients with swallowing difficulties. It helps address issues such as dose control and medication adherence in pediatric patients, and further expands the target population of the product from adults and adolescents to younger children, thereby further enriching the Company's product portfolio in the anti-influenza field.
- **Anti-TSLP Monoclonal Antibody**: Targeting the most upstream driver of airway inflammation, this product offers the unique mechanistic advantages of "source-level blockade" and "broad-spectrum anti-inflammation". It is primarily focused on the treatment of moderate-to-severe COPD, and its R&D progress currently ranks among the leading domestic players. Phase III clinical trials have enrolled the first patient and are progressing steadily.
- **PREP Inhibitor**: With its unique anti-inflammatory mechanism, this product is expected to play a positive role in controlling airway inflammation and reducing the risk of acute exacerbations, providing a more convenient and safer oral alternative for patients with moderate-to-severe COPD. As there is still a lack of well-tolerated oral COPD therapies worldwide, this target has strong innovative potential and is expected to achieve a First-in-Class breakthrough. The project has now entered Phase II clinical trials and forms an important part of the Company's comprehensive respiratory pipeline covering inhaled formulations, biologics and oral drugs.
- **Nav1.8 Inhibitor**: Targeting a key pathway in peripheral pain signal transmission, this product demonstrates significant clinical advantages, including potent analgesic efficacy, non-addictive potential and high safety. Its development is intended to address the substantial unmet global clinical need for pain management, fill the market gap for potent non-opioid analgesics, and further expand the Company's strategic footprint in the field of pain management.

(2). Basic information on main R&D projects

√Applicable □N/A

R&D projects (including projects subject to GCE)	Name of drug (product)	Registration Category	Indications	Prescription drug or not	Protected TCM or not (if applicable)	R&D stage
Pixavir Marboxil Capsules	Pixavir Marboxil Capsules	Chemical drugs Class 1	Influenza A and B infection	Yes	No	Approved for marketing
JKN2401	Anti-TSLP Monoclonal Antibody	Therapeutic biological products Class 1	Moderate-to-severe COPD	Yes	No	Phase III Clinical Trial
JKN2304	MABA Inhalation Solution	Chemical drugs Class 1	COPD	Yes	No	Phase II Clinical Trial
JKN2403	PREP Inhibitor	Chemical drugs Class 1	Moderate-to-severe COPD	Yes	No	Phase II Clinical Trial

JKN2306	Nav1.8 Inhibitor	Chemical drugs Class 1	Acute pain	Yes	No	Phase II Clinical Trial
JKN2502	Novel Polymyxin B	Chemical drugs Class 1	HAP/VAP	Yes	No	Preclinical
Pixavir Marboxil Dry Suspension	Pixavir Marboxil Dry Suspension	Chemical drugs Class 2	Influenza A and B	Yes	No	Phase III Clinical Trial
JP-1366 Project	JP-1366 Tablets	Chemical drugs Class 3	1. Reflux esophagitis 2. Combined with antibiotics for H. pylori eradication	Yes	No	1. Manufacturing application submitted 2. Clinical trial application submitted
Lecankitug Injection	Lecankitug Injection	Therapeutic biological products Class 1	1. Moderate-to-severe psoriasis 2. Ankylosing spondylitis	Yes	No	1. Manufacturing application submitted 2. Phase III Clinical Trial

(3). Drugs (products) filed for regulatory approval and granted approval during the Reporting Period

√Applicable □N/A

① **Drugs (products) filed for regulatory approval during the Reporting Period**

Name of drug	Registration Category	Approval items	Indications
Pixavir Marboxil Dry Suspension	Chemical drugs Class 2	Clinical trial application	Used for patients aged 2 to under 12 years with uncomplicated influenza A and B.
Recombinant Human Follitropin Alfa Solution for Injection	Therapeutic biological products Class 3	Application for market launch	(1) Women with anovulation (including polycystic ovary syndrome [PCOS]) who are unresponsive to clomiphene citrate treatment. (2) Women undergoing controlled ovarian stimulation in assisted reproductive technologies (ART) such as in vitro fertilization-embryo transfer (IVF), gamete intrafallopian transfer (GIFT), and zygote intrafallopian transfer (ZIFT), where the product is used to stimulate the development of multiple follicles. (3) Patients with severe luteinizing hormone (LH) and follicle-stimulating hormone (FSH) deficiency. In such cases, combined use of LH and FSH is recommended to stimulate follicular development.
JP-1366 Tablets	Chemical drugs Class 3	Application for market launch	Reflux esophagitis
Paliperidone Palmitate Injection	Chemical drugs Class 4	Application for market launch	For the treatment of schizophrenia in acute and maintenance phases
Lecankitug Injection	Therapeutic biological products Class 1	Application for market launch	This product is indicated for adult patients with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy.

LZZG2102 Granules	Traditional Chinese Medicine Class 3	Application for market launch	Tonifying the spleen and soothing the liver, resolving dampness and arresting leukorrhea. For leukorrhea due to liver depression and spleen deficiency with dampness pouring downward. Symptoms include white or pale yellow, thin and odorless discharge, pale complexion, fatigue, loose stools, pale tongue with white coating, slow or soggy pulse.
LZZG2101 Granules	Traditional Chinese Medicine Class 3	Application for market launch	Resolving phlegm and extinguishing wind, strengthening the spleen and eliminating dampness. For wind-phlegm disturbing upward syndrome. Symptoms include dizziness, headache, chest and diaphragm oppression, nausea and vomiting, white greasy tongue coating, wiry and slippery pulse.
Leuprorelin Acetate Microspheres for Injection (3M)	Chemical drugs Class 4	Application for market launch	Prostate cancer, breast cancer, central precocious puberty
Aripiprazole for Injection	Chemical drugs Class 4	Application for market launch	For the treatment of schizophrenia in acute and maintenance phases
Omega-3 Fatty Acid Ethyl Esters 90 Soft Capsules	Chemical drugs Class 4	Application for market launch	Lipid-lowering
YJH-012 Injection	Chemical drugs Class 1	Clinical trial application	Gout with hyperuricemia
NS-041 Tablets	Chemical drugs Class 1	Clinical trial application	Treatment of depression

② Drugs (products) granted clinical approval during the Reporting Period

Name of drug	Registration Category	Indications
Pixavir Marboxil Dry Suspension	Chemical drugs Class 2	Indicated for pediatric patients aged 2 to under 12 years with uncomplicated influenza A or B
YJH-012 Injection	Chemical drugs Class 1	Gout with hyperuricemia
NS-041 Tablets	Chemical drugs Class 1	Treatment of depression
JP-1366 Injection	Chemical drugs Class 2	Peptic ulcer bleeding

③ Drugs (products) granted registration approval for launching during the Reporting Period

Name of drug	Registration classification	Indications
Pixavir Marboxil Capsules	Chemical drugs Class 1	Indicated for the treatment of uncomplicated influenza A and B in otherwise healthy adolescents aged 12 years and above and adults, excluding patients at high risk of influenza-related complications.

Aripiprazole Microspheres for Injection	Chemical drugs Class 2	Schizophrenia
Perospirone Hydrochloride Tablets	Chemical drugs Class 4	Schizophrenia
Valacyclovir Hydrochloride Tablets	Chemical drugs Class 4	Herpes virus infection

(4). Cancellation of main R&D projects or the failure to obtain approval for drugs (products) during the Reporting Period

□Applicable √N/A

(5). R&D accounting policy

√Applicable □N/A

The research and development (R&D) expenses of the 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 commissioning 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 hours or area utilized.

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 finish the development of the intangible asset so that it will be available for use or sale; the Company intends to finish the development of 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 following the completion of technical and economic feasibility studies and formal project approval.

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:

① For research and development projects that are not required to obtain clinical approvals, the period from the beginning of research and development to before 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 to receipt of production approvals is treated as the development phase, and all expenditures shall be recognized as development expenditures and reclassified as intangible assets after obtaining production approvals.

② For research and development projects that require clinical approval, the period from the beginning of research and development to the obtaining of clinical approval is treated as the research phase, and all expenditures incurred shall be 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.

③ The purchase price of externally acquired technology or formulations is recognized as development expenditures, and subsequent research and development expenditures are accounted for in accordance with ① and ② above.

④ The Company reviews the latest research and development status of each project at the end of each year and if the research and development project no longer qualifies for the development stage, the corresponding development expenditure is recognized in profit or loss for the current period.

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

(6). R&D expenditures

Horizontal comparison

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Comparable peer companies	R&D expenditures amount	Proportion of R&D expenditures to revenues (%)	Proportion of R&D expenditures to net assets (%)	Ratio of capitalized R&D expenditures (%)
Fosun Pharma	555,400.00	13.52	11.75	34.39
Kelun Pharma	217,122.79	9.95	8.12	0.03
CR Double-Crane	79,568.92	7.10	7.16	30.23
Humanwell Healthcare (Group)	162,967.89	6.41	9.25	10.59
North China Pharmaceutical	101,605.11	10.29	15.22	66.81
Average R&D expenditures in the same industry				223,332.94

Proportion of R&D expenditures to revenues during the Reporting Period (%)	9.39
Proportion of R&D expenditures to net assets during the Reporting Period (%)	5.86
Ratio of capitalized R&D expenditures during the Reporting Period (%)	14.17

Notes: 1. The data regarding comparable companies listed above are from each company's 2024 annual report;

2. The average R&D expenditures in the same industry is the arithmetic average of the R&D expenditures of five comparable companies listed above.

Statement on material changes in R&D expenditures and rationality of R&D expenditures proportion and capitalization proportion

□Applicable √N/A

Investment in major R&D projects

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

R&D project	R&D expenditures amount	Expensed R&D expenditures	Capitalized R&D expenditures	Proportion of R&D expenditures to revenues (%)	YoY change (%)
Pixavir Marboxil Capsules	5,989.67	181.43	5,808.24	0.39	-46.97
Anti-TSLP Monoclonal Antibody	3,314.13	3,314.13	-	0.22	-25.63
MABA inhalation solution	2,508.66	2,508.66	-	0.16	-48.51
PREP inhibitor	1,674.27	1,674.27		0.11	-37.51
Nav1.8 inhibitor	1,709.33	1,709.33		0.11	-23.89
Novel polymyxin B	2,197.64	2,197.64	-	0.14	-
Pixavir Marboxil Dry Suspension	1,804.40	1,804.40	-	0.12	2,509.78
JP-1366 (Zastaprazan tablets)	9,560.62	1,653.64	7,906.98	0.63	294.27
Lecankitug Injection	5,153.52	5,153.52	-	0.34	-18.71

Notes: The significant YoY changes in R&D expenditure were mainly attributable to that the fact that our R&D projects were in different R&D stages during the Reporting Period, and certain projects were introduced or licensed in during the Reporting Period.

3. Sales of drugs (products) of the Company

(1). Analysis of main sales model

√Applicable □N/A

Please refer to the “Overview on the businesses of the Company during the Reporting Period” in this Chapter.

(2). Analysis of selling expenses

Components of selling expenses

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Proportion of amount incurred in the current period to total selling expenses (%)
Business promotion expenses	319,568.58	77.05
Employee compensation	61,986.39	14.95
Entertainment and travel expenses	11,894.87	2.87
Business meeting expenses	11,817.46	2.85
Others	9,486.28	2.29
Total	414,753.59	100.00

Horizontal comparison

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Comparable peer companies	Selling expenses	Proportion of selling expenses to revenues (%)
Fosun Pharma	867,976.38	21.14
Kelun Pharma	349,261.93	16.01
CR Double-Crane	318,466.06	28.40
Humanwell Healthcare (Group)	463,056.55	18.21
North China Pharmaceutical	143,329.25	14.52
Total selling expenses of the Company during the Reporting Period		414,753.59
Proportion of selling expenses to revenues during the Reporting Period (%)		27.26

Note: The data regarding comparable companies listed above are from each company's 2024 annual report.

Statement on material changes in selling expenses and reasonableness of selling expenses

□Applicable √N/A

4. Others

□Applicable √N/A

(V) Analysis of investments

Overall analysis of equity investments

√Applicable □N/A

During the Reporting Period, the Company carried out strategic investments in accordance with its development plans as follows:

1. Major equity investment

√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	In the Consolidation scope of the Company or not	Item on the financial statement (if applicable)	Source of funds	Partner (if applicable)	Investment period (if any)	Status as of balance sheet date	Expected return (if any)	Impact of gain or loss for the period	Litigation involved or not	Disclosure date (if any)	Disclosure index (if any)
JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD.	Investments	Yes	Capital injection	222.92	100.00%	Yes	N/A	Own funds	N/A	Long term	Capital contribution completed	-	-3.97	No	-	-
Joincare Pharma Netherlands B.V.	Trade	No	Capital injection	418.37	100.00%	Yes	N/A	Own funds	N/A	Long term	Capital contribution completed	-	-306.41	No	-	-
Livzon Bio	Research and development, manufacture, and sale of pharmaceutical products; pharmaceutical technology development, technology services, technology transfer, and technology consulting	No	Capital injection	100,000.00	53.97%	Yes	N/A	Own funds	Livzon Group, YF Pharmab Limited, Hainan Lishengjuyuan Investment Partnership (Limited Partnership)	Long term	Livzon Group contributed RMB0.39 billion	-	-13,801.84	No	Please see Note 1 for details	Please see Note 1 for details
Total	/	/	/	100,641.29	/	/	/	/	/	/	/	-	-14,112.22	/	/	/

Note 1: Please refer to the *Announcement on Capital Increase of Livzon Biologics, a Holding Sub-Subsidiary Company of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin2025-019)* issued by the Company on April 8, 2025 for details

2. Major non-equity investment

□Applicable √N/A

3. Financial assets measured at fair value

√Applicable □N/A

Unit: Yuan Currency: RMB

Type of assets	Amount at the beginning of the period	Gain or loss on change in fair value for the period	Accumulated change in fair value included in equity	Impairment provision for the period	Amount of purchase during the period	Amount of disposal / redemption during the period	Other change	Amount at the end of the period
Shares	129,588,427.30	5,531,177.99	845,987.25	0.00	0.00	0.00	0.00	135,965,592.54
Funds	513,064,520.58	18,262.62	-47,779,868.34	0.00	407,603.40	12,325,719.94	0.00	453,384,798.32
Derivatives	299,668.02	2,421,863.34	0.00	0.00	0.00	0.00	0.00	2,721,531.36
Others	472,959,182.32	2,968,407.67	7,731,947.98	0.00	10,650,800,000.00	9,042,000,000.00	0.00	2,092,459,537.97
Total	1,115,911,798.22	10,939,711.62	-39,201,933.11	0.00	10,651,207,603.40	9,054,325,719.94	0.00	2,684,531,460.19

Information on investment in securities

√Applicable □N/A

Unit: Yuan Currency: RMB

Type of securities	Securities code	Securities abbreviation	Initial investment cost	Source of funds	Carrying amount at the beginning of the period	Gain or loss on change in fair value for the period	Accumulated change in fair value included in equity	Amount of purchase during the period	Amount of disposal during the period	Profit or loss for the period	Carrying amount at the end of the period	Accounting item
Share	00135	Kunlun Energy	4,243,647.64	Own funds	7,778,736.00	-1,067,811.40	-	-	-	316,320.65	6,710,924.60	Financial assets held for trading
Fund	206001	Penghua Fund	150,000.00	Own funds	987,629.66	18,262.62	-	-	-		1,005,892.28	Financial assets held for trading
Share	000963	Huadong Medicine	39,851.86	Own funds	11,404,575.20	1,598,618.20	-	-	-	306,539.16	13,003,193.40	Financial assets held for trading

Share	BEAM(US)	Beam Therapeutics, Inc.	31,117,151.47	Own funds	53,810,638.53	5,000,371.19	-	-	-		58,811,009.72	Financial assets held for trading
Share	ELTX(US)	Elicio Therapeutics, Inc.	35,363,302.05	Own funds	4,853,421.34	-	2,553,535.81	-	-		7,406,957.15	Other equity instruments investment
Share	CARM(US)	Carisma Therapeutics, Inc.	38,807,266.00	Own funds	2,168,737.48	-	-1,870,845.61	-	-		297,891.87	Other equity instruments investment
Share	02480	Luzhu Biotech-B	30,000,000.00	Own funds	49,572,318.75	-	163,297.05	-	-		49,735,615.80	Other equity instruments investment
Total	/	/	139,721,219.02	/	130,576,056.96	5,549,440.61	845,987.25	-	-	622,859.81	136,971,484.82	/

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 RMB452 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

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 contracts	163,504.10	-874.69	1,097.59	-	132,102.52	117,834.40	223.41	0.01
Total	163,504.10	-874.69	1,097.59	-	132,102.52	117,834.40	223.41	0.01
Explanation as to whether there has been a material change in the accounting policy and accounting principles for the Company's derivatives during the Reporting Period as compared with the previous Reporting Period	No material change							
Explanation of actual gain or loss during the Reporting Period	The actual gain/loss during the Reporting Period was a loss of RMB5.472 million.							
Explanation of hedging effect	The Company's foreign exchange derivative transactions are conducted based on the Company's actual foreign exchange receipts and payments. 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 mitigate 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 risk arising from exchange rate fluctuations on the Company's foreign currency-denominated assets, foreign exchange forward contracts and other financial derivatives are employed to lock in exchange rates for hedging purposes. The Company has formulated the Management System for Financial Derivatives Trading (《金融衍生品交易业务管理制度》) to govern the operation and control of foreign exchange derivatives:1. Market Risk: Changes in domestic and international economic conditions may cause significant exchange rate volatility, exposing the Company's foreign exchange forward business to certain market risks. However, for unilateral forward settlement or purchase transactions, the Company mitigates the risks arising from exchange rate fluctuations by researching and assessing exchange rate trends and locking in settlement or sale prices through contractual arrangements. Control Measures: Foreign exchange derivatives trading shall adhere to the Company's principles of prudence and conservatism, and speculative trading is strictly prohibited. The Company and its subsidiaries shall enhance their research and analysis of exchange rates, monitor changes in international and domestic market conditions in real time, and adjust operational strategies in a timely manner in accordance with market developments, so as to minimize risks arising from exchange rate fluctuations to the greatest extent possible.2. Internal Control Risk: Given the highly specialised and complex nature of forward foreign exchange settlement and sale transactions, internal control risks may arise if relevant personnel fail to fully and promptly understand derivative product information or fail to follow prescribed operational procedures. Control Measures: The Company has established relevant systems that clearly define the fundamental principles, approval authority, transaction management, internal operational procedures, risk controls, and information disclosure requirements governing foreign exchange derivatives trading, thereby managing and controlling transaction risks.3. Performance Risk: In the event that a counterparty bank becomes insolvent or otherwise fails during the term of a contract, the Company may be unable to settle the original foreign exchange contract at the agreed contractual price. When selecting counterparty banks for foreign exchange derivatives business, the Company will engage only large, financially strong, and operationally sound banks to mitigate default risks arising from bank insolvency. Control Measures: The Company and its subsidiaries shall conduct							

	foreign exchange derivatives business exclusively with duly licensed banks and other financial institutions, and shall exercise prudent scrutiny of the contractual terms entered into with eligible financial institutions to guard against legal risks. To manage the uncertainty risk arising from bulk commodity price fluctuations on the Company's raw material procurement costs, financial derivatives such as commodity futures contracts are employed to hedge raw material exposure. 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 standardise the management and risk control of commodity futures derivatives: 1. Market Risk: Market risks include systemic market risk, divergence between futures and spot prices, and insufficient liquidity in futures contracts. Control Measures: The Company's futures hedging business shall not engage in speculative trading. The principle of prudence and conservatism shall be strictly observed, the quantity of hedging transactions shall be strictly limited such that it does not exceed the actual volume of spot transactions, and futures positions shall not exceed the corresponding spot volume for hedging purposes. 2. Operational Risk: Operational risks may arise from imperfect internal processes, improper employee conduct, system failures, and other factors. Control Measures: The Company has formulated corresponding management systems that clearly define the division of responsibilities and approval procedures, and has established a robust supervisory mechanism. Through risk controls applied to business processes, decision-making processes, and transaction processes, operational risks are effectively reduced. 3. Legal Risk: The Company's commodity futures hedging business is subject to applicable laws and regulations, and the rights and obligations between the Company and relevant financial institutions shall be clearly stipulated. Control Measures: In addition to requiring the responsible departments to strengthen their knowledge of applicable laws, regulations, and market rules, the Company also requires its legal department to strictly review all business contracts, agreements, and other relevant documents, clearly define rights and obligations, and enhance compliance inspections, so as to ensure that the Company's derivatives investment and operations comply with 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 Reporting Period, the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives shall be disclosed	Gains and losses arising from change in fair value of the forward foreign exchange contracts, option contracts and commodity futures contracts during the Reporting Period were RMB10.9759 million.
Litigation involved (if applicable)	Not applicable
Disclosure date of the announcement in relation to the approval of investment in derivatives by the Board (if any)	7 April 2025
Disclosure date of the announcement in relation to the approval of investment in derivatives by the general meeting of shareholders (if any)	Not applicable

(2). Derivative investments for speculative purposes during the Reporting Period.

□Applicable √N/A

4. Progress of Material Asset Restructurings of the Company during the Reporting Period
□Applicable √N/A

(VI) Sale of major assets and equity
□Applicable √N/A

(VII) Analysis of major controlled and invested companies
√Applicable □N/A

Unit: 10,000 Yuan

Company	Nature of business	Main products and services	Registered capital	Total assets	Net assets	Revenues	Operating profit	Net profit
Taitai Pharmaceutical	Industry	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	52,215.57	45,600.88	20,335.26	5,332.31	5,286.68
Haibin Pharma	Industry	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	194,576.59	143,608.72	87,657.66	9,434.25	8,515.21
Xinxiang Haibin	Industry	Manufacturing and sale of pharmaceutical intermediates and APIs (excluding proprietary Chinese	17,000	61,583.33	43,001.54	50,524.51	3,521.17	3,126.64

		medicine or TCM decoction pieces) (excluding hazardous chemicals)						
Joincare Haibin	Industry	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	129,254.54	119,641.16	35,216.02	7,004.06	6,310.51
Health Pharmaceutical	Industry	Production and sale of self-produced dietary supplements, TCM decoction pieces, and drug products	HKD7,317	22,659.83	16,462.86	30,774.20	5,826.63	4,237.06
Jiaozuo Joincare	Industry	R&D, production and sale of pharmaceuticals, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products	76,000	249,906.03	134,007.39	138,794.33	33,053.03	27,607.40
Topsino	Commerce	Investment and trading	HKD89,693	253,638.57	212,918.29	0.00	34,169.23	33,252.17
Livzon Group	Industry	Drug R&D, production, manufacturing and sale	88,790	2,398,547.14	1,554,710.02	1,202,034.92	294,612.09	241,103.93

Notes: 1. With the exception of Livzon Group, all entities listed in the above table are companies in which the Company holds, directly or indirectly, a 100% equity interest. The financial data presented represents their individual financial statement figures and the amounts attributable to the parent company. As transactions may exist between individual subsidiaries or between subsidiaries and the Company, the individual financial statement data of each subsidiary has not been separately analyzed.

2. For details on the operations of Livzon Group, please refer to the Livzon Group 2025 Annual Report.

(VIII) Structured entities controlled by the Company

□ Applicable √N/A

VI. Discussion and analysis of the Company's future development

(I) Industry landscape and trend

√Applicable □N/A

For details, please refer to the “Basic information on industry” in this chapter.

(II) Company's strategies for business development

√Applicable □N/A

The Company remains firmly committed to science and technology-driven innovation, with the deep integration of AI as a core engine for transformation. It is undertaking a comprehensive innovation-driven transformation strategy focused on key therapeutic areas such as respiratory, pain management, gastroenterology, and assisted reproduction. The Company strives to become an innovation-oriented pharmaceutical enterprise that is socially responsible, committed to public well-being, and internationally influential. The key strategic development priorities are as follows:

1. Focused Development of the Respiratory Segment: In active response to national policies for the prevention and treatment of chronic respiratory diseases, the Company is accelerating the development of therapeutics for chronic respiratory conditions such as COPD, with the goal of addressing unmet clinical needs.

2. Establishment of a Comprehensive Innovative Drug Pipeline: The Company is building a robust pipeline of innovative drugs in core areas such as respiratory, pain management, neurology and psychiatry, and assisted reproduction. By targeting critical clinical challenges, the Company aims to develop innovative therapies of high clinical value to deliver superior solutions for patients.

3. Accelerated Efficiency Enhancement through Advanced Technologies such as AI: Embracing cutting-edge technologies in the AI era, the Company applies artificial intelligence across the entire value chain—from R&D and clinical trials to manufacturing and commercial operations—to significantly boost operational efficiency and strengthen overall competitiveness.

4. Ongoing Expansion of Global Footprint: The Company continues to pursue its globalization strategy by promoting the export of high-quality APIs and finished dosage forms to international markets. In parallel, it deepens collaboration with leading local pharmaceutical enterprises in overseas regions to enhance market penetration and ultimately elevate its global competitiveness.

(III) Business plan

√Applicable □N/A

(1) R&D Center

Research and development innovation is the core driving force behind the Company's sustained development. The Company will continue to advance innovative drug R&D, concentrating on key therapeutic areas including respiratory diseases, anti-infectives, gastroenterology, assisted reproduction, and neurology and psychiatry, and further refining its differentiated pipeline positioning. First, the Company will accelerate R&D progress around key projects, continuing to advance the development of core pipeline programs including the anti-TSLP monoclonal antibody, Pixavir Marboxil dry suspension, Nav1.8 inhibitor, and PREP inhibitor. Second, the Company will continue to advance the integration of artificial intelligence with R&D processes, deepening the application of relevant technologies in data analysis, molecular optimization, and R&D efficiency improvement across target discovery, compound design, and clinical trial support, thereby enhancing both R&D efficiency and quality. Third, the Company will adhere to a dual-engine strategy of in-house development and business development (BD). While strengthening its independent R&D capabilities, the Company will expand its sources of innovation through strategic partnerships, technology in-licensing, and project acquisitions to enrich its pipeline. In parallel, it will advance overseas registration of key products and actively expand its international development opportunities.

(2) Production Center

The production system will be continuously optimized and upgraded to support the industrialization of innovative drugs and improve overall operational efficiency. The Company will strengthen its core manufacturing capabilities across standardization, intelligent manufacturing, safety and quality management, cost reduction and efficiency improvement, and green development. It will continue to improve the full-process management system covering raw material procurement, production processing, and finished product inspection, advance upgrades to production equipment and production lines, and enhance automation, precision, and traceability in manufacturing. At the same time, the Company will leverage data analytics and other tools to strengthen production and operations management, improve overall operational efficiency, and continue to advance green production, energy conservation and emissions reduction, and international product certification, providing robust manufacturing support for business development.

(3) Sales Center

In the prescription drug marketing field, the Company will continue to advance market development around product mix optimization and the promotion of key products. Pixavir Marboxil capsules (Yilikang), as the first innovative drug approved for the Company in recent years, will be the focus of commercialization efforts covering market access, channel coverage, academic promotion, and patient engagement, with ongoing preparatory work for healthcare insurance access. The innovative drug segment will focus on academic promotion and clinical value communication to continuously strengthen professional influence. At the same time, the Company will continue to advance the application of artificial intelligence and data analytics tools in sales management to support customer management, market analysis, and business decision-making, while advancing digital infrastructure development around patient services and chronic disease management scenarios to improve service efficiency and patient outcomes.

In the marketing of APIs and intermediates, the Company will continue to advance coordinated expansion across international and domestic markets. In the international market, the Company will continue to deepen collaboration with core clients, expand its base of high-quality customers, and dynamically optimize its sales strategies in response to exchange rate movements and market conditions to drive steady growth in its international business. In the domestic market, the Company will actively develop new clients and new markets, continuously optimize cost control and product quality, and consolidate its profitability foundation.

In the healthcare products and OTC marketing field, the Company will drive business development around brand building and user value enhancement. First, it will continuously optimize online and offline channel deployment, advance organizational optimization, talent development, and digital marketing capability enhancement to strengthen brand reach and sales conversion. Second, it will strengthen brand building and market coordination, deepen collaboration with chain pharmacy channels, and actively explore new scenarios such as instant retail to enhance brand visibility and market penetration. Third, it will continue to strengthen user operations, optimize user experience and service systems to improve user engagement and retention, and consolidate the business development foundation through process optimization and capability building.

(4) Functions and Strategies

The functional and strategic areas will focus on corporate governance, talent and institutional development, AI application, and ESG system building. First, the Company will continue to improve its corporate governance system, strengthen internal control, risk management, and compliance mechanisms, and enhance operational efficiency. Second, it will continue to strengthen talent development and institutional building to support the coordinated advancement of key business functions including R&D, manufacturing, and sales. Third, it will continue to advance the application of AI tools in functional management scenarios, optimize workflows, and improve

organizational efficiency and management precision. Fourth, it will continue to advance ESG system development to drive the Company's high-quality sustainable development.

(IV) Potential risks

√ Applicable □ N/A

1. Risks of changes in industrial policies

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

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

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

2. Market risk

With the advancement of supply-side structural reform in the pharmaceutical manufacturing industry and the implementation of the two-invoice policy in the distribution sector, pharmaceutical market structure is deeply changed. With the gradual standardization and centralization of the market, competition in the pharmaceutical industry becomes increasingly fierce. Affected by increasingly stricter drug regulation, policy-based drug price reduction, price cutting during bidding, healthcare expenditure controls under the medical insurance system, and minimum procurement commitment of the pharmaceutical industry in current stage, bid winning price of drugs will be further lowered, competition among enterprises in the industry will be intensified, and price war will occur frequently, thus the Company will be at the risk of drug price reduction. Furthermore, following the market launch of certain innovative drug products, their commercialization progress and sales performance remain subject to multiple factors including healthcare insurance access, listing progress, channel expansion, academic promotion, physician awareness, and patient accessibility. As a result, the future sales revenues of such products are subject to a degree of uncertainty.

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

3. Risk of safety and environmental protection

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

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

4. Risk in price and supply of raw materials

There is a larger fluctuation in the supply price of some raw materials of the Company due to changes in material prices, especially the materials of traditional Chinese medicine, causing greater volatility or rise in production costs of the Company. Meanwhile, the quantity and category of raw material suppliers of the Company are various, thus quality of final products of the Company will be directly affected by the selection of raw material suppliers and the guarantee and control of quality of raw materials.

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

5. Risk of Quality Control

The quality of pharmaceutical products is directly linked to public health and safety. Regulatory authorities have placed increasingly stringent requirements on manufacturing quality, placing significant responsibility on pharmaceutical manufacturers. Given that drug production involves

numerous stages—including raw material supply, manufacturing processes, process controls, equipment management, production environment, transportation, warehousing, and testing—quality control must be integrated across the entire product lifecycle.

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

6. Risk of R&D for new drugs

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

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

Response measures: The Company remains focused on innovative drug development, with a strong emphasis on addressing unmet clinical needs. It will continue to invest in innovation as a long-term strategic priority. Moving forward, the Company will further strengthen its R&D innovation system, attract and develop high-caliber talent, and actively engage in collaboration and licensing of overseas innovative drugs. It will also enhance market research and product evaluation, standardize project initiation procedures, and improve risk control mechanisms—channeling resources toward the breakthrough development of core products. A comprehensive R&D project risk management system will be established to support full-cycle risk assessment and monitoring. This enables timely adjustment of R&D strategies to reduce development risks. At the same time, the Company closely monitors emerging technology trends, actively explores cutting-edge research areas, and strategically plans relevant R&D projects in advance to maintain its technological competitiveness. Moreover, by leveraging the Group's strength in APIs, the Company will also strengthen API–formulation integration to ensure long-term, sustainable development.

(V) Others

□Applicable √N/A

VII. Information not disclosed according to guidelines due to inapplicability of the standard, involving state secrets or trade secrets or other reasons, and notes on relevant reasons

□Applicable √N/A

Chapter 4 Corporate Governance, Environment and Social

I. Corporate Governance

√Applicable □N/A

The Company is in compliance with the corporate governance requirements applicable to it as a PRC public company listed on the Shanghai Stock Exchange in all material aspects, including but not limited to the Company Law, the Securities Law, the Guidelines for Corporate Governance of Listed Companies, and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. During the Reporting Period, the Company continued to improve its corporate governance structure, strengthen information disclosure management and enhance investor relations management and internal control to standardize the operation of the Company.

1. Shareholders and General Meetings

During the Reporting Period, 1 annual general meeting and 2 extraordinary general meetings were held by the Company. The Company convened and held general meetings in strict compliance with the Articles of Association, Rules of Procedure for the General Meetings and other relevant regulations to ensure that resolutions can be made at general meetings based on fairness and openness, thereby safeguarding the rights and interests of shareholders. In addition, the Company made full use of modern information technology such as online voting to ensure that all shareholders, particularly minority shareholders, can attend general meetings and exercise their rights to information and participation in decision-making in the most convenient and fastest way.

2. Controlling shareholders and the listed company

The Company is able to carry on its business and operations independently. In terms of business, personnel, assets, organizations and finance, the Company operates and conducts accounting independently from the controlling shareholders of the Company. The controlling shareholders of the Company have exercised their rights and assumed their obligations in strict compliance with the laws and regulations, and have not directly or indirectly interfered with the decision-making or business activities of the Company without authorization of the general meeting. The Company has formulated the Management Policy of Joincare Pharmaceutical Group Industry Co., Ltd. for Preventing the Controlling Shareholders or De Facto Controller and Other Related Parties from Appropriating Funds of the Company, and has established a long-term mechanism to prevent the controlling shareholders or de facto controller and their related parties from using funds of the listed company or damaging the interests of the listed company. During the Reporting Period, there was no circumstance where the Company's controlling shareholders, de facto controller, and their related parties embezzled assets of the Company or damaged the interests of the Company and minority shareholders.

3. Directors and the Board

During the Reporting Period, the Company held 7 Board meetings in multiple ways, including on-site meeting, voting through electronic means and the combination of on-site meeting and electronic means to ensure convenience for all attending directors. During the Reporting Period, the Board of the Company performed its duties actively and effectively in strict compliance with the relevant regulations, including the Company Law, the Articles of Association, and the Rules of Procedure for the Board Meetings.

The Company’s Board of Directors comprises ten members, including one employee director and four independent directors. Our independent directors are seasoned professionals with extensive expertise in law, finance, the pharmaceutical industry, and other specialized fields. Their diverse

backgrounds provide important professional support, ensuring robust and standardized corporate governance while fortifying the Company's decision-making process for major policies and strategic initiatives. Besides, five special committees are set up under the Board of the Company, namely the Audit Committee, the Remuneration Committee, the Strategy and Risk Management Committee, the Nomination Committee, and the Sustainability Committee. These committees assist the Board in performing its decision-making and supervision functions and give full play to their expertise, so as to ensure that decisions made by the Board are lawful, well-founded and sound.

During the Reporting Period, the Company convened, held and voted at the board meetings in accordance with the Rules of Procedure for the Board Meetings, and all directors of the Company have attended meetings including the board meetings and general meetings in a conscientious, responsible and honest manner, actively participated in relevant business training, familiarized themselves with relevant laws and regulations, and clarified the rights, obligations and responsibilities of directors.

4. Performance evaluation and incentive mechanism for senior management

The appointment and dismissal of and reward and punishment for senior management of the Company are performed in strict accordance with the relevant laws, regulations, and the Articles of Association. The Company has established the selection, appointment and performance assessment criteria and the remuneration decision-making procedure for the senior management. The Nomination Committee of the Company provided appropriate candidates for directors and senior management in accordance with the law, and submitted the list of candidates to the Board of the Company for review. The Remuneration Committee of the Company, pursuant to the regulations such as the Management Policy on the Remuneration and Performance Assessment of Senior Management, determined the result of performance assessment of senior management based on the completion of business objectives of the Company and work objectives of the senior management in 2025. Based on the result of performance assessment, the performance bonus and remuneration of senior management in 2025 were determined and submitted to the Board of the Company for review and resolution.

5. Investor relations

The Company has always attached great importance to communication and exchange with investors. The Board designated departments and personnel to manage information disclosure and investor relations, enhance communication with minority shareholders, answer questions from shareholders on the production, management and operation of the Company, and listen earnestly to the suggestions and advice of shareholders on the strategy and development of the Company. Without violating regulations, the Company met investors' information needs to the greatest extent possible to promote the sustainable and healthy development of the Company.

6. Information disclosure and transparency

The Company disclosed information in a timely, accurate, authentic and complete manner in strict compliance with the relevant regulations, including the Company Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Articles of Association, and the Information Disclosure Management Bylaws. The Company designated the Board Secretary to manage information disclosure, receive visitors, answer questions consulted, contact shareholders, and provide investors with the information publicly disclosed by the Company. The Company is able to disclose information in an authentic, accurate, complete and timely manner in accordance with the laws, regulations, and the Articles of Association, and is able to ensure equal access to information for all shareholders.

7. Stakeholders

The Company has fully respected the legitimate rights and interests of stakeholders, including banks, other creditors, employees, consumers, suppliers and communities, and has extended communication and cooperation with such stakeholders based on mutual benefit, so as to jointly promote the sustained and healthy development of the Company and protect the interests of public shareholders.

During the Reporting Period, the Company did not provide undisclosed information to its substantial shareholders or de facto controller, and the substantial shareholders and de facto controller of the Company did not interfere with the production, operation and management of the listed company. Overall, no corporate governance irregularities were found.

The corporate governance of the Company complies with the Company Law and relevant regulations issued by the CSRC. Achieving good corporate governance is a long journey, which requires continuous improvement. The Company will continue to timely update and improve its internal governance system in accordance with relevant regulations, discover and solve problems in a timely manner, and strengthen internal management, so as to promote standard operation and corporate governance as well as advance the steady and healthy development of the Company.

8. Establishment and implementation of insider registration management system for insider information

The Resolution relating to Amendment of the Insider Registration Management System for Inside Information of Joincare Pharmaceutical Group Industry Co., Ltd. was revised and approved at the 8th meeting of the 8th session of the Board of the Company, with a view to strengthening the confidentiality of inside information, maintaining the principles of openness, fairness and justice for the Company's information disclosure, and protecting the legitimate rights and interests of investors. During the Reporting Period, the Board Office of the Company was responsible for the management of insider information of the Company. It is stipulated that the documents and data reported and transmitted externally and other information involving inside information and information disclosure shall be reviewed and approved by the Board or the Board Secretary. When preparing periodic reports and planning significant matters, the Company performed inside information registration timely, and reminded the insiders by mail or phone not to deal with shares of the Company during the sensitive period. Upon self-inspection, the Company confirms that during the Reporting Period, there were no instances of insiders trading the Company's stocks or related derivatives based on insider information.

Whether there are any material deviations of the Company's corporate governance from laws, administrative regulations and CSRC regulations on the governance of listed companies; If any, the reasons should be explained.

□Applicable √N/A

II. Measures taken by the controlling shareholder and de facto controllers to ensure the independence of the Company's assets, personnel, finance, organization, business, in addition to solutions, work schedules and follow-up work plans adopted to enhance the independence of the Company

□Applicable √N/A

Engagement in the same or similar business as the Company by controlling shareholders, de facto controllers and other units under their control, and the influence of horizontal competition or major changes in horizontal competition on the Company, countermeasures taken, progress and follow-up plan

□Applicable √N/A

III. Information on directors and senior management

(I) Changes in shareholding and remuneration of current directors and senior management and those left the Company during the Reporting Period

√Applicable □N/A

Unit: shares

Name	Position (Note)	Gender	Age	Start date of the tenure	End date of the tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shareholding during the year	Reason for change	Total pre-tax remuneration received from the Company during the Reporting Period (RMBTen thousand)	Receive any remuneration from any related party of the Company or not
Zhu Baoguo	Chairman	Male	64	2024/08/27	2027/08/27					335.80	No
Liu Guangxia	Vice Chairman	Female	57	2024/08/27	2027/08/27					458.07	No
Lin Nanqi	Director, President	Male	44	2024/08/27	2027/08/27	1,291,040	1,291,040	0		961.82	Yes
Qiu Qingfeng	Director, Vice President, Chief Financial Officer	Male	55	2024/08/27	2027/08/27	717,409	717,409	0		266.82	Yes
Xing Zhiwei	Director, Vice President	Male	40	2024/08/27	2027/08/27					226.63	No
Yin Xiaoxing	Independent Director	Male	60	2024/08/27	2027/08/27					0.00	No
Qin Yezhi	Independent Director	Male	52	2024/08/27	2027/08/27					12.00	No
Peng Juan	Independent Director	Female	62	2024/08/27	2027/08/27					12.00	No
Shen Xiaoxu	Independent Director	Female	46	2025/05/09	2027/08/27					7.74	No
Huo Jing (Resigned)	Independent Director	Female	50	2024/08/27	2025/05/09					4.26	No
Yang Ying	Employee Director	Female	36	2025/11/14	2027/08/27					193.48	No
Zhang Leiming	Vice President	Male	43	2024/08/27	2027/08/27					271.82	No
Du Yanmei	Vice President	Female	39	2024/10/24	2027/08/27					422.49	No
Tang Tingke	Vice President	Male	41	2024/11/26	2027/08/27					226.84	No
Zhu Yifan	Board Secretary	Male	39	2024/09/27	2027/08/27					226.49	No
Total	/	/	/	/	/	2,008,449	2,008,449	0	/	3,626.27	/

Notes: Mr. Zhu Baoguo serves as the chairman of Livzon Group, a controlled subsidiary of the Company; and Mr. Lin Nanqi and Mr. Qiu Qingfeng serve as non-executive directors of Livzon Group. The remuneration listed above does not include the part paid by Livzon Group. Please refer to Livzon Group's 2025 Annual Report for details.

Name	Main work experience
Zhu Baoguo	Male, born in 1962, with a bachelor's degree. He was the director of Henan Xinxiang Waterborne Resin Research Institute, vice chairman and general manager of Henan Feilong Fine Chemical Products Co., Ltd., and had been the general manager and vice chairman of the Company since 1992. He is currently the chairman of the Company and the chairman of Livzon Pharmaceutical Group Inc. Mr. Zhu Baoguo has extensive experience in enterprise management, corporate governance, and capital operations. Mr. Zhu Baoguo is a shareholder of Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and is the de facto controller of the Company.
Liu Guangxia	Female, born in 1969, with a college degree. She was the manager of the Advertising Department of CCTV International Corporation Shenzhen, deputy general manager and director of the Company, and the vice chairman of Livzon Group. She is currently the vice chairman of

	the Company. Ms. Liu Guangxia has extensive experience in enterprise management, marketing, brand planning, and operations. Ms. Liu Guangxia is a shareholder of Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and is the spouse of Mr. Zhu Baoguo, the de facto controller of the Company.
Lin Nanqi	Male, born in 1982, holds a bachelor's degree in Engineering. He previously served as the deputy general manager of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (丽珠集团新北江制药股份有限公司), the executive vice president of the Company, and the general manager and legal representative of Jiaozuo Joincare Bio Technological Co., Ltd.* (焦作健康元生物制品有限公司) and Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海滨制药有限公司), wholly-owned subsidiaries of the Company. From 2018, he held successive positions at Joincare Group as Vice President and Executive Vice President, with overall responsibility for production, R&D, and corporate operations management. He is currently a director and president of the Company, responsible for the overall management of the Company. Mr. Lin Nanqi has extensive experience in pharmaceutical manufacturing and production, green development, quality management and supply chain management.
Qiu Qingfeng	Male, born in 1971, with an executive master of business administration degree from China Europe International Business School, member of Chinese Institute of Certified Public Accountants (non-practicing). He worked at Tianjin No.1 Machine Tool Works. Since 1996, he had served successively as the finance personnel, finance supervisor, finance manager, deputy general manager of the Company, and the general manager, board secretary, and president of the Company. He is currently the director, vice president and chief financial officer of the Company and a non-executive director of Livzon Pharmaceutical Group Inc. He is primarily responsible for the Company's financial management, compliance, and related matters. Mr. Qiu Qingfeng has extensive experience in corporate financial management, investment management, and internal risk control.
Xing Zhiwei	Male, born in 1986. He graduated from Sichuan University majoring in light industry biotechnology with a bachelor's degree. He currently serves as a director and the vice president of the Company, the chairman of the Company's subsidiary Jiaozuo Joincare Bio Technological Co., Ltd.* (焦作健康元生物制品有限公司), a director of the Company's subsidiary Henan Province Joincare Biopharmaceutical Research Institute Co., Ltd.* (河南省健康元生物医药研究院有限公司), the chairman of the Company's subsidiary Xinxiang Haibin Pharmaceutical Co., Ltd.* (新乡海滨药业有限公司), and a director of Jiaozuo Jianfeng Biotechnology Co., Ltd.* (焦作健风生物科技有限公司). He served successively as workshop supervisor and workshop manager of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (丽珠集团新北江制药股份有限公司), and workshop manager, production director and deputy general manager of Jiaozuo Joincare Bio Technological Co., Ltd.* (焦作健康元生物制品有限公司). He was in charge of work related to production and management of the Company. Mr. Xing Zhiwei has extensive experience in pharmaceutical manufacturing, green development, synthetic biology, supply chain management, etc.
Yin Xiaoxing	Male, born in 1966, with a doctoral degree. He used to be Dean of the School of Pharmacy and Vice President of Xuzhou Medical University. He is currently a professor of Xuzhou Medical University, a doctoral supervisor of pharmacology, Director of Jiangsu Key Laboratory of New Drug Research and Clinical Pharmacy, and an independent director of Jiangsu Nhwa Pharmaceutical Co., Ltd. Now, he is a member of the Teaching Steering Committee of Pharmacy Specialty in Colleges and Universities of Ministry of Education, the Chairman of the Steering Committee of Jiangsu Science Class 2 Postgraduate Education, the Vice Chairman of Jiangsu Province Pharmacological Society. He ever presided over several projects, including the national natural science fund of China and natural science funds of Jiangsu Province, published more than 90 papers as included in SCI as a correspondent author, and applied for 10 patents and was authorized 4 patents as the first finisher. He successfully constructed the undergraduate pharmacy program and pharmacy discipline system of Xuzhou Medical University. And he is the head of clinical pharmacy major and pharmacy major in the national first-class specialty construction points, and the head of the Clinical Pharmacology, a national first-class course. Mr. Yin Xiaoxing has extensive experience in teaching, scientific research, and technological development in the pharmaceutical industry.
Qin Yezhi	Male, born in 1974, with a bachelor's degree, a practicing member of Chinese Institute of Certified Public Accountants and China Certified Tax Agents Association, and a non-practicing member of China Certified Public Valuers Association. He successively served as auditor of Shenzhen Zhengfeng Lifu Accounting Firm, partner of Shenzhen Jinzheng Accounting Firm, and partner of Asia Pacific (Group) CPAs (Special General Partnership). From 2014 to date, he has served as partner of China Shu Lun Pan Certified Public Accountants LLP. He is currently an independent director of the Company. Mr. Qin Yezhi has extensive experience in accounting, auditing, and internal control.
Peng Juan	Female, born in 1964, Associate Professor, doctor and doctoral supervisor. From 1997 to 2024, she worked in the Department of Accounting at the Antai College of Economics and

	Management, Shanghai Jiao Tong University. From 2016 to 2019, she served as the director of the Executive Education Center of the Antai College of Economics and Management, Shanghai Jiao Tong University. She is currently an independent director of the Company, the Secretary-General and Director of the Training Department of the Shanghai Cost Research Society, a consultant of the China Financial Cloud Research Institute, a member of the Behavioral Science Council, and a member of the Green Finance Center of the Shanghai Environment and Energy Exchange. She also serves as an independent director of Shanghai Sunglow Packaging Technology Co., Ltd. (Stock Code: 603499), Haitong Futures Co., Ltd. (Stock Code: 872595). Ms. Peng Juan has extensive experience in digital finance, data assets, green finance, and corporate governance.
Shen Xiaoxu	Female, born in 1980, holds a postgraduate degree and has obtained legal professional qualifications. She previously held positions including Contract Management and Legal Consultant at Taikang Life Insurance Co., Ltd., Executive Director of Legal Affairs at Taikang Asset Management Co., Ltd., and Deputy General Manager (designate) of Hetai Life Insurance Co., Ltd. She is currently serving as a Consultant at Beijing Chance Bridge(Shenzhen) Law Firm. Ms. Shen has extensive knowledge and experience in the fields of corporate risk management and legal compliance.
Yang Ying	Female, born in 1990, holds a master's degree in clinical medicine from Sun Yat-sen University. Prior to joining the Company, she held key positions at major pharmaceutical firms including GlaxoSmithKline (GSK), Hengrui Medicine, and China Biopharmaceutical. Her extensive career spans pre-market and post-market clinical R&D as well as medical affairs for innovative drugs, having served successively as Medical Manager, Senior Medical Manager, and Associate Medical Director. Ms. Yang joined the Company in 2024 as the Medical Director of the Group's Clinical Medicine Department. She currently serves as Director of the Clinical R&D Center and Employee Representative Director of the Company. She brings comprehensive expertise in innovative drug clinical R&D, medical affairs, pharmacovigilance, and quality auditing.
Zhang Leiming	Male, born in 1983, Chinese nationality, without overseas permanent right of abode, and with a Bachelor of Science degree. He is currently the vice president of the Company. And he used to be the promotion specialist of the Marketing Department of Livzon Pharmaceutical Group Inc., the provincial manager of Reproductive Products Sales Department, the provincial manager of the Prescription Drug Division, the provincial general manager, the regional general manager and the general manager of the Prescription Drug Division of the Company. Mr. Zhang Leiming has extensive experience in marketing management and brand building.
Du Yanmei	Female, born in 1987, graduated from South China Agricultural University with a bachelor's degree in agronomy. She served as former Head of Operations for Perfect Diary, a brand under Guangzhou Yatsen E-Commerce Co., Ltd., and Vice President of that company. In August 2022, she joined the Company as General Manager of the Healthcare products Division, responsible for brand marketing and channel sales for the division's brands, including Taita (太太), the Eagle's (鹰牌), Jingxin (静心) and YiKeTie (意可贴). Ms. Du has extensive experience in marketing management and brand development.
Tang Tingke	Male, born in 1985, graduated from China Pharmaceutical University with a Master's degree in Law and is currently pursuing a Ph.D. in Pharmacoeconomics at the same institution. He joined Livzon Pharmaceutical Group Inc. in 2011, where he held various roles in the International Cooperation Department, Livzon Group Livzon Pharmaceutical Factory, and Business Development Department, including International Business Specialist, Overseas Office Representative, and Business Development Manager. Mr. Tang joined the Company in 2018 and currently serves as the Vice President and General Manager of Wuhan Kangli Healthcare Investment Management Co., Ltd. He is primarily responsible for negotiating and introducing innovative drug projects, as well as assisting the Company in formulating product pipeline mix and R&D strategic planning. He has successfully facilitated the signing and implementation of multiple core pipeline projects. Mr. Tang possesses extensive experience in business development transactions for innovative drugs, pipeline planning, project resource integration, equity investment and partnerships, and international business expansion.
Zhu Yifan	Male, born in 1987, received his bachelor and master degrees in accounting from State University of New York majoring in finance, and is a Certified Public Accountant (CPA) in New York State of the United States of America. He has worked in the financial asset management department of PwC New York since 2011, serving private equities and hedge funds in New York. From 2017, he successively worked in two Hong Kong listed companies, responsible for capital market and strategic investment. In 2020, he worked in Yatsen Holding Limited (NYSE: YSG), participating in the IPO of Yatsen Holding Limited on the NYSE and the acquisition of Eve Lom, a well-known British skin care brand, among other important projects. Mr. Zhu Yifan joined the Company as head of strategic investments in 2022, responsible for overseas investor relations, strategic investment and international business development. He led a series of strategic initiatives, including securing a loan by the World Bank, licensing of small-molecule PREP inhibitors from Bayer in China, and promotion of international business with Kalbe, a leading pharmaceutical company in Southeast Asia. He

	currently serves as the Board Secretary of the Company. Mr. Zhu Yifan has extensive experience in capital operations, investor relationship management, merger and acquisition, innovative drug BD and international business.

Explanations of other relevant information
√Applicable □N/A

1. On April 7, 2025, the Company received a formal resignation from Ms. Huo Jing, an independent director. As Ms. Huo's tenure has reached the maximum six-year limit stipulated by the Measures for the Administration of Independent Directors of Listed Companies, she applied to resign from her position as an independent director. Consequently, she also resigned from her respective roles on the Board's Remuneration Committee, Nomination Committee, and Strategic and Risk Management Committee.

On the same day, the 8th meeting of the 9th session of the Board of Directors reviewed and approved the nomination of Ms. Shen Xiaoxu as an independent director candidate. Following a qualification review by the Nomination Committee, the Board agreed to nominate Ms. Shen and submitted the proposal to the Shareholders' General Meeting. On May 9, 2025, the 2025 First Extraordinary General Meeting of Shareholders officially elected Ms. Shen Xiaoxu as an independent director. Her term of office commenced upon shareholder approval and will conclude upon the expiration of the 9th session of the Board of Directors.

2. On November 14, 2025, the 2025 Second Extraordinary General Meeting of Shareholders reviewed and approved the Proposal on the Abolition of the Supervisory Board, Adjustment of Registered Capital, and Amendment to the Articles of Association. Pursuant to the newly amended Articles of Association, the Board of Directors shall comprise ten members, including one employee representative director. To ensure continued regulatory compliance, the Company convened the 2025 First Staff Representative Congress on the same day, which elected Ms. Yang Ying as the Employee Representative Director of the 9th session of the Board of Directors. Ms. Yang Ying joins the nine incumbent directors to form the current Board. Her term commenced immediately upon the conclusion of the Staff Representative Congress and will end upon the expiration of the 9th session of the Board of Directors.

(II) Posts held by current directors and senior management and those resigned during the Reporting Period

1. Posts held at the corporate shareholders of the Company

√Applicable □N/A

Name	Corporate shareholder	Posts held	Start date of the tenure	End date of the tenure
Zhu Baoguo	Baiyeyuan	Chairman, General Manager	11 March 2014	/
Liu Guangxia	Baiyeyuan	Director	21 January 1999	/
Note	Mr. Zhu Baoguo, Chairman of the Company, directly holds 90% of shares in Baiyeyuan, and Ms. Liu Guangxia, Vice Chairman of the Company, directly holds 10% of shares in Baiyeyuan. Both of them are directors of Baiyeyuan, and Mr. Zhu Baoguo is the spouse of Ms. Liu Guangxia.			

2. Posts held at other entities

√Applicable □N/A

Name	Other entities	Posts held	Start date of the tenure	End date of the tenure
Zhu Baoguo	Shenzhen Federation of Industry and Commerce	Honorary Vice President	November 2014	/
	Federation of Shenzhen Commerce	Director	April 2015	/
	TNC Greater China Council of Advisors	Council Member,	December 2012	/

		Secretary General		
	The Paradise International Foundation	Executive Director	April 2015	/
	China Entrepreneur Club	Council Member	April 2017	/
Lin Nanqi	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Director	January 2022	/
Qiu Qingfeng	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd.	Director	November 2015	/
	Jiangsu Baining Yingchuang Medical Technology Co., Ltd.	Director	November 2020	/
Qin Yezhi	China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership)	Partner	July 2014	/
	Shenzhen Yongpeng CTA Firm (Special General Partnership)	Partner	July 2024	/
Peng Juan	Shanghai Sunglow Packaging Technology Co., Ltd.	Independent Director	March 2022	/
	Shanghai Sunmi Technology Co., Ltd.	Independent Director	May 2022	/
	Haitong Futures Co., Ltd.	Independent Director	December 2023	
	Shanghai Jiaoyuan Culture Communication Co., Ltd.	Legal Representative	June 2023	/
Yin Xiaoxing	Xuzhou Medical University	Professor, Doctoral Supervisor of Pharmacology	August 1988	/
	Jiangsu Nhwa Pharmaceutical Co., Ltd.	Independent Director	March 2022	/
	Teaching Steering Committee for Pharmacy Major in Higher Education Institutions of the Ministry of Education	Member	August 2013	/
	Science 2 Graduate Education Steering Committee of Jiangsu Province	Chairman of the committee	November 2018	/
	Jiangsu Pharmacological Society	Vice Chairman	November 2008	/
	Specialized Committee of Preclinical Pharmacology for New Drugs, Jiangsu Pharmacological Society	Chairman of the committee	November 2012	/
Shen Xiaoxu	Beijing Chance Bridge(Shenzhen) Law Firm	Consultant	April 2024	/
Description of employment in other offices	Not applicable			

(III) Remuneration of directors and senior management

√Applicable □N/A

Decision-making procedure regarding remuneration of directors, senior management	The remuneration of the Chairman and Vice Chairman of the Company shall be implemented in accordance with the resolutions of the 2018 Second Extraordinary General Meeting of Shareholders, at RMB3.25 million per year, with individual income tax withheld and remitted by the Company in accordance with the relevant provisions of the tax laws. On March 29, 2022 and May 18, 2022, the Company convened the 9th meeting of the 8th session of the Board of Directors and the 2021 Annual General Meeting, respectively, at which the Proposal on Adjusting the Emoluments of Independent Directors of the Company (《关于调整公司独立董事津贴的议案》) was reviewed and approved. The emolument of each independent director was adjusted from RMB9,000 (before tax) to RMB10,000 (before tax) per month, with individual income tax withheld and remitted by the Company in accordance with the relevant provisions of the tax laws. The remuneration of senior management of the Company shall be implemented in accordance with the resolutions of the 52nd meeting of the 6th session of the Board of Directors. The annual basic remuneration of the President, Vice Presidents, and other senior management members during their respective terms of office is RMB2.60 million, RMB1.35 million, and RMB1.20 million, respectively. In addition to basic remuneration, pursuant to the Management Policy on the Remuneration and Performance Assessment of Senior Management and other relevant regulations,

	individual performance assessments shall be conducted, and performance-based bonuses shall be paid accordingly. Where a senior management member holds concurrent positions, the highest remuneration standard among all positions held shall prevail. For directors of the Company who concurrently serve as senior management members, the remuneration received by them solely comprises the salary corresponding to their senior management position, and no separate directors' remuneration are paid by the Company. On 30 March 2026, the sixth meeting of the Remuneration Committee of the ninth session of the Board of Directors of the Company was convened, at which the Proposal on the 2025 Remuneration of Senior Management and the 2026 Remuneration Plan was considered and approved. It was agreed that, in accordance with the Articles of Association, the Company's internal remuneration management policies and other relevant regulations, and taking into account factors including the completion of the Company's 2025 operating targets and the annual performance targets of senior management, the 2025 bonuses and overall remuneration of the Company's senior management would be determined on a comprehensive basis. On 30 March 2026, the Company also convened the seventeenth meeting of the ninth session of the Board of Directors, at which the aforementioned proposal in relation to the 2025 remuneration of senior management was considered and approved. Except for fulfilling the duties of directors, senior management of the Company, remuneration received for other positions held in subsidiaries shall be implemented in accordance with the relevant remuneration systems of the respective subsidiaries.
Whether directors abstaining from discussions on their remuneration at the Board	Yes
Details of suggestions on remuneration matters relating to directors and senior management by the Remuneration Committee or special meetings of independent directors	Please refer to "Decision-making procedure regarding remuneration of directors, senior management" mentioned above
Basis for determining remuneration of directors, senior management	Pursuant to the regulations such as the Management Policy on the Remuneration and Performance Assessment of Senior Management, the result of performance assessment of senior management is determined based on the completion of business objectives of the Company and work objectives of the senior management in 2025. Based on the result of performance assessment, the performance bonus and remuneration of senior management in 2025 were determined and submitted to be reviewed by the Remuneration Committee under the Board who shall then submit it to the Board for review and resolution.
Remuneration actually paid to directors, senior management	As at the date of the Report, remuneration of directors and senior management has been fully paid.
Total remuneration paid to all directors, senior management as of the end of the Reporting Period	RMB36.2627 million
Deferred payment arrangements for actual remuneration received by all directors and senior management as of end of the Reporting Period	In 2025, the Company did not implement any deferred payment arrangements in respect of the remuneration of directors and senior management.
Clawback and suspension of	During the Reporting Period, the remuneration paid to the Company's directors and senior management was in full compliance with applicable laws and regulations, and no

payment of actual remuneration received by all directors and senior management as of the end of the Reporting Period	circumstances requiring clawback or suspension of payment have arisen.

(IV) Changes in directors and senior management

√Applicable □N/A

Name	Position	Change	Reason for change
Huo Jing	Independent Director	Resigned	Tenure has reached the maximum six-year limit
Shen Xiaoxu	Independent Director	Elected	
Yang Ying	Employee Director	Elected	

(V) Statement on punishments imposed by securities regulatory authorities in the last three years

□Applicable √N/A

(VI) Others

□Applicable √N/A

IV. Performance of duties by directors

(1) Attendance by directors of the Board meetings and general meetings

Name	Whether independent director	Attendance of the Board meetings						Attendance at general meetings
		Number of meetings the director should attend for the year	Number of meetings attended in person	Number of meetings attended through electronic means	Number of meetings attended by proxy	Number of Absences	Whether the director has been absent from two consecutive meetings	Number of attendances at the general meetings
Zhu Baoguo	No	7	7	3	0	0	No	3
Liu Guangxia	No	7	7	3	0	0	No	3
Lin Nanqi	No	7	7	3	0	0	No	3
Qiu Qingfeng	No	7	7	3	0	0	No	3
Xing Zhiwei	No	7	7	3	0	0	No	3
Yin Xiaoxing	Yes	7	7	3	0	0	No	3
Qin Yezhi	Yes	7	7	3	0	0	No	3
Peng Juan	Yes	7	7	3	0	0	No	3
Huo Jing (Resigned)	Yes	2	2	0	0	0	No	1
Shen Xiaoxu	Yes	5	5	3	0	0	No	2
Yang Ying	No	1	1	1	0	0	No	0

Statement on absence from two consecutive meetings

□Applicable √N/A

Board meetings held during the year	7
In which: On-site meetings	4
Meetings held through electronic means	3
Meetings held both in the form of on-site meeting and through electronic means	0

(2) Objections raised by directors to affairs of the Company

□Applicable √N/A

(3) Others

□Applicable √N/A

V. Board committees

√Applicable □N/A

(1). Members of the Board committees

Committee name	Member
Audit Committee	Qin Yezhi, Yin Xiaoxing, Peng Juan
Nomination Committee	Yin Xiaoxing, Qiu Qingfeng, Shen Xiaoxu
Remuneration Committee	Qin Yezhi, Shen Xiaoxu, Peng Juan
Strategy and Risk Management Committee	Zhu Baoguo, Lin Nanqi, Shen Xiaoxu, Qin Yezhi, Yin Xiaoxing
Sustainability Committee	Zhu Baoguo, Xing Zhiwei, Peng Juan

(2). 7 meetings were held by the Audit Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
2025-01-21	Considered the 2024 Annual Financial Statements of Joincare Pharmaceutical Group Industry Co., Ltd. (Unaudited)	Approved
2025-03-18	Considered the Draft Audit Opinions for the 2024 Annual Financial Statements of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Draft Audit Opinions for the 2024 Internal Control of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2025-04-07	Considered the 2024 Annual Report of Joincare Pharmaceutical Group Industry Co., Ltd. (Full Text and Summary)	Approved
	Considered the Internal Control Audit Report of Joincare Pharmaceutical Group Industry Co., Ltd. Issued by Grant Thornton.	Approved
	Considered the Summary Report on Audit Work for the Year 2024 from Grant Thornton	Approved
	Consider the 2024 Risk Management and Internal Control Evaluation Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on the Appointment of Grant Thornton as the Auditor of the Company for the Year 2025	Approved
	Considered the Proposal on Daily Connected Transactions between the Controlling Subsidiaries Jiaozuo Joincare and Jinguan Electric Power	Approved
	Considered the 2024 Report on Performance of Duties of the Audit Committee of the Board of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on the Provision of Guarantees by the Company and its Holding Subsidiary, Jiaozuo Joincare, for the Loans of Jinguan Electric Power	Approved
	Considered the Report on the Board Audit Committee's Fulfillment of Supervisory Responsibilities Over the Annual Auditor for 2024 of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2025-04-25	Considered the 2025 Q1 Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2025-08-22	Considered the 2025 Interim Report of Joincare Pharmaceutical Group Industry Co., Ltd. (Full Text and Summary)	Approved
2025-10-24	Considered the 2025 Q3 Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2025-11-28	Considered the 2025 Financial Statements and Internal Control Audit Proposal of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved

(3). 1 meeting was held by the Nomination Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
2025-04-07	Considered the nomination of Ms. Shen Xiaoxu as an independent director candidate	Approved

(4). 3 meetings were held by the Remuneration Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
2025-04-07	Considered the Proposal on the 2024 Annual Performance Assessment Result and Remuneration Distribution of Senior Management of the Company	Approved
2025-04-24	Considered the Proposal on the Cancellation of the Remaining Share Options Granted under the 2022 Share Options Incentive Scheme	Approved
2025-05-22	Considered the Proposal on Electing the Chairperson of the Remuneration Committee of the 9th Session of the Board	Approved

(5). 3 meetings were held by the Strategy and Risk Management Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
2025-04-07	Considered the Proposal on the Capital Increase and Share Expansion of Livzon Biologics, a Controlled Sub-subsidiary.	Approved
2025-05-22	Considered the Proposal on the Proposed Acquisition of Equity Interests in Vietnam's IMP by Controlled Subsidiary Livzon Group	Approved
2025-12-30	Considered the Proposal on the Proposed Public Tender of the Acquisition of Equity Interests in Vietnam's IMP by Controlled Subsidiary Livzon Group	Approved

(6). 3 meetings were held by the Sustainability Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
2025-04-24	Considered the 2024 Sustainability Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the 2024 Human Rights Dud Diligence Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2025-07-25	Considered the Proposal on the Revision and Formulation of the Company's ESG-related Policies	Approved
2025-11-28	Considered the Proposal on the Establishment of the Sustainability Working Group for 2025 of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved

(7). Affairs subject to objection

□Applicable √N/A

VI. Statement on risks of the Company identified by the Audit Committee

□Applicable √N/A

VII. Employees of the parent company and major subsidiaries

(I) Employees

Number of active employees of the parent company	966
Number of active employees of major subsidiaries	12,609
Total number of employees	13,575
Number of retired employees for whom the parent company and major subsidiaries need to pay certain expenses	665
Profession	
Breakdown	Number
Production staff	8,226
Sales staff	2,372
Technical staff	1,993
Financial staff	246
Administrative staff	738
Total	13,575
Education background	
Education background	Number
Doctoral degree	58
Master's degree	704
Bachelor's degree	4,184
Junior college	3,922
Others	4,707
Total	13,575

(II) Compensation policy

√Applicable □N/A

The Company implements scientific, reasonable and incentive-based compensation strategies. Based on scientific analysis and assessment of the organizational structure and job responsibilities, the Company determines the relative value of each position, and by combining the external market compensation data and the ability of the Company to pay, the Company provides a reasonable employee compensation package. Employee compensation consists of two parts: fixed income and variable income. Variable income is linked to business results of the Company and individual performance of employees. In this way, employees are encouraged to increase their enthusiasm and motivation at work. For key positions and scarce talents in the market, the Company implements competitive compensation policies to effectively attract and retain core talents, ensuring sustainable corporate development.

(III) Training programs

√Applicable □N/A

The Company continued to deepen its talent-driven enterprise strategy, and on the foundation of its existing multi-tiered and categorized training system, launched a dedicated talent development initiative centered on "AI-Enabled Business Scenarios." During the year, the Company leveraged a combination of digital training platforms and immersive practical bootcamps to drive the in-depth application of AI tools across specific business scenarios including R&D, manufacturing, and marketing, with the aim of enhancing the overall digital and intelligent competency of all employees and improving human-machine collaboration efficiency.

While consolidating established programs such as new employee onboarding, job-specific training, and academic degree advancement, the Company further strengthened the full closed-loop tracking and evaluation of its training processes, enabling dynamic management of individual learning records. In addition, the Company continued to refine its talent pipeline development, with a particular focus on identifying and cultivating versatile professionals with AI expertise and cross-disciplinary application capabilities. These efforts ensure that talent supply remains in step with the Company's strategic transformation, providing robust digital and intelligent support for the achievement of high-quality, sustainable development.

(IV) Outsourced workers

□Applicable √N/A

VIII. Profit distribution proposal or proposal for capitalization of capital reserve

(I) Formulation, implementation or adjustment of cash dividend distribution policy

√Applicable □N/A

1. Cash dividend distribution policy and its formulation

To establish a scientific, consistent and stable decision-making and supervision mechanism for dividends, and fully protect and safeguard the rights and interests of the shareholders at large, the Company formulated this cash dividend policy in accordance with the Regulatory Guidelines for Listed Companies No. 3 - Distribution of Cash Dividends of Listed Companies released by the CSRC and the Regulatory Guideline for Self-regulation of Listed Companies No. 1 - Standardized Operation released by Shanghai Stock Exchange and other relevant documents and requirements, and in light of the reality of the Company, clarified the formulation, decision-making and adjustment procedures for the policy in the Articles of Association: If the Company is in a sound operating condition and its cash flow can meet the needs of normal operation and long-term development, the Company shall actively implement the profit distribution policy to provide reasonable returns to investors while taking into account the sustainable development of the Company, in order to maintain the continuity and stability of the policy. The profits may be distributed in cash, stocks, or combination thereof or in any other way permitted by laws and regulations. Cash dividends are superior to stock dividends in the distribution of profits, and shall be adopted whenever the conditions are met. Unless otherwise provided for in the Articles of Association, the profits distributed in cash shall not be less than 10% of the distributable profits realized in the current year. The specific amount and proportion of cash dividends for each year shall be determined by the Board of Directors of the Company in accordance with relevant provisions and in light of the Company's current operating situation, and shall be reported to the annual general meeting for deliberation and decision.

2. Implementation of cash dividend distribution policy in 2024

On 6 June 2025, the Company convened the 2024 Annual General Meeting, at which the Company's Profit Distribution Plan for 2024 was considered and approved: a cash dividend of RMB2.00 (tax inclusive) will be distributed to all shareholders for every 10 shares, based on the total share capital of the Company on the equity registration date as determined for implementation of the Company's profit distribution plan for 2024, with the remaining undistributed profits to be carried forward to the following year. As of the end of this Reporting Period, the above cash dividends have been fully distributed.

3. Profit distribution scheme for 2025

Based on the audit conducted by Grant Thornton, as of 31 December 2025, the undistributed profit in the parent company statement of the Company amounted to RMB2,775.7845 million. Pursuant to the resolution of the Company's Board of Directors, the Company plans to distribute cash dividends for the fiscal year 2025, based on the Company’s total share capital on the record date to be determined upon implementation of the 2025 profit distribution plan. The Company plans to distribute cash dividend of RMB2.20 (tax inclusive) for every 10 shares to all shareholders of the Company, and the remaining undistributed profits will be carried forward to the following year.

4. Modification and adjustment of the cash dividend distribution policy during the Reporting Period

The Company's cash dividend policy was not modified or adjusted during the Reporting Period.

(II) Special statement on cash dividend distribution policy

√Applicable □N/A

Whether it meets the requirements of the articles of association or the resolution of the general meeting	√Yes □No
Are there defined and clear distribution qualifications and proportions	√Yes □No
Are there well-designed decision-making procedures and system	√Yes □No
Have independent directors performed their duties and role properly	√Yes □No
Whether the minority shareholders have the chance to fully express their opinions and demands and whether their legitimate rights and interests have been well protected	√Yes □No

(III) If the Company made a profit during the Reporting Period and there's profit distributable by the parent company to shareholders, but the Company does not propose to distribute profits in cash, the Company shall explain the reason in detail, usage of the undistributed profit and usage plan

□Applicable √N/A

(IV) Profit distribution and conversion of capital reserve into share capital for the Reporting Period

√Applicable □N/A

Unit: Yuan Currency: RMB

Number of bonus shares to be distributed for every ten shares (share)	0
Amount to be distributed for every ten shares (RMB) (tax inclusive)	2.20
Number of shares to be converted into share capital for every ten shares (share)	0
Amount of cash dividend (tax inclusive)	402,479,744.92
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement during the year of distribution	1,335,547,730.75
Percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	30.14
Amount of repurchase of shares under cash repurchase included in cash dividend	499,983,567.56
Total amount of dividend (tax inclusive)	902,463,312.48
Total amount of dividend as a percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	67.57

(V) Cash Dividend Distribution in the Past Three Fiscal Years

√Applicable □N/A

Unit：Yuan Currency：RMB

Total Cash Dividends (Including Tax) for the Past Three Fiscal Years (1)	1,105,723,977.72
Total Share Repurchase and Cancellation Amount for the Past Three Fiscal Years (2)	1,322,538,825.03
Total of Cash Dividends and Share Repurchase & Cancellation for the Past Three Fiscal Years (3) = (1) + (2)	2,428,262,802.75
Average Annual Net Profit for the Past Three Fiscal Years (4)	1,388,299,215.18
Cash Dividend Payout Ratio for the Past Three Fiscal Years (%) (5) = (3) / (4)	174.91
Net Profit Attributable to Ordinary Shareholders of the Listed Company in the Latest Fiscal Year (Consolidated Financial Statements)	1,335,547,730.75
Undistributed Profits at Year-End in the Latest Fiscal Year (Parent Company Financial Statements)	2,775,784,462.59

IX. Share incentive plan, employee share ownership scheme and other employee incentives of the Company and their effect

(1) Matters related to equity incentive scheme have been disclosed in the provisional announcements without progress or change in subsequent implementation

√Applicable □N/A

Overview	Query index
On April 24, 2025, the Company convened the 9th meeting of the 9th session of the Board of Directors and the 8th meeting of the 9th session of the Supervisory Committee, respectively, at which the Proposal on the Cancellation of the Remaining Stock Options under the 2022 Stock Option Incentive Plan was reviewed and approved. As the Company's 2024 performance failed to meet the Company-level performance assessment requirements, the Company cancelled a total of 16,314,000 stock options, comprising the stock options granted in the initial grant for the third exercise period and the reserved grant for the second exercise period for all incentive recipients. Directors with a conflict of interest abstained from voting on the relevant proposals, and the Supervisory Committee has issued its review opinion on this cancellation. Following review and confirmation by China Securities Depository and Clearing Corporation Limited Shanghai Branch, the cancellation of the aforementioned 16,314,000 stock options was completed on May 6, 2025. This cancellation of stock options will not affect the share capital structure of the Company.	For further details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Cancellation of Remaining Stock Options under the 2022 Stock Option Incentive Plan (Lin 2025-035) disclosed on April 25, 2025, and the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Completion of Cancellation of Remaining Stock Options under the 2022 Stock Option Incentive Plan (Lin 2025-039) disclosed on May 7, 2025.
The lock-up period of the Second Phase Employee Stock Ownership Plan under the Company's Medium- and Long-Term Business Partnership Stock Ownership Plan expired on June 7, 2025.	For further details, please refer to the Notice Regarding the Expiry of the Lock-up Period of the Second Phase of the Medium- and Long-Term Business Partnership Stock Ownership Plan of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2025-049) disclosed on June 7, 2025.
On July 25, 2025, the 11th meeting of the 9th session of the Board of Directors reviewed and approved the Proposal on the Extension of the Duration of the First Phase Medium- and Long-Term Business Partnership Stock Ownership Plan and the Proposal on the Adjustment of the Management Method of the First Phase Medium- and Long-Term Business Partnership Stock Ownership Plan. The Board approved the extension of the duration of the current phase of the stock ownership plan by 12 months to August 3, 2026, and approved the adjustment of the management method of the current phase of the stock ownership plan to self-management.	For further details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Extension of the Duration and Adjustment of the Management Method of the First Phase Medium- and Long-Term Business Partnership Stock Ownership Plan (Lin 2025-056) disclosed on July 26, 2025.

(2) Incentives not disclosed in the provisional 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

(3) Equity incentives granted to directors and senior management during the Reporting Period

√Applicable □N/A

Unit: 10,000 shares

Name	Title	Number of share options held at the beginning of the year	Number of newly granted share options during the Reporting Period	Number of exercisable options during the Reporting Period	Number of exercised options during the Reporting Period	Exercise price of share options (RMB)	Number of share options held at the end of the period	Market price at the end of the Reporting Period (RMB)
Lin Nanqi	Director, President	24.00	0	0	0	-	0	-
Qiu Qingfeng	Director, Vice President, Chief Financial Officer	18.00	0	0	0	-	0	-
Zhang Leiming	Vice President	13.50	0	0	0	-	0	-
Du Yanmei	Vice President	12.00	0	0	0	-	0	-
Tang Tingke	Vice President	6.00	0	0	0	-	0	-
Zhu Yifan	Board Secretary	7.00	0	0	0	-	0	-
Total	/	80.50	0	0	0	/	0	/

(4) Performance assessment mechanism for senior management during the Reporting Period, and the development and implementation of incentive scheme

√Applicable □N/A

According to the relevant provisions of the Company such as the Remuneration and Performance Appraisal Management System for Senior Management, the plans on performance appraisal results and remuneration of senior management for the year 2025 are set based on the completion of the operation targets of the Company and the corresponding personal performance of each senior management for the year 2025. The plans shall be submitted to the Board for review and approval. During the Reporting Period, senior management of the Company faithfully performed their duties in strict accordance with the Company Law, the Articles of Association and other relevant regulations, actively implemented the relevant resolutions of the Company's General meetings and the Board meetings, actively adjusted business plans under the guidance of the Board, continuously strengthened internal control management, and strived to improve the Company's core competitiveness.

X. Development and implementation of internal controls during the Reporting Period

√Applicable □N/A

During the Reporting Period, the Company carried out standard operation and risk control in strict accordance with the laws and regulations in China and the internal control system of the Company. The Company established a rigorous internal control management system, continued to optimize and improve the internal control system by combining the industry characteristics and the actual operation of the Company, enhanced its decision-making efficiency, and ensured the legal compliance of business management and the security of corporate assets, facilitating the steady implementation of strategies of the Company. Thanks to an effective internal control mechanism,

the Company can prevent, timely identify and correct any deviation in the operation and management, and can reasonably ensure the security and integrity of corporate assets, as well as the authenticity, accuracy and completeness of accounting information, safeguarding the interests of the Company and all shareholders.

Based on the identification of material deficiencies of internal control of the Company, there was no material deficiency or significant deficiency of internal control over financial reporting and non-financial reporting in the Company for the year 2025. Through operation, analysis and evaluation of the internal control system, the Company effectively prevented business management risks, and promoted the achievement of internal control objectives. Looking ahead, the Company will continue to improve the internal control system, standardize its implementation, strengthen the supervision and inspection over internal control, and promote the healthy and sustainable development of the Company. See the Risk Management and Internal Control Self-Assessment Report 2025 of Joincare Pharmaceutical Group Industry Co., Ltd. disclosed by the Company on 1 April 2026 for details.

Statement on material loopholes in internal controls during the Reporting Period
□Applicable √N/A

XI. Management and control of subsidiaries during the Reporting Period

√Applicable □N/A

The Company has formulated relevant subsidiary management rules, including the Detailed Rules for Standardized Operation and Management of Subsidiaries of Joincare Pharmaceutical Group Industry Co., Ltd. (《健康元药业集团股份有限公司子公司规范运作管理实施细则》), which clearly set out the internal control management requirements for the standardized operation of wholly-owned and majority-owned subsidiaries in respect of their governance structures, management of the three corporate bodies (the Board of Directors, the General Meeting of Shareholders, and the Supervisory Committee), special transactions, legal person authorization, and other relevant matters, thereby improving the Company's overall operating efficiency and risk control capabilities. During the Reporting Period, the Company exercised management and control over its subsidiaries in accordance with the Company Law, the Articles of Association, and other applicable laws, regulations, and rules. First, in accordance with relevant laws and regulations, the Company guided its subsidiaries in improving their corporate governance structures, exercising management authority through their governance bodies, appointing directors, chief financial officers, and other personnel to participate in corporate decision-making, and revising and improving their articles of association and other related systems. Second, through internal training programs on connected transactions and other relevant topics, the Company urged its subsidiaries to report to the Company on connected transactions, external guarantees, and other significant matters, so as to ensure compliant operations. Third, the Company updated the relevant materials in its internal control manual and improved its internal control management system, and conducted targeted special audits of subsidiaries to strengthen the enforcement of the internal control system and enhance the effectiveness of internal control management.

Risk warning about abnormal management control over subsidiaries
□Applicable √N/A

XII. Related information on internal control audit report

√Applicable □N/A

In accordance with relevant standards, guidelines and regulatory documents, and upon the approval by the audit committee of the Board of Directors, the Board of Directors and the general meeting, the Company engaged Grant Thornton China (special general partnership) to conduct internal control audit in 2025. In accordance with the Basic Standards for Enterprise Internal Control and the Application Guidelines for Enterprise Internal Control, Grant Thornton China conducted audit of the effectiveness of internal control over financial reporting of the Company and its subsidiaries as of 31 December 2025, and issued a standard internal control audit report with unqualified opinion. See the Internal Control Audit Report 2025 of Joincare Pharmaceutical Industry Group Co., Ltd. disclosed by the Company on 1 April 2026 for details.

Disclosure of internal control auditor's report: Yes

Types of internal control auditor's opinion: Standard unqualified opinion

XIII. Rectification of self-examined deviations in the Special Action for Governance of Listed Companies

1. Optimization of the meeting convening methods of the Board of Directors and Special Committees of the Board

Description: At present, the Board of Directors and the special committees mostly hold meetings through electronic means which is not conducive to full expression of opinions by directors.

Rectification measures: In order to ensure that directors can fully express their opinions, the Company will increase the number of on-site meetings of the Board of Directors and its special committees. In particular, on-site meetings or on-site + virtual means will be held for matters related to major asset purchase or sale or major connected transactions in the future. In 2025, the Company held 4 meetings through a combination of on-site + virtual means.

2. Improvement of the audit institution selection and engagement review process

Description: The special self-inspection found that the Company engaged the audit institution based on inquiry into publicly available information on its professional competence and integrity, without consulting the record of integrity of the audit institution in the securities and futures market through the China Securities Regulatory Commission in advance.

Rectification measures: Since 2021, when appointing an audit institution, the Company has reviewed the securities and futures market integrity records of the proposed audit institution and the relevant certified public accountants, and, on the basis of a full understanding of the audit institution's practice experience, professional competence and integrity, carried out the selection and appointment of the audit institution.

XIV. 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%B7%E4%BF%9D%E7%A8%8E%E5%8C%BA%E4%B8%BD%E7%8F%A0%E5%90%88%E6%88%90%E5%88%B6%E8%8D%AF%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&reportType=&areaCode=440400&entType=&reportDateStartStr=&reportDateEndStr=
9	Livzon Xinbeijiang	Guangdong Provincial Department of Ecology and Environment Public Website https://www-app.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	Livzon Hecheng	Henan Enterprise Environmental Information Disclosure System http://222.143.24.250:8247/enpInfo/enpOverview?enterId=914108006905860 36E001P&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

XV. Social Responsibility Performance

(I)Whether Standalone Social Responsibility Report, Sustainability Report, or ESG Report Was Disclosed

√Applicable □N/A

The Company has initiated the preparation of its sustainability report and expects to separately disclose the Sustainability Report on April 25, 2026.

(II)Specific situation of work on corporate social responsibility

√Applicable □N/A

External donation, public welfare	Quantity/content	Description
Total investment (RMB'0,000)	3,841.08	Mainly includes investment in public welfare projects for chronic diseases, industrial assistance and disaster relief donation.
Including: Funds (RMB'0,000)	3,457.45	Mainly includes investment in public welfare projects for chronic diseases and disaster relief donation.
Cash converted from materials (RMB'0,000)	383.63	Mainly includes investment in public welfare projects for chronic diseases and flood disaster relief.
Number of beneficiary (person)	17,825	Mainly includes investment in public welfare projects for chronic diseases

Specific description

√Applicable □N/A

The Company is dedicated to becoming a pioneer in the broad health industry, and remains steadfast in its commitment to science and technology-driven innovation to co-create a healthier life. In 2025, the Company actively responded to the high-quality development requirements of the national 14th Five-Year Plan, kept pace with evolving industry regulatory trends and policy directives, and continued to optimize a sustainable development strategy closely aligned with its current operational realities. We are deeply committed to cultivating a value chain centered on "health," providing safe, superior, accessible, and affordable pharmaceutical products and services through our core principal business operations. While driving the enhancement of industrial cluster capabilities, the Company also actively empowers employee growth and community prosperity, upholds its commitment to environmental protection, and works to build a holistic healthy ecosystem for society at large.

Guided by the founding conviction of "rooted in society, giving back to society," the Company continues to deepen its corporate citizenship practices. During the Reporting Period, the Company not only delivered solid economic performance but also made comprehensive strides in social value creation: achieving net profit attributable to shareholders of RMB1.336 billion, generating tax contributions of RMB1.815 billion for the government, paying employee salaries of RMB2.503 billion, distributing dividends and paying interest to banks and other creditors totaling RMB1.083 billion, making charitable donations valued at RMB3,841.08 ten thousand, and generating a social contribution value per share of approximately RMB3.70 for society in 2025.

III. Consolidation and expansion of achievements in poverty alleviation and rural revitalization

Targeted Poverty Alleviation and Rural Revitalization Project	Quantity/content	Description
Total investment (RMB'0,000)	301.75	Public welfare projects for chronic diseases to help rural revitalization
Including: Funds (RMB'0,000)	233.75	Donation of rural revitalization

Cash converted from materials (RMB'0,000)	68.00	Donation of drugs for chronic diseases
Number of beneficiary (person)	17,825	Low-income patients with chronic diseases
Forms of assistance (such as industrial poverty alleviation, vocational poverty alleviation, educational poverty alleviation, etc.)	Poverty alleviation through industrial development	

Specific description

√Applicable □N/A

1. Industrial revitalization

The Company's controlling subsidiary, Livzon Group, has placed the traditional Chinese medicinal materials industry at the core of its rural development efforts, using the standardized base construction as a key lever to deeply integrate corporate development with rural revitalization. Through a sustainable industrial model, Livzon Group actively fulfills its assistance responsibilities and supports the national rural revitalization strategy.

Based on a "Company + Supplier + Planting Cooperative / Large-Scale Planter" co-built base model, Livzon Group has continued to advance the standardized cultivation of traditional Chinese medicinal materials. As of the end of the Reporting Period, Livzon Group had established and co-built standardized cultivation bases covering a total of over 16,000 mu across various regions. These include a 217-mu Forsythia (Lian Qiao) and a 30-mu Rehmannia (Di Huang) demonstration planting base co-built in the authentic production region of Linfen City, Shanxi Province, as well as the completion of three Isatis (Ban Lan Gen) bases totaling 9,600 mu, three Rehmannia bases totaling 850 mu, three Grassleaf Sweetflag Rhizome (Shi Chang Pu) bases totaling 2,100 mu, and bases for multiple other varieties including Patchouli (Guang Huo Xiang), Turmeric (Yu Jin), Anemarrhena (Zhi Mu), and Saposhnikovia Root (Fang Feng).

The construction of these bases has effectively linked industrial assistance with rural revitalization efforts. On one hand, Livzon Group has directly guided and engaged local farmers in cultivation activities through land transfer arrangements, employment of local labor, and purchase order procurement, transforming traditional smallholder farmers into participants in an industrialized supply chain and establishing stable channels for income growth, thereby effectively driving employment and income improvement. On the other hand, Livzon Group is committed to strengthening the intrinsic industrial capabilities of rural communities. For example, in Hunan, Hubei, Sichuan, and other provinces, the Company has jointly established standardized local washing and processing workshops, helping resource-producing regions to unify processing standards and build an integrated industrial chain from cultivation to processing. This has enhanced the value-capture capacity of rural industries and strengthened their resilience against market risks. At the same time, through large-scale and standardized cultivation, significant pressure on the harvesting of wild medicinal plant resources has been alleviated, achieving a virtuous cycle of wild resource conservation and rural industrial development, and leaving behind a sustainable green industrial foundation for local communities.

Livzon Group places strong emphasis on engaging local farmers as active participants, and incorporates technical training and market access into its cooperative framework. In doing so, it not only ensures a stable supply and consistent quality of raw materials for key traditional Chinese medicine products, but also retains the benefits of industrial development within rural communities and empowers farmers with the momentum of growth — injecting enduring, organically-driven corporate momentum into rural revitalization.

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

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

Since late 2018, with the support of local government agencies and relevant authorities at all levels, the "Inclusive Chronic Disease Prevention and Control Public Welfare Project" has been successfully carried out in Chaotian District of Guangyuan City, Songpan County of Aba Tibetan and Qiang Autonomous Prefecture, Jinkouhe District of Leshan City, Jiange County, Pingwu County, and Tongjiang County in Sichuan Province; Hunyuan County, Guangling County, Lingqiu County, Fangshan County, and Shelou County in Datong City, 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; Rong'jiang County in Guizhou Province; Neiqiu County in Hebei Province; Xianfeng County in Hubei Province; Chayu County, Bomi County, Gaize County, and Linzhi City in Tibet Autonomous Region; Kashgar City in Xinjiang Uygur Autonomous Region; Balinzuo Banner and Tuoketuo County in Inner Mongolia; and Ziyuan County in Guangxi Zhuang Autonomous Region.

As of the end of the Reporting Period, the project has covered 12 provinces and 4 autonomous regions, including 37 remote areas requiring assistance, benefiting more than 48,000 low-income individuals.

3. Disaster Relief Support for Hong Kong

In November 2025, a Grade 5 fire broke out at Wang Fuk Court in Tai Po, Hong Kong, drawing widespread concern from all sectors across the country. The Company and its controlling subsidiary, Livzon Group, responded with urgency and deep concern, donating a combined total of HKD 20 million through the Shenzhen and Zhuhai branches of the Red Cross Society of China, which was subsequently transferred through the appropriate channels to the Hong Kong Red Cross. The funds are designated to support emergency relief, transitional resettlement, and post-disaster reconstruction for affected residents, standing shoulder to shoulder with the people of Hong Kong in overcoming this difficult time.

XVI. Others

□Applicable √N/A

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	Resolution of horizontal competition	Baiyeyuan	Please see Note 1 for details	30 April 2001	No	Long-term	Yes	-	-
	Resolution of horizontal competition	Baiyeyuan, de facto controllers and persons acting-in concert, and the Company	Please see Note 2 for details	10 January 2014	No	Long-term	Yes	-	-
Commitment related to seasoned offerings	Others	The Company and de facto controllers	Please see Note 3 for details	8 March 2016	Yes	The date of completion of remedial measures in connection with the non-public offering of Livzon Group	Yes	-	-
	Others	Baiyeyuan and the de facto controller	Please see Note 4 for details	11 May 2017	Yes	The date of completion of remedial measures in connection with rights issue of Joincare	Yes	-	-
	Others	The Company	Please see Note 5 for details	From the date on which the proceeds from	Yes	The date of completion of use of proceeds	Yes	-	-

				this rights issue are received					
Other commitments made to the minority shareholders of the Company	Others	The Company	Please see Note 6 for details	17 December 2008	No	Long-term	Yes	-	-

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

Note 2: Whereas the domestically listed foreign shares of Livzon Group, a controlled subsidiary of the Company, sought listing on the Main Board of the Stock Exchange of Hong Kong Limited, in order to fully ensure smooth completion of the said event and in compliance with relevant requirements of the Stock Exchange of Hong Kong Limited, the controlling shareholders, de facto controller of the Company and the Company entered into relevant undertakings with Livzon Group as follows: 1. The controlling shareholders, de facto controller and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group did not or would not be, directly or indirectly, engaged in any business that constituted competitive relation or potential competitive relation with drug research, development, production and sale businesses ("Restricted Businesses") of Livzon Group from time to time. For the avoidance of doubt, the scope of Restricted Businesses did not cover products that were being researched, developed, manufactured and sold on the date of relevant letter of undertaking by the controlling shareholders and de facto controller of the Company, the Company and its controlled subsidiaries except for Livzon Group; 2. If any new business opportunity was found to constitute competitive relation with Restricted Businesses, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group would inform Livzon Group in written form immediately and firstly provide Livzon Group with the business opportunity in accordance with reasonable and fair terms and conditions. If Livzon Group gave up the business opportunity, the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group may accept the business opportunity in accordance with the terms and conditions that were not superior to those offered to Livzon Group; 3. If assets and businesses that directly or indirectly constituted competitive relation and potential competitive relation with Restricted Businesses were intended to be transferred, sold, leased, licensed to use or otherwise transferred or allowed to use (these Sales and Transfers), the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group would provide the right of first refusal for Livzon Group under the same condition. If Livzon Group gave up the right of first refusal, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would carry out these Sales and Transfers to a third party in accordance with main terms that were not superior to those offered to Livzon Group; 4. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not be engaged in or involved in any business that might damage the interests of Livzon Group and other shareholders through the relation with shareholders of Livzon Group or the identity of shareholders of Livzon Group; 5. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not or cause its contact persons (except for Livzon Group) to directly or indirectly: (1) induce or attempt to induce any director, senior management or consultant of any member of Livzon Group to terminate his/her employment with or to be an employee or consultant of Livzon Group at any time (whichever is applicable), no matter if relevant acts of the person were against the Employment Contract or Consultancy Agreement (if applicable); (2) Within three years after any person terminated to be the director, senior management or consultant of any member of Livzon Group, employ the person who had or might have any confidentiality information or business secret in relation to Restricted Businesses (except for the director, senior management or consultant of the Company and/or its controlling subsidiaries except for Livzon Group on the date of issuance of relevant letter of undertaking); (3) Recruit or lobby any person carrying out business in any member of Livzon Group, accept orders, or carry out business separately, through any other person or as any person, firm, or manager, advisor, consultant, employee, agent or shareholder of any company (competitor of any member of Livzon Group), or lobby or persuade the person making transaction with Livzon Group or

negotiating with Livzon Group on Restricted Businesses to terminate its transaction with Livzon Group or reduce its normal business volume with Livzon Group, or ask for more favorable transaction terms to any member of Livzon Group. 6. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group further undertook that: (1) They would allow and cause relevant contact persons (except for Livzon Group) to allow independent directors of Livzon Group to review if the Company and its controlled subsidiaries except for Livzon Group obeyed the Letter of Undertaking at least once a year; (2) They would provide all the data required for annual review and implementation of the Letter of Undertaking for independent directors of Livzon Group; (3) They would allow Livzon Group to disclose the decision on whether the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group obeyed and implemented the Letter of Undertaking reviewed by independent directors of Livzon Group through the annual report or announcement; (4) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company (and its controlled subsidiaries except for Livzon Group) would provide Livzon Group with the Letter of Confirmation in relation to compliance with clauses of the Letter of Undertaking every year so as to be included in the annual report of Livzon Group. 7. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, and the Company promise that they would bear corresponding legal responsibility and consequence arising from violation of any clause by the Company (or the Company's controlled subsidiaries except for Livzon Group or its contact persons), starting from the date of issuance of relevant letter of undertaking. 8. The said undertakings would terminate in case of the following circumstances (whichever is earlier): (1) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and any of its controlled subsidiaries were not the controlling shareholders of Livzon Group anymore; (2) Livzon Group terminated the listing of its shares on the Hong Kong Stock Exchange and other overseas stock exchanges (except that shares of Livzon Group stopped to be traded temporarily for any reason).

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

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

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

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

(II) If the Company has made profit forecast on its assets or projects and the Reporting Period is still within the profit forecast period, the Company shall give an explanation on why its assets or projects achieved its profit forecast

□Realized □Unrealized √N/A

(III) Fulfillment of performance covenant

□Applicable √N/A

II. Information on Non-operating use of funds by controlling shareholders and other related parties during the Reporting Period

□Applicable √N/A

III. Information on illegal guarantees

□Applicable √N/A

IV. The Board's statement on the "non-standard opinion auditor's report" issued by the appointed accounting firm

□Applicable √N/A

V. accounting policies, accounting estimates or correction of material accounting errors

(I) Analysis and explanation from the Company on the reasons and impact of the change of accounting policies or accounting estimates

□Applicable √N/A

(II) Analysis and explanation from the Company on the reasons and impact of the correction on material accounting errors

□Applicable √N/A

(III) Communication with former appointed accounting firm

□Applicable √N/A

(IV) Approval Procedures and Other instructions

□Applicable √N/A

VI. Appointment and termination of appointment of accounting firm

Unit: 10,000 Yuan Currency: RMB

	Current accounting firm
Name of domestic accounting firm	Grant Thornton
Remuneration for domestic accounting firm	128
Continuous years of auditing services provided by domestic accounting firm	7
Name of certified public accountant ("CPA") of domestic accounting	Tang Hanlin(唐汉林) and Li Weibo(李伟波)

firm	
Continuous years of CPA audit services of domestic accounting firms	1 and 2

	Name	Fee
Accounting firm for internal control audit	Grant Thornton	32

Statement on appointment and termination of appointment of accounting firm

□Applicable √N/A

Statement on re-engagement of accounting firm during the audit period

□Applicable √N/A

Explanation of reductions in audit fees of 20% or more (including 20%) compared to the previous year

□Applicable √N/A

VII. Risk of delisting

(1) Reasons for delisting risk warning

□Applicable √N/A

(2) Countermeasures to be taken by the Company

□Applicable √N/A

(3) Risk of delisting and the reasons

□Applicable √N/A

VIII. Matters related to bankruptcy and reorganization

□Applicable √N/A

IX. Material litigation and arbitration

□The Company was involved in material litigation or arbitration in current year

√The Company was not involved in material litigation or arbitration in current year

X. Violations committed by the listed company and its directors, senior management, controlling shareholders and de facto controllers, punishments imposed and rectifications

□Applicable √N/A

XI. Credit standing of the Company and its controlling shareholders and de facto controllers during the Reporting Period

□Applicable √N/A

XII. Material related-party transactions

(I) Related-party transactions in connection with day-to-day operation

1. Matters already disclosed in interim announcements about which no new information is available

√Applicable □N/A

Overview	Query index
On April 7, 2025, the Company convened the 8th meeting of the 9th session of the Board of Directors, at which the Proposal on Routine Connected Transactions between Jiaozuo Joincare, a Controlling Subsidiary of the Company, and Jinguan Power was reviewed and approved. The Board approved Jiaozuo Joincare's procurement of steam and power from Jinguan Power in 2025 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 determined by reference to prevailing market prices. During the Reporting Period, the actual amount of the above connected transactions was RMB265.0797 million	For further details, please refer to the Announcement on the Resolutions of the 8th Meeting of the 9th Session of the Board of Directors of Joincare Pharmaceutical Group Industry Co., Ltd. (Interim 2025-017) and the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on Routine Connected Transactions between the Controlling Subsidiary Jiaozuo Joincare and Jinguan Power (Interim 2025-023), both disclosed on April 8, 2025.

2. Matters already disclosed in interim announcements about which new information is available

□Applicable √N/A

3. Matters not disclosed in interim announcements

□Applicable √N/A

(II) Related-party transactions involving acquisition or sale of assets or equity

1. Matters already disclosed in interim announcements about which no new information is available

√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 Asset Disposal and Related Party Transaction was considered and approved. In view of the relatively limited strategic synergies between the principal business of Maohaizi Animal Healthcare (Guangdong) Co., Ltd. ("Maohaizi") and the Company's overall strategy, and taking into account the Company's long-term strategic development plan, the Company intends to further focus on its core business areas, improve the efficiency of resource allocation, and fully incentivize Maohaizi's management team. Accordingly, the Company proposes to transfer its 49% equity interest in Maohaizi to Shenzhen Xin You Maohai Investment Partnership (Limited Partnership) ("Xin You Maohai"), a related party of the Company, which will serve as an equity holding platform for Maohaizi's key management personnel and employees, at a consideration of RMB51.45 million. At the same time, Xin You Maohai intends to subscribe for RMB15.00 million of newly increased registered capital of Maohaizi, with a capital contribution of RMB15.00 million. To facilitate the smooth implementation of the transaction and give full play to the incentive function of the employee equity holding platform, the Company has waived its pre-emptive right to subscribe for the capital increase. Upon completion of the transaction, Xin You Maohai will hold 52.56% of the equity interests in Maohaizi, while Livzon Pharmaceutical Group, a controlled subsidiary of the Company, will hold 47.44% of the equity interests in Maohaizi. The Company will no longer directly hold any equity interest in Maohaizi, and Maohaizi will cease to be included in the scope of the Company's Consolidated Financial Statements.	For further details, please refer to the Announcement of Joincare Pharmaceutical Group on the Resolutions of the 14th Meeting of the 9th session of the Board of Directors (Lin 2025-084) and the Announcement of Joincare Pharmaceutical Group on Asset Disposal and Related Party Transaction (Lin 2025-086), both disclosed by the Company on December 31, 2025.

2. Matters already disclosed in interim announcements about which new information is available
□Applicable √N/A

3. Matters not disclosed in interim announcements
□Applicable √N/A

4. Fulfillment of performance covenants (if any) during the Reporting Period
□Applicable √N/A

(III) Material related-party transactions involving joint external investment
1. Matters already disclosed in interim announcements about which no new information is available
□Applicable √N/A

2. Matters already disclosed in interim announcements about which new information is available
□Applicable √N/A

3. Matters not disclosed in interim announcements
□Applicable √N/A

(IV) Claims and debts with related parties
1. Matters already disclosed in interim announcements about which no new information is available
□Applicable √N/A

2. Matters already disclosed in interim announcements about which new information is available
□Applicable √N/A

3. Matters not disclosed in interim announcements

√Applicable □N/A

Unit: Yuan Currency: RMB

Related party	Relationship	Offer funds to related parties			Receive funds from related parties		
		Opening balance	Amount incurred in the current period	Closing balance	Opening balance	Amount incurred in the current period	Closing balance
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	Others	6,511,310.14	19,418,836.78	25,930,146.92	2,568,000.00	-1,519,200.00	1,048,800.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associated company	15,799,796.87	-15,799,796.87	0.00	46,000,000.00	55,020,551.90	101,020,551.90
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Others	1,164,309.54	-73,729.54	1,090,580.00			
Zhongshan Renhe Health Product Co., Ltd. (中山市仁和保健品有限公司)	Others	469,895.78	-469,895.78	0.00			
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Others	219,824.98	193,966.27	413,791.25			
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Others	53,978.00	-53,978.00	0.00			
Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司之子公司)	Others				68,563.91	-68,563.91	0.00
Total		24,219,115.31	3,215,402.86	27,434,518.17	48,636,563.91	53,432,787.99	102,069,351.90
Cause for claims and debts with related parties		During the Reporting Period, the Company had normal operating fund transactions with connected parties.					
Impact of claims and debts with related parties on the Company		The said credits and debts with connected persons are operating fund transactions; there was no non-operating use of funds of the Company by shareholders and connected parties.					

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

□Applicable √N/A

(VI) Others

□Applicable √N/A

XIII. Material contracts and their fulfilments

(I) Trusteeship, contracting and lease

1. **Trusteeship**

□Applicable √N/A

2. Contracting

□Applicable √N/A

3. Lease

□Applicable √N/A

(II) Guarantees

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Guarantor	Relation-ship between the guarantor and the listed company	Guaranteed party	Guaranteed amount	Date of guarantee (Signing date of agreement)	Effective date	Expiration date	Guarantee type	Fulfilled or not	Overdue or not	Overdue amount	Whether there's a counter-guarantee	Guaranteed for a related party or not	Relationship
Joincare	Headquarter of the Company	Jinguan Electric Power	6,000.00	2025/1/24	2025/1/24	2025/12/31	Joint liability guarantee	Yes	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	4,000.00	2025/3/14	2025/3/14	2025/12/31	Joint liability guarantee	Yes	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	394.09	2025/6/30	2025/6/30	2025/12/26	Joint liability guarantee	Yes	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	5,000.00	2025/8/27	2025/8/27	2026/7/9	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	4,840.00	2025/10/13	2025/10/13	2026/10/13	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	5,000.00	2025/11/3	2025/11/3	2026/6/22	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2025/11/27	2025/11/27	2026/11/27	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	800.00	2025/11/27	2025/11/27	2026/11/27	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	800.00	2025/11/28	2025/11/28	2026/11/27	Joint liability guarantee	No	No	0	Yes	Yes	Associate

Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2025/12/25	2025/12/25	2026/7/10	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Total guaranteed amount occurred during the Reporting Period (excluding guarantees to subsidiaries)													32,834.09
Total guaranteed amount as of the End of the Reporting Period (A) (excluding guarantees to subsidiaries)													22,440.00
Guarantee provided by the Company and its subsidiaries to subsidiaries													
Total amount of guarantees to subsidiaries during the Reporting Period													176,838.40
Total amount of guarantees to subsidiaries as of the End of the Reporting Period (B)													188,711.52
Total guaranteed amount of the Company (including guarantees to subsidiaries)													
Total guaranteed amount (A+B)													211,151.52
Percentage of total guaranteed amount in the Company's net assets (%)													8.67
In which:													
Amount of guarantees provided to shareholders, de facto controllers and their related parties (C)													0.00
Amount of debt guarantee directly or indirectly provided to a guaranteed party with an asset-liability ratio exceeding 70% (D)													84,867.85
Portion of total guaranteed amount exceeding 50% of net assets (E)													0.00
Total guaranteed amount of the above three items (C+D+E)													84,867.85
Statement on the contingent joint liability that might be assumed in connection with outstanding guarantee													N/A
Statement on guarantees						The above connected guarantees are detailed in Note XII 5(4) to the Financial Statements of this report.							

(III) Entrusted cash asset management

1. Entrusted wealth management

(1) Overall situation of entrusted wealth management

□Applicable √N/A

Other information

□Applicable √N/A

(2) Single entrusted wealth management

□Applicable √N/A

Other information

□Applicable √N/A

(3) Provision for impairment of entrusted wealth management products

□Applicable √N/A

2. Entrusted loans

(1) Overall situation of entrusted loans

√ Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Type	Source of Funds	Transaction Amount	Outstanding Balance	Overdue Amount
Entrusted Loan	Own Funds	2,500.00	10,000.00	0.00

Other information

√ Applicable □N/A

On April 25, 2024, the Company convened the 39th meeting of the Eighth Board of Directors and reviewed and approved the proposal "Regarding the Entrusted Loan Provided by the Company to Its Holding Subsidiary Jiaozuo Jianfeng Biotechnology Co., Ltd." The Board agreed to provide an entrusted loan to the holding subsidiary Jiaozuo Jianfeng for a period of five years, with a total amount of RMB100 million, to meet the subsidiary's previous project construction and working capital needs. The loan carries a floating interest rate, determined as the one-year Loan Prime Rate (LPR) published by the People's Bank of China plus 65 basis points (LPR + 65BP). Additionally, this entrusted loan is secured by the equity of Jiaozuo Jianfeng held by its other shareholder, Greenanew (Shanghai) Biotechnology Co., Ltd.

On May 10, 2024, the Company, together with China Merchants Bank Co., Ltd. Shenzhen Branch, signed a Five-Year Entrusted Loan Agreement with the borrower, Jiaozuo Jianfeng. According to the agreement, RMB80 million of the entrusted loan is designated for project-related construction expenses, while RMB20 million is allocated for Jiaozuo Jianfeng’s working capital turnover.

The interest rate for the entrusted loan is set at the benchmark rate on the contract signing date plus 65 basis points (BPs), resulting in a rate of 4.10%. As of May 13, 2024, the Company had disbursed a total of RMB40 million to Jiaozuo Jianfeng, of which RMB35 million was used for project-related construction expenses, and RMB5 million was allocated for working capital turnover.

On September 27, 2024, the Company disbursed an additional RMB15 million in entrusted loans to Jiaozuo Jianfeng through China Merchants Bank, of which RMB10 million was allocated for project-related construction expenses, and RMB5 million was used for Jiaozuo Jianfeng's working capital turnover.

On November 29, 2024, the Company further disbursed RMB20 million in entrusted loans to Jiaozuo Jianfeng through China Merchants Bank, with RMB15 million designated for project-related construction expenses and RMB5 million for Jiaozuo Jianfeng's working capital turnover.

On February 11, 2025, the Company disbursed RMB10 million in entrusted loans to Jiaozuo Jianfeng through China Merchants Bank, with RMB5 million designated for project-related construction expenses and RMB5 million for Jiaozuo Jianfeng's working capital turnover.

On June 24, 2025, the Company further disbursed RMB15 million in entrusted loans to Jiaozuo Jianfeng through China Merchants Bank, all designated for project-related construction expenses.

As of the end of the Reporting Period, the Company has fully disbursed the entrusted loan facility of RMB100 million approved by the Board of Directors to Jiaozuo Jianfeng, of which RMB80 million was used to pay for project-related construction costs and RMB20 million was allocated for working capital purposes.

(2) Single entrusted loans

√ Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Trustee	Entrusted Loan Type	Entrusted Loan Amount	Start Date	End Date	Source of Funds	Use of Funds	Remuneration Determination Method	Annualized Yield (%)	Expected Return (if any)	Actual Return or Loss	Actual Recovery Status	Legal Procedure Compliance	Future Entrusted Loan Plan	Provision for Impairment (if any)
China Merchants Bank	Entrusted Bank Loan	3,500	2024/5/11	2029/5/11	Own funds	production and operation	Under loan contract	Please see Note 1 for details		227.16		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	500	2024/5/13	2029/5/11	Own funds	working capital	Under loan contract	Please see Note 1 for details		32.34		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	1,000	2024/9/27	2029/5/11	Own funds	production and operation	Under loan contract	Please see Note 1 for details		49.69		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	500	2024/9/27	2029/5/11	Own funds	working capital	Under loan contract	Please see Note 1 for details		24.85		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	1,500	2024/11/29	2029/5/11	Own funds	production and operation	Under loan contract	Please see Note 1 for details		66.11		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	500	2024/11/29	2029/5/11	Own funds	working capital	Under loan contract	Please see Note 1 for details		22.04		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	500	2025/2/11	2029/5/11	Own funds	production and operation	Under loan contract	Please see Note 1 for details		17.82		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	500	2025/2/11	2029/5/11	Own funds	working capital	Under loan contract	Please see Note 1 for details		17.82		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	1,500	2025/6/24	2029/5/11	Own funds	production and operation	Under loan contract	Please see Note 1 for details		27.37		Yes	Yes	

Note 1: The loan interest rate is a floating rate based on the one-year Loan Prime Rate (LPR) published by the People's Bank of China (PBOC) plus 65 basis points (bps).

Other information

□Applicable √N/A

(3) Provision for impairment of entrusted loans
□Applicable √N/A

3. Other information
□Applicable √N/A

(IV) Other material contracts
□Applicable √N/A

XIV. Progress of Proceeds Usage

√Applicable □N/A

(I) Overall Usage of Proceeds

√Applicable □N/A

Unit: 10,000 Yuan

Sources of proceeds	Paid-in time of proceeds	Total amount of proceeds	Net amount of proceeds (1)	Committed Investment Amount in Prospectus (2)	Amount of proceeds from over-allotment (3) = (1) - (2)	Total investment amount of proceeds as at the end of the Reporting Period (4)	Progress of cumulative investment as at the end of the Reporting Period (%) (6) = (4)/(1)	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	16 October 2018	171,599.38	166,974.02	166,974.02	0.00	172,602.86	103.37	5,812.60	3.48	76,974.02
Others	26 September 2022	USD9,203.57	USD8,930.00	USD8,930.00	0.00	USD250.40	2.80	USD0.90	0.01	

Note: A total of RMB56.2884 million from interest income and cash management gains generated from the 2018 raised proceeds has also been invested in the project.

Other Notes
☐ Applicable √ Not Applicable

(II) Details of Investment Projects with Proceeds

√Applicable □N/A

1. Details of Raised Projects Usage

√ Applicable □N/A

Unit: 10,000 Yuan

Sources of proceeds	Name of project	Nature of project	Committed Investment Project in Prospectus or Offering Circular	Change in Investment Direction	Committed proceeds investment amount for the project (1)	Investment amount during the year	Total investment amount of proceeds as at the end of the Reporting Period (2)	Cumulative Investment Progress (%) (3) = (2) / (1)	Planned date for the project to reach its intended usable state
Others	Zhuhai Healthcare Industry Base Construction Project	Production and construction	Yes	Yes, project canceled	-	-	-	-	Terminated
Others	Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project	Production and construction	Yes	No	89,610.87	0.00	89,610.87	100.00	December 2023
Others	Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project	Production and construction	No	Yes, new project	15,239.17	0.00	15,239.17	100.00	December 2024
Others	New products R&D project	R&D	No	Yes, new project	60,644.11 Note 3	5,812.60	66,272.95	109.28	September 2025
Others	Information Platform Construction Project	Others	No	Yes, new project	1,479.87	0.00	1,479.87	100.00	December 2024
Others	Global R&D and Industrialization Plan	R&D	Yes	No	USD 6,251.00	USD 0.00	USD 244.36	3.91	N/A
Others	Construction of global product sales and after-sales network and service system	Production and construction	Yes	No	USD 893.00	USD -0.23	USD 3.39	0.38	N/A
Others	Replenishment of working capital and other general corporate purposes	Operation management	Yes	No	USD 1,786.00	USD 1.14	USD 2.66	0.15	N/A

(continued)

Name of project	Whether the project has been completed	Whether the investment progress was in line with the planned progress	Reasons for Investment Progress Delay	Benefits Realized This Year	Benefits or R&D achievements achieved in the project	Significant Changes in Project Feasibility (if any, provide details)	Surplus Balance
Zhuhai Healthcare Industry Base Construction Project	Yes	Yes	N/A			Yes Note #1	

Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project	Yes	Yes	N/A	11,060.94	The related respiratory formulation products have already entered production and sales.	No	
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project	Yes	Yes	N/A			No	
New products R&D project	Yes	Yes	N/A			No	
Information Platform Construction Project	Yes	Yes	N/A			No	
Global R&D and Industrialization Plan	No	Yes	N/A			No	
Construction of global product sales and after-sales network and service system	No	Yes	N/A			No	
Replenishment of working capital and other general corporate purposes	No	Yes	N/A			No	

Note 1:

At the 8th Board of Directors Meeting (8th Session) held on January 24, 2022, and the First Extraordinary General Meeting of 2022 held on February 11, 2022, the Company resolved to reallocate the unused raised funds of RMB735.88 million from the Zhuhai Healthcare Industry Base Construction Project, along with interest income and cash management gains (based on actual past and future occurrences), to the following projects: New Products R&D Project, Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and Information Platform Construction Project. The feasibility of the Zhuhai Healthcare Industry Base Construction Project and its external environment underwent significant changes, as detailed below:

(1) Project Delays

The Company completed its public offering in October 2018. Regarding the Zhuhai Healthcare Industry Base Construction Project, the Company disclosed in its 2018 annual report, H1 2019 report, and 2019 annual report on the storage and use of raised funds that the project site was not ready for construction due to the incomplete municipal infrastructure (three utilities and one leveling – roads, water, electricity, and site leveling). As a result, the project could not commence. Furthermore, at the 22nd Meeting of the 7th Board of Directors on April 9, 2020, and the 2019 Annual General Meeting on May 29, 2020, the Company approved a postponement of the project commencement date. Similarly, at the 44th Meeting of the 7th Board of Directors on March 29, 2021, and the 2020 Annual General Meeting on May 21, 2021, the Company further postponed the project start date to the second half of 2021. As of December 31, 2021, the project site still did not meet the conditions for construction.

(2) Changes in Market Environment and Project Feasibility

Due to market changes, the Company adjusted its product development strategy, resulting in changes to the project's feasibility. The Zhuhai Healthcare Industry Base Construction Project was originally planned for the production of healthcare products, OTC drugs, and a small amount of food products. Among these, healthcare products were the primary investment focus, accounting for an estimated 70% of projected revenue once the project reached full capacity. The Company originally planned to expand production capacity for existing products and add new product lines through this project, aiming for rapid growth in the healthcare products and

OTC drug sectors. However, in recent years, market competition in the domestic health supplement industry has intensified, with many foreign brands entering the Chinese market and capturing a significant market share. While the healthcare products market continued to grow, competition became increasingly fierce. Additionally, due to regulatory constraints such as national medical insurance policies, health supplement sales in pharmacies declined. Although the OTC drug market maintained steady growth, its contribution to this project was relatively small. From 2018 to the first half of 2021, the Company's total revenue from health care supplements and OTC drugs was RMB327 million, RMB300 million, RMB327 million, and RMB160 million, respectively, showing an overall stable development trend. However, healthcare products sales exhibited a downward trend, while OTC drug sales saw slight growth. Based on market conditions and the Company's business development in these sectors, a reassessment determined that continuing the investment project as originally planned would not yield favorable economic returns.

(3) Reallocation of Products and Production Facilities

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

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

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

Note 2: On September 10, 2024, the Company convened its 3rd meeting of the 9th session of the Board of Directors and approved the proposal Regarding the Transfer of Land Use Rights and Buildings by a Wholly Owned Subsidiary, Involving the Transfer of a Raised Fund Investment Project. The proposal approved the transfer by the Company’s wholly owned subsidiary, Joincare Pharmaceutical (China) Co., Ltd., of the state-owned construction land use rights for a plot located south of Hubin Road and east of Binhe Road in Sanzao Town, Jinwan District, Zhuhai, with a total area of 94,538 ㎡, along with all above-ground buildings under construction and other attachments, to Zhuhai Yangyi Biopharmaceutical Co., Ltd. for a total price of RMB79.52 million (tax included). The transferred asset pertains to the Zhuhai Healthcare Industry Base Construction Project, a fundraising investment project from the Company’s equity offering. Since a total of RMB33.86 million in raised funds had been invested in this project, RMB33.86 million from the transaction proceeds will be reallocated to the New Products R&D Project. Following this adjustment, the planned investment amount for the New Products R&D Project will be increased from RMB545.88 million to RMB579.74 million. On December 30, 2024, the Company convened its 7th meeting of the 9th Session of Board of Directors and approved the proposal Regarding the Completion of Certain Fundraising Investment Projects and the Reallocation of Surplus Raised Funds to Other Investment Projects. The proposal approved the completion and closure of the Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and the Information Platform Construction Project, both fundraising investment projects from the equity offering. It also approved the reallocation of the remaining funds from these projects, along with surplus funds from the previously completed Haibin

Pharma Pingshan Pharmaceutical Industrialization Base Project, totaling RMB26.70 million plus interest, to the New Products R&D Project. Following this adjustment, the planned investment amount for the New Products R&D Project increased from RMB579.74 million to RMB606.44 million. As of the end of the Reporting Period, in accordance with the terms of the above disposal agreement, the Company has fully recovered the aforementioned amount of RMB33.8629 million.

2. Details of proceeds from over-allotment usage
□Applicable √N/A

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

□Applicable √N/A

Unit: 10,000 Yuan Currency: RMB

(IV) Other information on the usage of proceeds during the Reporting Period

1. Previous investment and replacement of projects invested with proceeds

√Applicable □N/A

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

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

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

□Applicable √N/A

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

□Applicable √N/A

4. Others

√Applicable □N/A

(1) Use of Surplus Raised Funds

On December 30, 2024, the Company convened the 7th meeting of the 9th session of the Board of Directors, at which the Proposal on the Completion and Closure of Certain Fundraising Investment Projects and the Reallocation of Surplus Raised Funds to Other Fundraising Investment Projects was reviewed and approved. The Board approved the completion and closure of the Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and the Information Platform Construction Project, both rights issue fundraising investment projects, and approved the reallocation of the surplus raised funds from these projects together with the surplus raised funds from the previously closed Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project, totaling RMB26.7009 million plus interest (the final amount to be determined based on the actual bank interest accrued as at the date of fund transfer), to the New Products R&D Project. For further details, please refer to the Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Completion and Closure of Certain Fundraising Investment Projects and the Reallocation of Surplus Raised Funds to Other Fundraising Investment Projects (Lin 2024-131).

(2) Use of Funds in Connection with Changes to Fundraising Investment Projects

On September 10, 2024, the Company convened the 3rd meeting of the 9th session of the Board of Directors, at which the Proposal on the Transfer of Land Use Rights and Above-Ground Buildings by a Wholly-Owned Subsidiary and the Related Transfer of a Fundraising Investment Project was reviewed and approved. The Board approved the transfer by the Company's wholly-owned subsidiary, Joincare Pharmaceutical (China) Co., Ltd., of the state-owned construction land use rights for a plot of land with a

site area of 94,538 m ²located to the south of Hubin Road and to the east of Binhe Road, Sanzao Town, Jinwan District, Zhuhai City, together with all above-ground buildings (including works under construction) and other attachments thereon, to Zhuhai Yangyi Biopharmaceutical Co., Ltd. for a total consideration of RMB79.52 million (inclusive of tax). The subject of the transfer relates to the Zhuhai Healthcare Industry Base Construction Project, a fundraising investment project from the Company's 2018 rights issue. The transaction involved a cumulative amount of RMB33.8629 million of raised funds from the 2018 rights issue that had been applied to the Zhuhai Healthcare Industry Base Construction Project. The Company plans to return RMB33.8629 million of the transaction proceeds to the special raised funds account for use in the New Products R&D Project.

As at the end of June 2025, in accordance with the terms of the above disposal agreement, the Company has fully recovered the aforementioned amount of RMB33.8629 million.

XV. Other significant matters having significant influence on the value judgment and decisions of investors

√Applicable □N/A

1. Matters about share cancellation and share repurchase

(1) Share Repurchase

On September 2, 2024, and September 23, 2024, the Company convened the 2nd meeting of the 9th session of the Board of Directors and the 4th Extraordinary General Meeting of Shareholders in 2024, respectively, to review and approve the proposal " Plan for the Repurchase of Shares of the Company by Means of Centralized Bidding Transactions " and other related resolutions. The proposal approved the use of self-owned or self-raised funds to repurchase company shares through centralized bidding transactions, with all repurchased shares to be canceled to reduce registered capital. The total repurchase funds will be no less than RMB300 million (inclusive) and no more than RMB500 million (inclusive), with a maximum repurchase price of RMB15.40 per share (inclusive). The repurchase period will run from September 23, 2024, to September 22, 2025. For further details, please refer to "Joincare Pharmaceutical Group Industry Co., Ltd. Plan for the Repurchase of Shares of the Company by Means of Centralized Bidding Transactions " (Lin 2024-085) and "Joincare Pharmaceutical Group Industry Co., Ltd. Report for the Repurchase of Shares of the Company by Means of Centralized Bidding Transactions " (Lin 2024-096).

As of March 6, 2025, the Company had cumulatively repurchased 44,747,034 shares through centralized competitive bidding. These shares represent 2.39% of the Company’s total share capital (1,874,200,420 shares). The total consideration paid amounted to RMB499.9836 million (inclusive of transaction costs), marking the successful completion of the share repurchase program. For further details, please refer to “Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on the Implementation Results of Share Repurchase and Changes in Share Capital ”(Lin 2025-013).

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

(2) Proposed Acquisition of Equity Interest in Vietnam's IMP by Controlling Subsidiary Livzon Group

On May 22, 2025, the Company convened the 10th meeting of the 9th session of the Board of Directors, at which the Proposal on the Proposed Acquisition of Equity Interest in Vietnam's IMP by Controlling Subsidiary Livzon Group was reviewed and approved. LIAN SGP HOLDING PTE. LTD. ("LIAN SGP"), an overseas wholly-owned subsidiary of Livzon Group, a controlling subsidiary of the Company, entered

into a Framework Agreement on May 22, 2025 with SK Investment Vina III Pte. Ltd. ("SK"), Sunrise Kim Investment Joint Stock Company ("Sunrise"), and KBA Investment Joint Stock Company ("KBA", and together with SK and Sunrise, the "Sellers"). Pursuant to the Framework Agreement, LIAN SGP proposes to acquire an aggregate of 64.81% of the shares in Imexpharm Corporation ("IMP" or the "Target Company"), a Vietnamese listed company, held by the Sellers (the "Transaction"). The equity purchase price payable for the Transaction is VND 5,730,815,426,000 (equivalent to approximately RMB1.587 billion based on the Bank of China middle exchange rate on the date of signing of the Framework Agreement). 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).

On December 29, 2025, LIAN SGP and the Sellers entered into an Amendment Agreement to the Framework Agreement, pursuant to which the "Completion Deadline" was defined as June 30, 2026, or such later date as may be agreed in writing between the Sellers and the Buyer.

On December 30, 2025, the Company convened the 14th meeting of the 9th session of the Board of Directors, at which the Proposed Public Tender Offer of the Acquisition of Equity Interests in Vietnam's IMP by Controlled Subsidiary Livzon Group was reviewed and approved. The Board approved LIAN SGP's application to the State Securities Commission of Vietnam for a public tender offer for IMP shares in accordance with applicable Vietnamese regulations, and the issuance of a public tender offer to all shareholders of IMP. The adjusted maximum equity purchase price payable for the Transaction is VND 6,891,442,278,000.00 (equivalent to approximately RMB1.846 billion based on the middle exchange rate on the date of the Board meeting), with the actual transaction consideration to be determined based on the final number of shares tendered and accepted. The public tender offer remains subject to approval by the State Securities Commission of Vietnam and other Vietnamese governmental or regulatory authorities. For further details, please refer to 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).

As of the date of this report, LIAN SGP has submitted its application to the State Securities Commission of Vietnam for the public tender offer for IMP shares pursuant to the relevant Board resolutions, and has recently received approval from the State Securities Commission of Vietnam for the Transaction. For further details, please refer to the Announcement on the Progress of the Proposed Public Tender of the Acquisition of Equity Interests in IMP by Livzon Group published by the Company on March 7, 2026 (Lin 2026-010).

Chapter 6 Changes in Equity and Shareholders

I. Changes in Share Capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: shares

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

2. Explanations on changes in shares

√Applicable □N/A

On September 2, 2024, the Company convened the 2nd meeting of the 9th session of the Board of Directors, which reviewed and approved the "Plan for the Repurchase of Shares of the Company by Means of Centralized Bidding Transactions" and other relevant proposals. The Board authorized the Company to repurchase its own shares through centralized bidding transactions using its own or self-raised funds, with all repurchased shares to be used for reducing registered capital. The total repurchase funds were set at a

minimum of RMB300 million and a maximum of RMB500 million, with the repurchase price capped at RMB15.40 per share (all inclusive). The repurchase period spanned from September 23, 2024, to September 22, 2025.For further details, please refer to the "Preplan for the Repurchase of Shares of the Company by Means of Centralized Bidding Transactions of Joincare Pharmaceutical Group Industry Co., Ltd." (Lin 2024-085) and the "Report for the Repurchase of Shares of the Company by Means of Centralized Bidding Transactions of Joincare Pharmaceutical Group Industry Co., Ltd." (Lin 2024-096). These proposals were officially ratified at the 4th Extraordinary General Meeting of Shareholders on September 23, 2024.

As of March 6, 2025, the Company completed the aforementioned share repurchase. Through centralized bidding transactions, the Company cumulatively repurchased 44,747,034 shares. The highest and lowest purchase prices were RMB11.90 and RMB10.57 per share, respectively, with a weighted average price of RMB11.17 per share. The total consideration paid amounted to RMB499.9836 million (inclusive of transaction costs). All repurchased shares were formally cancelled on March 10, 2025.

3. The influence of changes in shares on financial indicators such as earnings per share and net assets per share in the most recent year and the most recent Reporting Period (if applicable)

□Applicable √N/A

4. Other information disclosed as the Company deems necessary or required by the securities regulatory authority

□Applicable √N/A

(II) Changes in shares subject to selling restrictions

□Applicable √N/A

II. Issuance and Listing of Securities

(I) Securities issued during the Reporting Period

□Applicable √N/A

Explanations on securities issuance during the Reporting Period (For bonds with different interest rates during the duration, please provide separate explanations):

□Applicable √N/A

(II) Changes in total number of shares, shareholding structure, and structure of assets and liabilities of the Company

□Applicable √N/A

(III) Outstanding shares granted under the employee share ownership scheme

□Applicable √N/A

III. Information on Shareholders and the De Facto Controller

(I) Total number of shareholders

Total number of shareholders of ordinary shares as of the End of the Reporting Period	78,525
Total number of shareholders of ordinary shares as of the end of the month immediately prior to the publication date of this annual report	76,582

(II) Shares held by top 10 shareholders and top 10 holders of tradable shares (or shares without selling restrictions) as of 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 subject to selling restrictions	Pledge, mark or lock-up		Nature of shareholder
					Share status	Number	
Shenzhen Baiyeyuan Investment Co., Ltd.* (深圳市百业源投资有限公司)	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	-21,859,285	33,321,560	1.82	0	Unknown		Unknown
Zhang Yongliang	15,247,996	18,277,996	1.00	0	Unknown		Domestic natural person
Agriculture Bank of China Limited-CSI 500 Exchange Traded Index Securities Investment Fund	222,070	16,196,554	0.89	0	Unknown		Unknown
Bank of Shanghai Co., Ltd.－Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	500,124	13,329,320	0.73	0	Unknown		Unknown
Rui Life Insurance Co., Ltd. -Own fund	10,000	12,739,218	0.70	0	Unknown		Unknown
Joincare Pharmaceutical Group Industry Co., Ltd. — the Third Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme	0	9,370,400	0.51	0	None		Others
CPIC Fund -China Pacific Life Insurance Co., Ltd. -with-profit insurance-CPIC Fund China Pacific Life Equity Relative Income (Guaranteed Dividend) single asset management plan	-1,422,400	7,877,600	0.43	0	Unknown		Unknown
Bank of China – GF CSI Innovative Drug Industry ETF	3,047,078	7,666,933	0.42	0	Unknown		Unknown

Shareholdings of the Top 10 shareholders without selling restrictions			
Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares	
		Class	Number
Shenzhen Baiyeyuan Investment Co., Ltd.* (深圳市百业源投资有限公司)	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	33,321,560	Ordinary shares denominated in Renminbi	33,321,560
Zhang Yongliang	18,277,996	Ordinary shares denominated in Renminbi	18,277,996
Agriculture Bank of China Limited-CSI 500 Exchange Traded Index Securities Investment Fund	16,196,554	Ordinary shares denominated in Renminbi	16,196,554
Bank of Shanghai Co., Ltd.—Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	13,329,320	Ordinary shares denominated in Renminbi	13,329,320
Rui Life Insurance Co., Ltd. -Own fund	12,739,218	Ordinary shares denominated in Renminbi	12,739,218
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 asset management plan	7,877,600	Ordinary shares denominated in Renminbi	7,877,600
Bank of China – GF CSI Innovative Drug Industry ETF	7,666,933	Ordinary shares denominated in Renminbi	7,666,933
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.		
Explanation of Preferred Shareholders and Their Holdings Following the Restoration of Voting Rights	Not applicable		

Shares lent by the Top 10 shareholders by participating in the refinancing business

□Applicable √N/A

Changes shareholdings of the Top 10 shareholders compared with the previous period

□Applicable √N/A

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

□Applicable √N/A

(III) Strategic investors or general legal persons who became top 10 shareholders as a result of allotment of new shares

□Applicable √N/A

IV. Information on the Controlling shareholder and the De Facto Controller

(I) Information on the Controlling shareholder

1. Legal person

√Applicable □N/A

Name	Shenzhen Baiyeyuan Investment Co., Ltd.* (深圳市百业源投资有限公司)
Person in charge of the unit or legal representative	Zhu Baoguo
Date of incorporation	21 January 1999
Principal business	Investment in industry, domestic commerce, and material supply and marketing industry
Equity held in other domestic and overseas listed companies during the Reporting Period	Except for the daily trading of securities assets in the secondary market, Baiyeyuan did not hold or participate in the equity of other domestic and overseas listed companies during the Reporting Period.
Others	Not applicable

2.Natural person

□Applicable √N/A

3.Special statement if the Company does not have a controlling shareholder

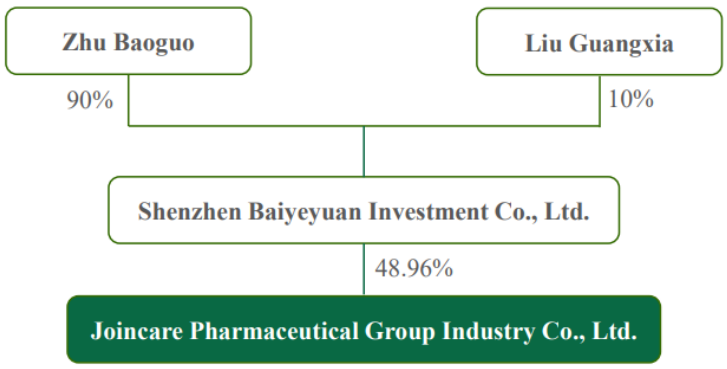
□Applicable √N/A

4.Statement on changes in controlling shareholders during the Reporting Period

□Applicable √N/A

5. Block diagram describing controlling shareholders' ownership of and control over the Company

√Applicable □N/A



(II) Information on the de facto controller

1.Legal person

□Applicable √N/A

2.Natural person

√Applicable □N/A

Name	Zhu Baoguo
Nationality	China
Hold the right of residence in other countries or regions or not	No
Main occupation and position	Chairman of the Company and Livzon Group
Domestic and overseas listed companies controlled in the past 10 years	Except for the Company and Livzon Group, Mr. Zhu Baoguo has never controlled any other domestic and overseas listed companies

3.Special statement if the Company does not have a de facto controller

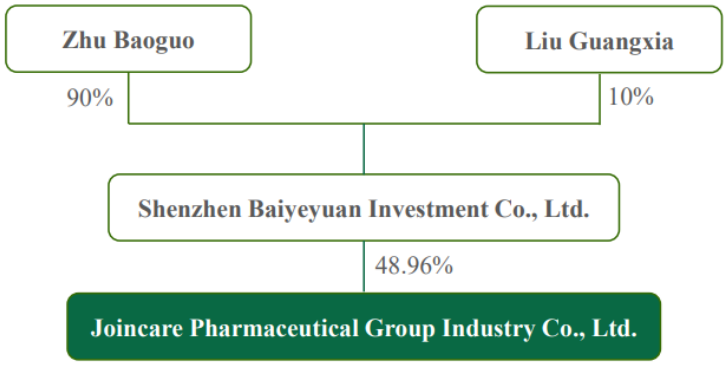
□Applicable √N/A

4.Statement on change of control of the Company during the Reporting Period

□Applicable √N/A

5.Block diagram describing de facto controllers' ownership of and control over the Company

√Applicable □N/A



6.De facto controller controls the Company through trust or other asset management methods

□Applicable √N/A

(III) Other information on the controlling shareholder and the de facto controllers

□Applicable √N/A

V. Cumulative Number of Shares Pledged by Controlling Shareholders or the Largest Shareholder of the Company and Their Persons Acting in Concert Accounts for More Than 80% of the Shares Held by Them in the Company

□Applicable √N/A

VI. Other Corporate Shareholders Holding More Than 10% Shares

□Applicable √N/A

VII. Explanation on Restrictions on Share Selling

□Applicable √N/A

VIII. Information on Implementation of Share Repurchases Plans during the Reporting Period

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

Name of share repurchase plan	Plan on share repurchase by centralized bidding
Disclosure date of share repurchase plan	August 26, 2024
Number of shares to be repurchased and its percentage in total share capital (%)	1.04~1.73
Proposed repurchase amount	30,000~50,000
Proposed repurchase period	2024/9/23~ 2025/9/22
Purpose of repurchase	To reduce registered capital of the Company
Repurchased number (shares)	44,747,034

Percentage of repurchased shares in the target shares under share incentive scheme (%) (if any)	Not applicable
The progress of the Company's reduction of repurchased shares by centralized bidding	Not applicable

IX. Information on Preferred Shares

□Applicable √N/A

Chapter 7 Information on Bonds

I. Corporate Bonds, Debentures and Debt Financing Instruments Issued by Non-Financial Entities

□Applicable √N/A

II. Convertible Corporate Bonds

□Applicable √N/A

Chapter 8 Financial Statements

I Auditor's report

√Applicable □N/A

Auditor's Report

[English Translation for Reference Only]

GTCSZ (2026) No. 442A006396

To all shareholders of Joincare Pharmaceutical Group Industry Co., Ltd. (健康元药业集团股份有限公司) :

I. Auditor's Opinion

We have audited the financial statements of Joincare Pharmaceutical Group Industry Co., Ltd. (健康元药业集团股份有限公司) (the "Group" or "Company") which comprise the Consolidated and Company balance sheets as at 31 December 2025, and the Consolidated and Company income statements, the Consolidated and Company cash flow statements, the Consolidated and Company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Consolidated and Company financial positions as at 31 December 2025, and their financial performance and their cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the China Code of Ethics for Certified Public Accountants and, where applicable, the independence requirements for public interest entities under the China Independence Standards for Certified Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do

not provide a separate opinion on these matters.

(I) Revenue recognition

For relevant disclosure, please refer to Note III. 29 and Note V. 43 to the financial statements.

1. Description of the matter

The Group generated revenue from primary operation in year ended 31 December 2025 were RMB 15,088.48 million. We identified revenue recognition as a key audit matter due to the materiality of revenue to the financial statements as a whole and the risk of material misstatement as to the occurrence and accuracy for in the appropriate accounting period.

2. Addressed in the context of our audit

(1) We obtained an understanding of and assessed the Company management's design and operating effectiveness of key internal controls over revenue recognition.

(2) We obtained the contracts signed between the Company and its customers and verified the key terms of the contracts, such as shipment and acceptance, payment and settlement, exchange and return policies.

(3) We inquired about the business registration information of the Company's customers and asked relevant personnel of the Company in order to confirm whether there was an affiliated relationship between the Company and its customers; obtained an understanding of the reasons for customer changes and contract performance among others; counted and analyzed end sales of products purchased by selected customers from the Company based on the business system of the Company's directly connected customers.

(4) We obtained records of returns and exchanges in the Company's business system and checked them to confirm whether there were significant abnormalities that affected revenue recognition.

(5) We selected samples from sales transaction records in 2025 to check contracts, purchase orders, shipping documents, transportation documents, bookkeeping vouchers, payment records, and periodic reconciliation letters, and performed external confirmation procedures on major customer sales and accounts receivable.

(6) We performed analytical procedures for the reasonableness on changes in revenue by considering the product type and factors such as market trends, industry trends, business expansion plan as well as market data collected by third-party consultants.

(7) We selected samples of revenue transactions around the balance sheet date, reviewed sales contracts, purchase orders, shipping documents, transportation documents, and bookkeeping vouchers, and evaluated whether revenues were recorded in the appropriate accounting period.

(II) Provision for bad debts of accounts receivable

For relevant disclosure, please refer to Note III.11 and Note V. 4 to the financial statements

1. Description of the matter

As of 31 December 2025, the Group's consolidated balance sheet reports an accounts receivable balance of RMB 2,799.96 million, with a corresponding provision for bad debts of RMB 77.63 million, both of which are material to the overall financial statements. In evaluating the expected recoverable amount of accounts receivable, management must make significant accounting estimates and judgments. Should the accounts receivable not be recovered within the expected timeframe or remain uncollectible, leading to bad debt losses, it could have a substantial impact on the financial statements. Therefore, we have recognized the provision for bad debts of accounts receivable as a key audit matter.

2. Addressed in the context of our audit

(1) We obtained an understanding of and evaluated the design of the key internal controls of accounts receivable management, and test the effectiveness of key controls implementation.

(2) We examined the basis and process for determining the expected credit loss rate, including the key parameters and assumptions used in the credit loss model. This involved understanding the grouping of accounts receivable based on customer credit risk characteristics, as well as reviewing the historical migration rate data included in the expected loss rate. We assessed whether the expected credit loss rate had been appropriately adjusted for current economic conditions and forward-looking information, and we evaluated the reasonableness of the bad debt provision estimate by reviewing the underlying information and testing the accuracy of historical migration rates.

(3) We obtained the bad debt provision schedule for accounts receivable, reviewed whether the provision method adhered to the bad debt provision policy, and recalculated the provision amount to verify its accuracy.

(4) We analyzed the year-end balance of the bad debt provision in relation to accounts receivable, compared it with the prior period’s provision, and assessed whether the provision for bad debts was adequate.

(5) We analyzed the aging of accounts receivable and the creditworthiness of customers. Through audit procedures such as confirmation and reviewing subsequent cash receipts, we evaluated the reasonableness of the bad debt provision.

IV. Other Information

Management of the Company is responsible for the other information. The other information comprises the information included in the Company’s 2025 annual report, but does not include the

financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation of the financial statements to achieve fair presentation in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control as management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention to users of the financial statements in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Zhitong Certified Public Accountants LLP	Certified Public Accountants Tang Hanlin (The partner in charge of the auditing service project) Certified Public Accountants Li Weibo
Beijing, China	30 March 2026

II Financial statements

Consolidated Balance Sheet

December 31, 2025

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

Unit: Yuan Currency: RMB

Item	Note	December 31, 2025	December 31, 2024
Current assets:			
Cash and bank balances	V.1	13,610,715,754.64	14,851,977,121.94
Financial assets held for trading	V.2	1,694,102,766.69	89,363,055.07
Notes receivable	V.3	1,636,435,183.16	1,951,213,189.48
Accounts receivable	V.4	2,722,328,581.17	2,429,891,052.01
Receivables financing			
Prepayments	V.5	202,964,890.16	241,379,213.79
Other receivables	V.6	69,355,886.15	51,166,649.86
Including: Interests receivable			
Dividends receivable			
Inventories	V.7	2,213,802,715.08	2,621,343,117.50
Contract assets			
Assets held-for-sale	V.8		54,029,237.68
Non-current assets due within one year	V.9	880,840,324.51	556,410,803.22
Other current assets	V.10	129,622,238.09	159,087,536.76
Total current assets		23,160,168,339.65	23,005,860,977.31
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	V.11	1,483,192,139.93	1,446,298,598.46
Other equity instrument investments	V.12	990,428,693.50	1,026,548,743.15
Other non-current financial assets			
Investment properties	V.13	15,276,446.14	16,117,329.57
Fixed assets	V.14	5,421,615,752.18	5,689,216,337.13
Construction in progress	V.15	615,348,388.91	531,063,771.79
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V.16	43,784,500.37	38,626,733.57
Intangible assets	V.17	885,697,302.13	687,430,720.95
Development cost	V.18	364,875,894.36	362,703,730.11
Goodwill	V.19	636,339,503.82	636,339,503.82
Long-term prepaid expenses	V.20	314,844,828.54	319,396,628.88
Deferred tax assets	V.21	822,667,725.40	685,468,536.85
Other non-current assets	V.22	660,059,793.71	1,273,057,844.54
Total non-current assets		12,254,130,968.99	12,712,268,478.82
Total assets		35,414,299,308.64	35,718,129,456.13
Current liabilities:			
Short-term loans	V.24	2,240,000,000.00	2,455,000,000.00
Financial liabilities held for trading	V.25	487,431.05	9,046,554.29
Notes payable	V.26	1,295,877,244.31	1,384,943,947.17
Accounts payable	V.27	691,432,568.22	765,512,193.23
Receipts in advance			
Contract liabilities	V.28	121,567,789.34	142,395,539.21
Employee benefits payable	V.29	491,740,918.10	473,571,305.45
Taxes payable	V.30	240,737,007.47	263,380,339.80
Other payables	V.31	3,392,845,948.69	3,369,115,240.67
Including: Interests payable			

Dividends payable		14,017,248.88	9,890,041.38
Liabilities held-for-sale			
Non-current liabilities due within one year	V.32	373,229,691.10	395,975,991.36
Other current liabilities	V.33	7,996,328.84	11,841,940.51
Total current liabilities		8,855,914,927.12	9,270,783,051.69
Non-current liabilities:			
Long-term loans	V.34	1,572,266,599.04	2,424,635,112.37
Bonds payable			
Lease liabilities	V.35	21,905,133.24	19,975,819.77
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	V.36	327,844,468.42	334,970,008.52
Deferred tax liabilities	V.21	268,219,857.78	267,622,684.50
Other non-current liabilities	V.37		
Total non-current liabilities		2,190,236,058.48	3,047,203,625.16
Total liabilities		11,046,150,985.60	12,317,986,676.85
Owner's equity (or shareholder's equity):			
Share capital	V.38	1,829,453,386.00	1,874,200,420.00
Other equity instruments			
Including: Preferred shares			
Perpetual debts			
Capital reserve	V.39	1,142,268,958.89	1,654,383,491.41
Less: Treasury shares	V.40		328,221,279.42
Other comprehensive income	V.41	-134,669,133.15	-41,177,547.42
Special reserve			
Surplus reserve	V.42	940,060,474.71	883,841,583.49
Undistributed profits	V.43	11,402,453,599.97	10,491,692,921.28
Total shareholders' equity attributable to the parent		15,179,567,286.42	14,534,719,589.34
Minority shareholder's equity		9,188,581,036.62	8,865,423,189.94
Total owner's equity (or shareholder's equity)		24,368,148,323.04	23,400,142,779.28
Total liabilities and owner's equity (or shareholder's equity)		35,414,299,308.64	35,718,129,456.13

Person-in-charge of the Company: Zhu Baoguo | Person-in-charge of the Company's accounting work: Qiu Qingfeng | Person-in-charge of the accounting department: Guo Chenlu

Balance Sheet of the Parent Company

December 31, 2025

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

Unit: Yuan Currency: RMB

Item	Note	December 31, 2025	December 31, 2024
Current assets:			
Cash and bank balances		1,438,512,991.88	1,267,163,186.68
Financial assets held for trading		160,350,136.97	
Notes receivable		138,080,748.46	213,110,653.41
Accounts receivable		141,144,985.53	215,995,326.60
Receivable financing			
Prepayments		35,244,391.31	65,226,966.95
Other receivables		1,041,462,965.70	755,355,599.84
Including: Interest receivable			
Dividends receivable		769,999,500.00	594,999,500.00
Inventories		38,219,898.47	34,044,292.45
Contract assets			
Assets held-for-sale			
Non-current assets due within one year		391,562,666.67	556,410,803.22
Other current assets		22,098,183.33	11,341,915.46
Total current assets		3,406,676,968.32	3,118,648,744.61
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,764,875,812.23	3,747,384,860.50
Other equity instrument investments		166,816,305.60	158,225,331.61
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets		45,817,926.98	47,695,790.65
Construction in progress		406,674.53	127,433.63
Productive biological assets			
Oil and gas assets			
Right-of-use assets		5,258,845.89	8,127,307.28
Intangible assets		293,655,238.10	129,284,991.36
Development cost			136,566,953.79
Goodwill			
Long-term prepaid expenses		7,131,509.50	8,663,059.49
Deferred tax assets		193,025,021.85	146,255,469.13
Other non-current assets		256,336,915.34	460,886,298.45
Total non-current assets		4,739,515,725.45	4,849,408,971.32
Total assets		8,146,192,693.77	7,968,057,715.93
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Notes payable		120,215,713.00	64,552,011.15
Accounts payable		521,846,531.29	213,679,014.84
Receipts in advance			
Contract liabilities		9,551,935.76	9,570,903.72

Employee benefits payable		39,077,636.34	42,594,091.98
Taxes payable		6,353,634.49	7,446,940.04
Other payables		463,612,150.87	481,244,332.71
Including: Interests payable			
Dividends payable			
Liabilities held-for-sale			
Non-current liabilities due within one year		109,140,800.91	237,724,155.35
Other current liabilities		1,197,291.73	1,199,757.57
Total current liabilities		1,270,995,694.39	1,058,011,207.36
Non-current liabilities:			
Long-term loans		822,910,000.00	871,400,000.00
Bonds payable			
Lease liabilities		2,533,159.78	5,437,140.90
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income		5,325,848.89	7,708,740.65
Deferred tax liabilities		3,726,682.53	3,887,593.60
Other non-current liabilities			
Total non-current liabilities		834,495,691.20	888,433,475.15
Total liabilities		2,105,491,385.59	1,946,444,682.51
Owner's equity (or shareholder's equity):			
Share capital		1,829,453,386.00	1,874,200,420.00
Other equity instruments			
Including: Preferred shares			
Perpetual debts			
Capital reserve		588,564,080.96	1,043,800,614.52
Less: Treasury shares			328,221,279.42
Other comprehensive income		-4,559,147.70	888,524.41
Special reserve			
Surplus reserve		851,458,526.33	795,239,635.11
Undistributed profits		2,775,784,462.59	2,635,705,118.80
Total shareholders' equity attributable to the parent		6,040,701,308.18	6,021,613,033.42
Total liabilities and owner's equity (or shareholder's equity)		8,146,192,693.77	7,968,057,715.93

Person-in-charge of the Company: Zhu Baoguo | Person-in-charge of the Company's accounting work: Qiu Qingfeng | Person-in-charge of the accounting department: Guo Chenlu

Consolidated Income Statement

From January to December, 2025

Unit: Yuan Currency: RMB

Item	Note	2025	2024
I. Total revenues	V.44	15,215,738,549.28	15,619,480,306.89
Including: Operating revenues		15,215,738,549.28	15,619,480,306.89
II. Total operating costs		11,890,937,244.12	11,986,201,698.24
Including: Operating costs	V.44	5,714,323,041.92	5,827,852,690.99
Operating tax and surcharges	V.45	194,360,762.09	190,409,297.76
Selling expenses	V.46	4,147,535,893.31	3,922,967,960.40
Administrative expenses	V.47	870,488,589.13	911,595,557.28
R&D expenses	V.48	1,273,012,436.33	1,435,351,627.65
Financial expenses	V.49	-308,783,478.66	-301,975,435.84
Including: Interest expenses		87,048,116.17	123,261,483.95
Interest income		469,337,871.02	417,296,591.13
Add: Other income	V.50	170,002,759.70	191,273,169.08
Investment Income (“-” for loss)	V.51	71,492,342.71	64,371,470.73
Including: Income from investments in associates and joint ventures		60,612,057.84	27,079,812.77
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure hedges (“-” for loss)			
Gains from changes in fair values (“-” for loss)	V.52	19,493,748.76	-17,495,836.34
Losses of credit impairment (“-” for loss)	V.53	-2,044,492.48	-7,262,094.01
Impairment loss of assets (“-” for loss)	V.54	-120,789,538.71	-293,144,305.71
Gains from disposal of assets (“-” for loss)	V.55	2,972,859.03	45,262,713.71
III. Operating profit (“-” for loss)		3,465,928,984.17	3,616,283,726.11
Add: Non-operating income	V.56	9,769,974.85	7,784,838.89
Less: Non-operating expenses	V.57	109,390,887.55	49,181,919.67
IV. Total profit (“-” for loss)		3,366,308,071.47	3,574,886,645.33
Less: Income tax expenses	V.58	501,279,193.97	592,140,657.73
V. Net profit (“-” for loss)		2,865,028,877.50	2,982,745,987.60
(I) Classified by business continuity			
1. Net profit from ongoing operation (“-” for loss)		2,865,028,877.50	2,982,745,987.60
2. Net profit from discontinuing operation (“-” for loss)			
(II) Classified by ownership			
1.Net profit attributable to shareholders of the parent company (“-” for loss)		1,335,547,730.75	1,386,570,192.56
2.Profit and loss of minority shareholders (“-” for loss)		1,529,481,146.75	1,596,175,795.04
VI. Other comprehensive income, net of tax		-166,832,177.98	-8,587,237.01
(I) Other comprehensive income attributable to shareholders of the parent, net of tax		-99,076,077.99	-10,153,358.01

1. Other comprehensive income that cannot be reclassified into profit or loss		-24,670,192.48	-42,952,672.81
(1) Changes from remeasurement of defined benefit plans			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method		-1,291,400.07	-5,640,397.29
(3) Changes in fair value of investments in other equity instruments		-23,378,792.41	-37,312,275.52
(4) Changes in fair value of the enterprise's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss		-74,405,885.51	32,799,314.80
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		50,213.99	148,242.05
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Reserve for cash flow hedges			
(6) Exchange differences on translation of financial statements denominated in foreign currencies		-74,456,099.50	32,651,072.75
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-67,756,099.99	1,566,121.00
VII. Total comprehensive income		2,698,196,699.52	2,974,158,750.59
(I) Total comprehensive income attributable to owners of the parent company		1,236,471,652.76	1,376,416,834.55
(II) Total comprehensive income attributable to minority shareholders		1,461,725,046.76	1,597,741,916.04
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.73	0.74
(II) Diluted earnings per share (RMB/share)		0.73	0.74

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

From January to December, 2025

Unit: Yuan Currency: RMB

Item	Note	2025	2024
I. Operating Revenues		1,280,770,110.21	1,854,151,209.69
Less: Operating costs		801,992,890.48	1,138,736,917.76
Operating tax and surcharges		8,245,653.84	12,424,349.29
Selling expenses		367,885,976.23	539,313,218.16
Administrative expenses		125,416,389.73	114,485,736.89
R&D expenses		164,736,066.83	261,647,086.79
Financial expenses		-25,413,312.85	-59,848,675.34
Including: Interest expenses		26,218,069.43	29,062,283.23
Interest income		68,093,437.68	87,472,150.77
Add: Other income		12,383,127.52	7,066,548.60
Investment Income (“-” for loss)		674,420,849.43	399,908,539.45
Including: Income from investments in associates and joint ventures		490,951.73	225,838.67
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure hedges (“-” for loss)			
Gains from changes in fair values (“-” for loss)		350,136.97	
Losses of credit impairment (“-” for loss)		712,811.89	-105,591.70
Impairment loss of assets (“-” for loss)			-56,693,814.55
Gains from disposal of assets (“-” for loss)			27,669.58
II. Operating profit (“-” for loss)		525,773,371.76	197,595,927.52
Add: Non-operating income		4,118.27	470,836.32
Less: Non-operating expenses		9,348,812.31	3,152,091.14
III. Total profit (“-” for loss)		516,428,677.72	194,914,672.70
Less: Income tax expenses		-45,760,234.49	-47,086,822.12
IV. Net profit (“-” for loss)		562,188,912.21	242,001,494.82
(1) Net profit from ongoing operation (“-” for loss)		562,188,912.21	242,001,494.82
(2) Net profit from discontinuing operation (“-” for loss)			
V. Other comprehensive income, net of tax		-5,447,672.11	-3,443,693.03
(I) Other comprehensive income not to be reclassified into profit and loss		-5,447,672.11	-3,443,693.03
1. Changes from remeasurement of defined benefit plans			
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		-5,447,672.11	-3,443,693.03
4. Changes in fair value of the enterprise's own credit risks			
(II). Other comprehensive income that will be reclassified into profit and loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Reserve for cash flow hedges			
(6) Exchange differences on translation of financial statements denominated in foreign currencies			

(7) Others			
VI. Total comprehensive income		556,741,240.10	238,557,801.79
VII. Earnings per share:			
(1) Basic earnings per share (RMB/share)			
(2) Diluted earnings per share (RMB/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

From January to December, 2025

Unit: Yuan Currency: RMB

Item	Note	2025	2024
I. Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		16,449,241,865.19	17,177,160,717.79
Tax refunds received		145,646,809.24	116,683,312.97
Other cash received related to operating activities	V.58	652,103,130.06	648,241,832.58
Subtotal of cash inflow from operating activities		17,246,991,804.49	17,942,085,863.34
Cash paid for goods and services		4,473,891,164.93	5,000,866,372.20
Cash paid to and on behalf of employees		2,502,889,720.67	2,473,862,830.91
Payments of all types of taxes		1,815,386,415.56	1,981,718,786.10
Other cash paid related to operating activities	V.58	4,562,982,019.70	4,849,316,960.56
Subtotal of cash outflow in operating activities		13,355,149,320.86	14,305,764,949.77
Net cash flow from operating activities		3,891,842,483.63	3,636,320,913.57
II. Cash flow from investing activities:			
Cash received from disposal of investment		9,902,898,201.71	1,118,221,033.65
Cash received from returns on investments		37,726,887.66	26,418,944.68
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		55,118,880.83	1,499,554.67
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investing activities	V.58	1,037,534.63	
Subtotal of cash inflow from investing activities		9,996,781,504.83	1,146,139,533.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		767,197,834.66	979,132,035.36
Cash paid to acquire investment		11,235,362,279.51	1,287,596,503.61
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid related to investing activities	V.58	1,862,972,574.38	33,417,889.69
Subtotal of cash outflow in investing activities		13,865,532,688.55	2,300,146,428.66
Net cash flow from investing activities		-3,868,751,183.72	-1,154,006,895.66
III. Cash flow from financing activities:			
Cash received from capital contribution		32,149,064.38	338,306,488.83
Including: Cash received from investment by minority interests of subsidiaries		32,149,064.38	241,748,429.05
Cash received from borrowings		4,181,771,400.01	6,637,402,394.66
Other cash received related to financing activities	V.58		1,682,133.31
Subtotal of cash inflow from financing activities		4,213,920,464.39	6,977,391,016.80
Cash repayments of amounts borrowed		5,273,350,637.73	7,276,703,823.63
Cash payments for interest expenses and distribution of dividends or profits		1,083,244,288.15	1,501,215,374.65
Including: Dividend paid to minority interests of subsidiaries		636,174,401.97	1,033,066,578.92
Other cash payments related to financing activities	V.58	803,690,026.06	1,235,494,511.47
Subtotal of cash outflow in financing activities		7,160,284,951.94	10,013,413,709.75
Net cash flow from financing activities		-2,946,364,487.55	-3,036,022,692.95
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-173,677,395.73	55,484,980.63
V. Net increase in cash and cash equivalents		-3,096,950,583.37	-498,223,694.41
Add: Opening balance of cash and cash equivalents		14,842,645,678.32	15,340,869,372.73
VI. Closing balance of cash and cash equivalents		11,745,695,094.95	14,842,645,678.32

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

From January to December, 2025

Unit: Yuan Currency: RMB

Item	Note	2025	2024
I. Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		1,575,917,656.48	2,156,020,225.42
Tax refunds received			
Other cash received related to operating activities		148,996,518.29	4,542,064,768.40
Subtotal of cash inflow from operating activities		1,724,914,174.77	6,698,084,993.82
Cash paid for goods and services		571,809,492.48	1,420,918,032.29
Cash paid to and on behalf of employees		265,401,043.37	261,736,721.91
Payments of all types of taxes		48,419,064.79	120,431,606.24
Other cash paid related to operating activities		461,356,967.23	5,116,447,561.82
Subtotal of cash outflow in operating activities		1,346,986,567.87	6,919,533,922.26
Net cash flow from operating activities		377,927,606.90	-221,448,928.44
II. Cash flow from investing activities:			
Cash received from disposal of investment		2,037,026,936.32	633,705,885.66
Cash received from returns on investments		393,164,840.99	345,491,065.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,700,628.25	22,890.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investing activities		912,285.60	
Subtotal of cash inflow from investing activities		2,432,804,691.16	979,219,840.66
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		14,796,944.50	94,862,752.49
Cash paid to acquire investment		1,863,283,293.36	557,488,831.03
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid related to investing activities			
Subtotal of cash outflow in investing activities		1,878,080,237.86	652,351,583.52
Net cash flow from investing activities		554,724,453.30	326,868,257.14
III. Cash flow from financing activities:			
Cash received from capital contribution			96,558,059.78
Cash received from borrowings		152,000,000.00	771,850,000.00
Other cash received related to financing activities			
Subtotal of cash inflow from financing activities		152,000,000.00	868,408,059.78
Cash repayments of amounts borrowed		329,000,000.00	1,228,000,000.00
Cash payments for interest expenses and distribution of dividends or profits		393,479,907.36	372,111,517.70
Other cash payments related to financing activities		174,859,272.16	333,107,280.39
Subtotal of cash outflow in financing activities		897,339,179.52	1,933,218,798.09
Net cash flow from financing activities		-745,339,179.52	-1,064,810,738.31
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-15,963,075.48	10,233,072.36
V. Net increase in cash and cash equivalents		171,349,805.20	-949,158,337.25
Add: Opening balance of cash and cash equivalents		1,267,163,186.68	2,216,321,523.93
VI. Closing balance of cash and cash equivalents		1,438,512,991.88	1,267,163,186.68

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

From January to December, 2025

Unit: Yuan Currency: RMB

Item	2025													
	Owner's equity attributable to the parent company												Minority shareholder's equity	Total owner's equity
	Paid-up capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Subtotal		
		Preferred share	Perpetual debts	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														
Business combination under common control														
Others														
II. Balance at the beginning of year	1,874,200,420.00				1,654,383,491.41	328,221,279.42	-41,177,547.42		883,841,583.49		10,491,692,921.28	14,534,719,589.34	8,865,423,189.94	23,400,142,779.28
III. Increase and decrease of the current year (enter "-" for decrease)	-44,747,034.00				-512,114,532.52	-328,221,279.42	-93,491,585.73		56,218,891.22		910,760,678.69	644,847,697.08	323,157,846.68	968,005,543.76
(I) Total comprehensive income							-99,076,077.99				1,335,547,730.75	1,236,471,652.76	1,461,725,046.76	2,698,196,699.52
(II). Capital contribution or reduction from shareholders	-44,747,034.00				-455,236,533.56	-328,221,279.42						-171,762,288.14	-240,898,463.39	-412,660,751.53
1. Capital contribution from shareholders						171,762,288.14						-171,762,288.14	32,149,064.00	-139,613,224.14
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity														

4. Others	-44,747,034.00				-455,236,533.56	-499,983,567.56							-273,047,527.39	-273,047,527.39
(III). Profit distribution									56,218,891.22		-422,109,568.42	-365,890,677.20	-643,943,245.00	-1,009,833,922.20
1. Accrual of surplus reserve									56,218,891.22		-56,218,891.22			
2. Accrual of general risk provision														
3. Amount distributed to owners (or shareholders)											-365,890,677.20	-365,890,677.20	-643,943,245.00	-1,009,833,922.20
4. Others												-		-
(IV) Internal carrying forward of owner's equity							5,584,492.26		0.00		-2,677,483.64	2,907,008.62	-3,777,794.02	-870,785.40
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							5,584,492.26				-2,677,483.64	2,907,008.62	-3,777,794.02	-870,785.40
6. Others														
(V) . Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
(VI) . Others					-56,877,998.96							-56,877,998.96	-249,947,697.67	-306,825,696.63
IV. Balance at end of 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

Item	2024													
	Owner's equity attributable to the parent company												Minority shareholder's equity	Total owner's equity
	Paid-up capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Subtotal		
		Preferred share	Perpetual debts	Others										
I. Balance at the end of previous year	1,865,523,807.00				1,601,720,087.71		-12,246,131.22		859,046,203.77		9,441,857,956.80	13,755,901,924.06	8,883,628,566.58	22,639,530,490.64
Add: Change of accounting policies														
Correction to errors of the previous period														
Business combination under common control														
Others														
II. Balance at the beginning of year	1,865,523,807.00				1,601,720,087.71		-12,246,131.22		859,046,203.77		9,441,857,956.80	13,755,901,924.06	8,883,628,566.58	22,639,530,490.64
III. Increase and decrease of the current year (enter "-" for decrease)	8,676,613.00				52,663,403.70	328,221,279.42	-28,931,416.20		24,795,379.72		1,049,834,964.48	778,817,665.28	-18,205,376.64	760,612,288.64
(I). Total comprehensive income							-10,153,358.01				1,386,570,192.56	1,376,416,834.55	1,597,741,916.04	2,974,158,750.59
(II). Capital contribution or reduction from shareholders	8,676,613.00				72,252,097.60	328,221,279.42						-247,292,568.82	-259,672,290.68	-506,964,859.50
1. Capital contribution from shareholders	8,676,613.00				87,284,206.78							95,960,819.78	241,748,429.05	337,709,248.83
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity					-15,032,109.18							-15,032,109.18		-15,032,109.18
4. Others						328,221,279.42						-328,221,279.42	-501,420,719.73	-829,641,999.15
(III). Profit distribution	-				-		-		24,200,149.48		-361,553,705.08	-337,353,555.60	-1,027,321,005.27	-1,364,674,560.87
1. Accrual of surplus reserve									24,200,149.48		-24,200,149.48			
2. Accrual of general risk provision														

3. Amount distributed to owners (or shareholders)											-337,353,555.60	-337,353,555.60	-1,027,321,005.27	-1,364,674,560.87
4. Others												-		-
(IV) . Internal carrying forward of owner's equity					-		-18,778,058.19		595,230.24		24,818,477.00	6,635,649.05	21,313,238.24	27,948,887.29
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							-18,778,058.19		595,230.24		24,818,477.00	6,635,649.05	21,313,238.24	27,948,887.29
6. Others														
(V) . Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
(VI) . Others					-19,588,693.90							-19,588,693.90	-350,267,234.97	-369,855,928.87
IV. Balance at end of year	1,874,200,420.00				1,654,383,491.41	328,221,279.42	-41,177,547.42		883,841,583.49		10,491,692,921.28	14,534,719,589.34	8,865,423,189.94	23,400,142,779.28

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

From January to December, 2025

Unit: Yuan Currency: RMB

Item	2025										
	Paid-up capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred share	Perpetual debts	Others							
I. Balance at the end of previous year	1,874,200,420.00				1,043,800,614.52	328,221,279.42	888,524.41		795,239,635.11	2,635,705,118.80	6,021,613,033.42
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Balance at the beginning of year	1,874,200,420.00				1,043,800,614.52	328,221,279.42	888,524.41		795,239,635.11	2,635,705,118.80	6,021,613,033.42
III. Increase and decrease of the current year (enter "-" for decrease)	-44,747,034.00				-455,236,533.56	-328,221,279.42	-5,447,672.11		56,218,891.22	140,079,343.79	19,088,274.76
(I). Total comprehensive income							-5,447,672.11			562,188,912.21	556,741,240.10
(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						171,762,288.14					-171,762,288.14
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity											
4. Others	-44,747,034.00				-455,236,533.56	-499,983,567.56					
(III). Profit distribution									56,218,891.22	-422,109,568.42	-365,890,677.20
1.Transfer to surplus reserve									56,218,891.22	-56,218,891.22	
2. Transfer to general risk reserve											
3.Distributions to shareholders										-365,890,677.20	-365,890,677.20
4.Others											
(IV) . Internal carrying forward of owner's equity									0.00		
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									0.00		
6. Others											
(V) . Special reserve											
1. Accrual of the current year											
2. Amount utilized in the current period											
(VI) . Others											
IV. Balance at end of 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

Item	2024										
	Paid-up capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred share	Perpetual debts	Others							
I. Balance at the end of previous year	1,865,523,807.00				972,063,254.79		4,379,477.64		770,444,255.39	2,749,900,256.87	6,362,311,051.69
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Opening balance of the current year	1,865,523,807.00				972,063,254.79		4,379,477.64		770,444,255.39	2,749,900,256.87	6,362,311,051.69
III. Increase and decrease of the current year (enter "-" for decrease)	8,676,613.00				71,737,359.73	328,221,279.42	-3,490,953.23		24,795,379.72	-114,195,138.07	-340,698,018.27
(I). Total comprehensive income							-3,443,693.03			242,001,494.82	238,557,801.79
(II). Capital contribution or reduction from shareholders	8,676,613.00				73,126,234.51	328,221,279.42					-246,418,431.91
1. Capital contribution from shareholders	8,676,613.00				87,284,206.78						95,960,819.78
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity					-14,157,972.27						-14,157,972.27
4. Others						328,221,279.42					-328,221,279.42
(III). Profit distribution									24,200,149.48	-361,553,705.08	-337,353,555.60
1.Transfer to surplus reserve									24,200,149.48	-24,200,149.48	
2. Transfer to general risk reserve											
3.Distributions to shareholders										-337,353,555.60	-337,353,555.60
4.Others											
(IV) . Internal carrying forward of owner's equity							-47,260.20		595,230.24	5,357,072.19	5,905,042.23
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							-47,260.20		595,230.24	5,357,072.19	5,905,042.23
6. Others											
(V) Special reserve											
1. Accrual of the current year											
2. Amount utilized in the current period											
(VI) Others					-1,388,874.78						-1,388,874.78
IV. Balance at end of year	1,874,200,420.00				1,043,800,614.52	328,221,279.42	888,524.41		795,239,635.11	2,635,705,118.80	6,021,613,033.42

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

Notes to the financial statements

I. Company Profile

Joincare Pharmaceutical Group Industry Co., Ltd. (健康元药业集团股份有限公司) (the "Company"), formerly known as Shenzhen Aimier Food Co., Ltd. (深圳爱迷尔食品有限公司), is a Sino-foreign joint venture that was officially established on 18 December 1992, with approval from the 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, the Company's shares were listed and traded on Shanghai Stock Exchange.

As of 31 December 2025, the Company's total share capital was RMB1,829,453,386, representing a total of 1,829,453,386 shares. 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 controlling party is Zhu Baoguo (朱保国).

The Company's registered office and headquarters are located at 17 Langshan Road, High-tech Zone North, Nanshan District, Shenzhen, in the Joincare Pharmaceutical Group Building.

The Company is engaged in the pharmaceutical industry.

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

This financial statement and the accompanying notes have been approved by the Company's 9th session of the Board of Directors at its seventeenth meeting on 30 March 2026.

II. Basis of Preparation for the Financial Statements

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidance, interpretations and the other related provisions (collectively, the "Accounting Standards for Business Enterprises") . In addition, the Company also discloses relevant financial information in accordance with the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2023 Revision) issued by the China Securities Regulatory Commission.

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

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

III. Significant Accounting Policies and Accounting Estimates

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 31 December 2025, and the consolidated and the Company's operating results and the consolidated and the Company's cash flows and other relevant information for the year ended 31 December 2025.

2. Accounting period

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

3. Operating cycle

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

5. Determination and selection basis of materiality criteria

Item	Materiality criteria
Material receivables subject to provision for bad debt individually	Individual debtor accounts for more than 5% of all types of receivables and the amount exceeds RMB50 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 RMB50 million
Material construction in progress	Budget investment amount for a single project accounts for more than 5‰ of consolidated total assets and the amount exceeds RMB100 million
Material contract liabilities aged over one year	Individual contract liability aged over one year accounts for more than 10% of consolidated total liabilities and the amount exceeds RMB50 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 RMB50 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 RMB100 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 RMB100 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 RMB500 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

(1) Business combinations involving enterprises under common control

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

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

In the separate financial statements, the initial investment cost will be 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 are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party as at the combination date. The difference between sum of the carrying amount of the investment held and the carrying amount of the consideration paid for the combination and the carrying amount of the net assets acquired is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. For long-term equity investment held before the control over the combined party is obtained, profit or loss, other comprehensive income and other changes to equity interest attributable to the owners recognized from the later of the acquisition of the original equity interest and the date when the combing party and the combined party are placed under common control until the date of combination shall be offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively.

(2) Business combinations involving enterprises not under common control

For the business combinations involving enterprises not under common control, the combination cost shall be the fair value of the assets transferred, liabilities incurred or assumed, and equity securities issued by the acquirer for acquisition of control in the acquiree on the acquisition date. The assets, liabilities and contingent liabilities acquired or assumed on the date of acquisition are 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 of other shareholder's equity other than the changes of net loss and profit, other comprehensive income and profit distribution shall be transferred to profit or loss

for current period when disposed. If the equity investment held prior to the acquisition date is measured at fair value, the cumulative changes in fair value 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 are 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 in determination of control and preparation of the consolidated financial statements

(1) Basis in determination of control

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

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

(2) Method for preparation of the consolidated financial statements

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

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

For a subsidiary or a business acquired through a business combination involving entities not under common control in the reporting period, its income, expenses and profits are included in the

consolidated income statement, and its cash flows are included in the consolidated cash flow statement from the acquisition date to the end of the reporting date.

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

(3) Purchase of the minority stake in the subsidiary

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

(4) Treatment of loss of control of subsidiaries

Where the Company loses its control over the original subsidiary due to the disposal of some equity investment or other reasons, the remaining equity is re-measured at its fair value on the date when the Company loses its control. The difference between the sum of the consideration acquired due to the disposal of the equity and the fair value of the remaining equity, and the Company's share in the sum of carrying value of net assets of the original subsidiary and goodwill calculated on an ongoing basis from the acquisition date based on the original shareholding proportion is 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 investee upon loss of control. Any equity changes related to the original subsidiary under the equity method of accounting should be transferred to the profit or loss for the current period when control ceases**.**

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

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

① Such transactions are entered into simultaneously or upon the consideration of the mutual impacts;

② No complete commercial result will be 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 taken into account of other transactions in the series.

In the separate financial statements, where the Company disposes of the equity investment in the subsidiary through several transactions until the loss of control, and such transactions are not regarded as “a basket of transactions”, the carrying amount of the long-term equity investment

involving each disposal will be carried forward, with the difference between the disposal price and the carrying amount of the long-term equity investment involving the disposal being accounted into the investment incomes 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 the control and the carrying amount of the Company's share in the net assets involving the disposal of such subsidiary calculated on an on-going basis from the acquisition date, the treatment will be made as follows:

① In case the transactions are “a basket of transactions”, such difference is 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

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 a joint operation, and makes corresponding accounting treatment in accordance with relevant accounting standards:

A. The solely-held assets, and the share of any assets held jointly;

B. The solely-assumed liabilities, and its share of any liabilities incurred jointly;

C. Its revenue from the sale of its share of the output arising from the joint operation;

D. Its share of the revenue from the sale of the output by the joint operation;

E. The solely-incurred expenses, including its share of any expenses incurred jointly.

(2) Joint ventures

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

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. Determination of cash and cash equivalents

Cash and cash equivalents of the Company include cash on hand, bank deposit 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

(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 into the functional currency at the spot exchange rate on the balance sheet date. Exchange differences arising from the difference between the spot rate at the balance sheet date and the rate at initial recognition or the previous balance sheet date are recognized in profit or loss for the period. Non-monetary items denominated in foreign currencies measured at historical cost are translated using the spot rate on the transaction date. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot rate on the date the fair value is determined. Exchange differences resulting from the translation of non-monetary items are recognized in profit or loss or other comprehensive income, depending on the nature of the item.

(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 current period. For specific transactions such as dividend distribution and investments, the spot exchange rate is applied. The effect of exchange rate changes on cash is presented as a reconciling item and separately disclosed as “Effect of changes in foreign exchange rates on cash and cash equivalents” in the statement of cash flows.

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

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

(1) Recognition and Derecognition 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 with the original financial liability, the original financial liability shall be de-recognized, and the new financial liability shall be recognized at the same time.

The regular transactions of the financial assets are recognized and derecognized at the transaction 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, amortisation using the effective interest method, or impairments recognition.

Financial assets at fair value through other comprehensive income

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

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

After initial recognition, these financial assets are subsequently measured at fair value. Interest, impairment losses or gains and exchange losses and gains calculated using the effective interest method are 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, all the financial assets affected shall be reclassified on the first day of the first reporting period after the business model changes, otherwise, financial assets shall not be reclassified after initial confirmation.

(3) Classification and measurement of financial liabilities

On initial recognition, the Company's financial liabilities are classified into financial liabilities at fair value through profit or loss and financial liabilities at 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 amortization are 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 following criteria:

① Contractual obligation to deliver cash or other financial instruments to another entity.

② Under potential adverse condition, contractual obligation to exchange financial assets or financial liabilities with other parties.

③ A contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

④ A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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

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

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

(4) Derivative financial instruments and embedded derivatives

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

For the hybrid instrument which includes embedded derivatives, where the host contract is a financial asset, requirements in relation to the classification of financial assets shall apply to the hybrid instrument as a whole. Where the host contract is not a financial asset, and the hybrid instrument is not measured at fair value and its changes are included in the profit and loss for the current period for accounting purposes, there is no close relation between the embedded derivatives and the host contract in terms of economic features and risks, and the instrument that has the same condition with the embedded derivatives and exists independently meets the definition of

derivatives, the embedded derivatives shall be separated from the hybrid instrument and treated as a separate derivative financial instrument. If it is unable to separately measure the embedded derivatives upon acquisition or on the subsequent balance sheet date, the hybrid instrument shall be entirely designated as the financial assets or financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period.

(5) Fair value of the financial instrument

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

(6) Impairment of financial assets

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

A. Financial assets measured at 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 event over the expected life of a financial instrument. Future 12-month ECLs are the portion of ECL that results from default events

on a financial instrument that are possible within the 12 months after the balance sheet date (or the expected life of the instrument, if it is less than 12 months) .

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

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

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

Notes receivable, trade receivables and contract assets

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

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

A. Notes receivable

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

B. Accounts 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 accounts receivable classified as portfolio, the Company measures expected credit losses through preparing a table of concordance between the aging of trade receivables and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions. The aging of accounts receivable 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 portfolios basis to determine portfolios by the following basis:

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

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

Long-term receivables

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

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

A. Finance lease receivables

- Portfolio of finance lease receivables: other receivables

B. Other long-term receivables

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

For finance lease receivables and equity transfer receivables, the Company measures expected credit losses based on the risk exposures of default and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

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

Debt investments and other debt investments

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

Assessment of significant increase in credit risk

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

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

- Failure to make payments of principal or interest on debtors' contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any) ;

- An actual or expected significant deterioration in the operating results of debtors;
- Existing or forecast changes in the technological, market, economic or legal environment that have significant adverse effect on the debtors' abilities to repay to the Company.

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

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

Credit-impaired financial assets

The Company assesses whether financial assets at 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 has granted to the borrower a concession that it would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

The Company re-measures the ECLs on each balance sheet date to reflect changes in the financial instruments' credit risk since initial recognition, and the increase or reversal of the loss provision resulted therefrom is 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 the case 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 shall determine whether it has retained control over the financial asset. If the Company has not retained control, it shall derecognize the financial asset and recognize separately any rights and obligations arising from the transfer. If the Company has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement and shall recognize a corresponding liability.

(8) Offsetting financial assets and financial liabilities

When the Company has the legal right to offset recognized financial assets and financial liabilities, and the legal right can be executed at present, and the Company has a plan to settle the financial assets and financial liabilities at the same time or at net amount, the financial assets and financial liabilities can be presented on the balance sheet after offsetting. Except for the above circumstances, financial assets and financial liabilities cannot be offset and shall be presented separately on the balance sheet.

12. Fair value measurement

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

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

If there exists an active market for the financial assets or financial liabilities, the Company uses the quotation on the active market as its fair value. For those in the absence of active market, the Company uses valuation technique to 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 in use of relevant observable inputs, only the observable inputs cannot be obtained or impracticable before using unobservable inputs.

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

are unobservable inputs for the asset or liability.

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

13. Inventories

(1) Classification of inventories

The Company's inventories include raw materials, packaging materials, finished goods, work-in-progress and self-made semi-finished products, low-value consumables, materials for contract processing, 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) Determination basis and provision method for decline in value of inventories

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

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

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

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

(4) Inventory system

The Company maintains a perpetual inventory system.

(5) Amortisation methods of consumables and packaging materials

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

14. Held for sale and discontinued operations

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

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

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

insurance contracts.

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

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

The difference between carrying amount of non-current assets or disposal groups classified as held for sale and the net amount of fair value less selling costs shall be 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 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 which is applicable to the measurement requirements of Held-For-Sale Standards after the non-current asset is classified into held-for-sale category. The reversed amount is credited to current profit or loss. The carrying value of goodwill which has been offset cannot be reversed.

No depreciation or amortisation is provided for the non-current assets in the held-for-sale and the assets in the disposal group held for sale. The interest on the liabilities and other costs in the disposal group held for sale is 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, amortisation or impairment that could have been recognized if it was not classified into the held-for-sale category;

② The recoverable amount.

(2) Determination of discontinued operation

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

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

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

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

(3) Presentation

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

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

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

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

15. Long-term equity investment

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

(1) Determination of initial investment cost

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

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

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

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

accounted with equity method.

For the long-term equity investment accounted for using cost method, except for the price actually paid upon the investment or the cash dividend or profit in the consideration that has been declared but not released, the cash dividend or profit declared and distributed by the investee is 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 value of the investee at the time of investment; if the initial investment cost of the long-term equity investment is lower than the Company's share in the fair value of the identifiable net value of the investee at the time of investment, the carrying amount of the long-term equity investment will be adjusted, with the difference recorded into the profit and loss for the current period of investment.

When accounted for using the equity method, return on investment and other comprehensive income are recognized according to the share in the investee's realised net profit or loss and other comprehensive income respectively, and the carrying amount of the long-term equity investment is adjusted. The carrying amount of the long-term equity investment will be deducted according to the profit distribution declared by the investee or cash dividend attributable to the Company. The carrying amount of long term equity investment will be adjusted for changes to equity interest attributable to the owners of the investee other than net profit or loss, other comprehensive income and profit distribution, and recorded into capital reserve (other capital reserve) . The Company's share of the net profit or loss of the investees will be 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 joint control over an investee (without obtaining control) due to additional investment or other reasons, the initial investment cost under the equity method on the conversion date is determined as the sum of the fair value of the original equity interest and the additional investment cost. For original equity interests classified as non-trading equity instruments measured at fair value with changes recognized in other comprehensive income, the cumulative fair value changes previously recognized in other comprehensive income are transferred to retained earnings upon applying the 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 unrealised profit or loss of intra-transaction between the joint ventures or associates that belongs to itself according to the proportion of the shares and recognizes the investment income or loss after offset. However, the loss arising from the unrealised intra-transaction between the Company and investees, which belongs to the impairment loss of assets transferred, cannot be offset.

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

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

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

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

(4) Held-for-sale equity investment

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

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

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

(5) Impairment test and impairment provision

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

16. Investment properties

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

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

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

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

17. Fixed assets

(1) Conditions for recognition of fixed assets

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

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

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

Subsequent expenditures related to property, plant, and equipment are capitalized as part of the asset’s cost when it is probable that the associated future economic benefits will flow to the Company and the cost can be measured reliably. Routine repair and maintenance expenses that do not meet the capitalization criteria are recognized in profit or loss for the period or added to the cost of the related asset as incurred, according to the asset to which they relate. The carrying amount of the replaced part is derecognized.

(2) Method of depreciation

The Company adopts the straight-line method to provision for depreciation. Depreciation of fixed assets begins when they reach the status of intended use, and ceases to be depreciated when they are derecognized or classified as non-current assets held for sale. Without taking into account the provision for impairment, the Company determines the annual depreciation rates of various types of fixed assets according to the type of fixed assets, estimated useful life and estimated residual value as follows:

Category	Useful years (year)	Annual depreciation	Residual rate %
Properties and Buildings	20	4.75% -4. 5%	5%-10%
Machine and equipment	10	9.5% -9%	5%-10%
Transportation equipment	5	19% -18 %	5%-10%
Electric equipment and others	5-10	19%-9%	5%-10%

Where, for the fixed assets for which depreciation provision is made, to determine the depreciation

rate, the accumulated amount of the fixed asset depreciation provision that has been made shall be deducted.

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

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

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

(5) Overhaul costs

The overhaul costs incurred in the regular inspection of property, plant and equipment are recognized in the cost of property, plant and equipment if there is conclusive evidence confirming that they meet the recognition criteria for property, plant and equipment; otherwise, such overhaul costs are recognized in profit or loss for the current period. Property, plant and equipment continue to be depreciated during the intervals between regular overhauls.

18. Construction in progress

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

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

Category	Basis for transferring construction in progress to fixed assets
Buildings and structures	(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 (consideration may be given to product yield and design capacity ratio) . (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

(1) Recognition principle of capitalisation of borrowing costs

For borrowing costs that are directly attributable to the acquisition, construction or production of a

qualifying asset, they shall be capitalised and included in the cost of related assets; other borrowing costs are recognized as expenses and included in profit or loss when incurred. Capitalisation of such borrowing costs can commence only when all of the following conditions are satisfied:

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

② Borrowing costs incurred;

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

(2) Capitalisation period of borrowing costs

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

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

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

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

During the capitalisation period, exchange differences on foreign currency special borrowings shall be capitalised; exchange differences on foreign currency general borrowings shall be recognized in profit or loss for the current period.

20. Biological assets

(1) Recognition 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;

③The cost of this biological asset can be measured reliably.

(2) Classification of biological assets

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

The consumable biological assets refer to the biological assets held for sale, or biological assets to be harvested as agricultural products in the future, consisting of growing traditional Chinese medical

herbal plant species. The consumable biological asset is initially measured at cost. The cost of any consumable biological assets by way of self-planting, self-cultivating, self-breading is the necessary cost directly attributable to this asset prior to the harvest, consisting of borrowing costs that meet the conditions of capitalisation. The subsequent expenses for the maintenance, protection and cultivation of a consumable biological asset after the harvest shall be included in the current profits or loss.

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

(3) Impairment of biological assets

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

21. Intangible assets

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: It is probable that the economic benefits associated with the intangible assets will flow to the enterprise; The cost of the intangible asset can be reliably measured. Intangible assets are initially measured at actual cost.

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

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

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

Category	Useful life	Basis in determination of useful life	Amortisation method	Note
Land use rights	30 to 56 years	Term of Land Use Right Registration and Expected Beneficial Period	Straight-line method	
Patents and proprietary technologies	1 to 10 years	Shorter of estimated benefit period and patent validity period	Straight-line method	
Software	2 to 10 years	Estimated benefit period	Straight-line method	
Trademark rights	5 years	Shorter of estimated benefit period and trademark validity period	Straight-line method	
Other	10 years	Estimated benefit period	Straight-line method	

The useful life for an intangible asset with a finite useful life and the method of amortisation are reviewed at least once at the end of each financial year. If the useful life and amortisation method for the intangible assets are different from the previous estimate, the change of amortisation is 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 in which should be reversed to profit or loss for the current period.

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

22. Research and development expenditures

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

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

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

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

② For research and development projects that require clinical approval, the period from the beginning of research and development to the obtaining of clinical approval is treated as the research phase, and all expenditures incurred shall be 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.

③ Purchased 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 expenditure is 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

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, goodwill etc. (Excluding inventories, deferred income tax assets and financial assets) are determined as follows:

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

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

When the asset or asset group's recoverable amount is lower than its carrying amount, the Company reduces its carrying amount to its recoverable amount, the reduced amount is included in profit or loss, while the provision for impairment of assets is 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 and asset group are prone to impair, the Company should test for impairment for asset and asset group excluding goodwill and calculate the recoverable amount and 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

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 include short-term employee compensation, post-employment benefits, termination benefits and other long-term employee benefits. Employee compensation include benefits provided to employees' spouses, children, other dependants, survivors of the deceased employees or to other beneficiaries.

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

(2) Short-term employee compensation

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

(3) Post-employment benefits

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

Defined contribution plans include basic pension insurance and unemployment insurance.

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

(4) Termination benefits

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 cease rendering services to the Company to the scheduled retirement date will be included in the profit or loss for the current period. Economic compensation after the official retirement date (such as normal pension) should be treated as post-employment benefits.

(5) Other long-term employee benefits

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

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 outflow. The Company reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

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

27. Share-based payment and equity instruments

(1) Types of share-based payments

The Company's share-based payments are classified into equity-settled share-based payments and cash-settled share-based payments.

(2) Determination of fair value of equity instruments

For granted equity instruments such as options that have an active market, the Company determines their fair value based on quoted prices in the active market. For granted equity instruments without an active market, the fair value is determined using option pricing models or other valuation methods. The option pricing models consider the following factors: A. Exercise price of the option; B. Option term; C. Current price of the underlying shares; D. Expected volatility of the share price; E. Expected dividends on the shares; F. Risk-free interest rate over the option term.

(3) Basis for estimating the number of equity instruments expected to vest

During the vesting period, at each balance sheet date, the Company makes its best estimate of the number of equity instruments expected to vest based on the latest information, such as changes in the number of employees eligible to vest, and adjusts the estimated number of instruments accordingly. On the vesting date, the final number of equity instruments expected to vest shall equal the actual number that vests.

(4) Accounting treatment for implementation, modification, or termination of share-based payment plans

Equity-settled share-based payments are measured at the fair value of the equity instruments granted to employees. For instruments that vest immediately upon grant, the fair value of the equity instruments on the grant date is recognized in the relevant cost or expense, with a corresponding increase in capital reserve. For instruments that vest only after completion of the vesting period or achievement of specified performance conditions, at each balance sheet date during the vesting period, the Company recognizes the services received in the relevant cost or expense and capital reserve based on the best estimate of the number of equity instruments expected to vest, using the grant-date fair value of the equity instruments. After the vesting date, no further adjustments are made to the recognized costs, expenses, or equity.

Cash-settled share-based payments are measured at the fair value of the liability incurred by the Company, based on shares or other equity instruments. For instruments that vest immediately upon grant, the fair value of the liability on the grant date is recognized in the relevant cost or expense, with a corresponding increase in liability. For instruments that vest only after completion of the vesting period or achievement of specified performance conditions, at each balance sheet date during the vesting period, the Company recognizes the services received in the relevant cost or expense and corresponding liability based on the best estimate of the number of instruments expected to vest. The fair value of the liability is remeasured at each balance sheet date and on the settlement date, with changes recognized in profit or loss.

When the Company modifies a share-based payment plan: If the modification increases the fair value of the granted equity instruments, the increase is recognized as additional services received. If the modification increases the number of granted equity instruments, the fair value of the additional instruments is recognized as additional services received. The increase in fair value refers to the difference between the fair value of the instruments before and after modification on the modification date. If the modification reduces the total fair value of the share-based payment or changes the terms in a way that is less favorable to employees, the accounting treatment of services already received continues as if the modification had not occurred, unless the Company cancels part or all of the granted equity instruments.

During the vesting period, if granted equity instruments are cancelled (except for cancellations due to failure to meet non-market vesting conditions) , the Company treats the cancellation as an accelerated vesting, immediately recognizing in profit or loss the amount that would have been recognized over the remaining vesting period, and also recognizes the corresponding capital reserve. If employees or other parties have the option to meet non-vesting conditions but do not do so during the vesting period, the Company treats this as a cancellation of the granted equity instruments.

(5) Accounting treatment for share-based payments involving the Company and the shareholders or the controlling party of the Company

For share-based payment transactions involving the Company and the shareholders or the controlling party of the Company, the settlement enterprise and the enterprise receiving services one within the Company and one external shall follow the requirements below to conduct accounting treatment in the Company's consolidated financial statements:

①If the settlement enterprise settles with its own equity instruments, the transaction is treated as equity-settled; otherwise, it is treated as cash-settled.

If the settlement enterprise is an investor in the enterprise receiving services, the fair value of the equity instruments on the grant date, or the fair value of the assumed liability, is recognized as a long-term equity investment in the enterprise receiving services, with a corresponding increase in capital reserve (other capital reserve) or liability.

② If the enterprise receiving services has no settlement obligation or grants its own equity instruments to employees, the transaction is treated as equity-settled; if the enterprise receiving services has a settlement obligation and grants equity instruments (other than its own) to employees, it is treated as cash-settled.

For share-based payments between enterprises under the Company where the receiving and settlement enterprises are different, the transaction is recognized and measured in each enterprise's financial statements according to the principles above.

28. Preferred shares, perpetual bonds and other financial instruments

(1) Classification of financial liabilities and equity instruments

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

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

The financial instruments issued by the Company are initially 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) 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:

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

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

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

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

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

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

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

④ The Company has transferred all the significant risks and rewards of ownership of the goods to the customer.

⑤ When the customer has accepted the goods or services.

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

A contract asset represents the Company's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditioned on factors other than passage of time, for which the loss allowances for expected credit loss is 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 custom declaration upon making declaration for goods and completing the export procedures.

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

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

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

30. Contract costs

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 happened for the transfer of related goods or services.

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

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

31. Government grants

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

government grant related to income.

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

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 the balance of deferred income 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

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

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

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

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

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

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

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

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

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates

that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

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

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

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

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

33. Leases

(1) Identification of leases

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

(2) The Company as the lessee

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

Short-term lease

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

The Company 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 RMB40,000

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.

For leases of low-value assets, the Company applies the above simplified approach based on the specific circumstances of each lease.

Lease modifications

A lessee shall account for a lease modification as a separate lease if both: ① the modification increases the scope of the lease by adding the right to use one or more underlying assets; and ② the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

When lease modification that is not accounted for as a separate lease, on the day of the lease modification, the Company re-allocates the consideration in the modified lease, re-determines the lease term, and re-measures the present value of lease liability according to the revised lease payments and revised discount rate.

For lease modifications that result in decrease in the lease scope or the lease term, the Company decreases the carrying amount of the right-of-use asset accordingly and recognizes in profit or loss of current period any gain or loss relating to the partial or full termination of the lease.

For all other lease modifications that result in remeasurement of lease liabilities, the Company makes a corresponding adjustment to the carrying amount of right-of-use asset.

(3) The Company as the lessor

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

Finance leases

In a financial lease, the Company uses the net investment in leases as the carrying amount of finance lease receivables at the inception of a lease. The net investment in leases is the sum of the unguaranteed residual value and the present value of the outstanding lease payment at the inception of a lease, discounted using the interest rate implicit in the lease. The Company, as the lessor, calculates and 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 lease liability, which are obtained by the Company as a lessor, are recognized in profit or loss as incurred.

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

Operating leases

For the rental of operating leases, the Company 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 capitalised 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 actually occur.

Lease modifications

When an operating lease is modified, the Company treats it as a new lease for accounting treatment from the effective date of the modification, and the amount of lease payments received in advance or receivable related to the lease before the modification will be regarded as the amount of new lease payments.

The Company treats the finance lease modification as a separate lease if the following conditions are met:①the modification increases the scope of the lease by adding the right to use one or more underlying assets; and②the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

If a finance lease modification is not accounted for as a separate lease, the Company shall account for the modified lease under the following circumstances: ① if the lease would have been classified as an operating lease had the modification been effective at the commencement date of the lease, the Company shall account for it as a new lease from the effective date of the lease modification, and use the net investment in the lease immediately before the effective date of the lease modification as the carrying amount of the leased asset; ② if the lease would have been classified as a finance lease had the modification been effective at the commencement date of the lease, the Company shall account for it in accordance with the provisions of Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments regarding the modification or renegotiation of contracts.

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 of underlying assets in the lease term for the Company as a lessee.

Right-of-use assets are initially measured at cost as at the commencement date of the lease, which consists of: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received if any; initial direct expenses incurred by the Company as a lessee; costs to be incurred by the Company as a lessee in dismantling and removing a leased asset, restoring the site on which it is located or restoring the leased assets to the condition required by the terms and conditions of the lease. The Company as a lessee 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 fee incurred from the repurchase of shares shall lead to the elimination of owners' equity and does 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 capital shall be eliminated according to the number of shares and par value of cancellation shares, the difference between the actual amount received and the carrying amount of the treasury stock are recognized as capital reserve, if the capital reserve is not sufficient to be offset, the excess amount shall be recognized to offset surplus reserve and undistributed profit.

36. Significant accounting judgements and estimates

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

(1) Classification of financial assets

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

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

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

(2) Measurement of ECL for accounts receivable

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

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

On the balance sheet date, the Company assesses whether there are indications of impairment for non-current assets other than financial assets. For intangible assets that have not yet reached the status of use, impairment testing is conducted when there are indications of impairment, in addition to the annual impairment test. For non-current assets other than financial assets, impairment testing

is conducted when there are indications that their carrying amounts may not be recoverable. Impairment is recognized when the carrying amount of an asset or asset group exceeds the higher of its recoverable amount, which is the net amount of fair value less disposal costs and the present value of estimated future cash flows. The net amount of fair value less disposal costs is determined by reference to the selling price in similar assets in fair transactions or observable market prices, minus incremental costs directly attributable to the asset disposal. In estimating the present value of future cash flows, management estimates the expected future cash flows of the asset or asset group and selects an appropriate discount rate to determine the present value of future cash flows.

(4) Impairment of goodwill

The Company evaluates whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the asset groups to which the goodwill is allocated. In estimating the value in use, the Company needs to estimate the future cash flows generated from the asset groups and also to choose an appropriate discount rate in order to calculate the present value of the future cash flows.

(5) Development costs

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

(6) Deferred tax assets

The deferred income tax assets will be 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 judgements and estimates in terms of revenue recognition: identifying customer contracts; estimating the recoverability of the considerations that are entitled to be obtained by transferring goods to customers; identifying the performance obligation in the contract; estimating the variable consideration in the contract and cumulative revenue 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. The Company makes judgments primarily based on historical experiences and works. Changes in these significant judgments and estimates may have significant impacts on the operating income, operating costs, and profit or loss of the current or subsequent periods.

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

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

37. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

None.

(2) Changes in significant accounting estimates

None.

IV. Taxation

1. Major taxes and their tax rates

Tax category	Tax basis	Statutory tax rate %
Value-added tax	Taxable revenue	3, 6 or 13
Urban maintenance and construction tax	Subject to turnover tax payable	1, 5 or7
Education surcharge	Subject to turnover tax payable	3
Local education surcharge	Subject to turnover tax payable	Note 1
Enterprise income tax	Subject to taxable profit	Note 2

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

Note 2. Enterprise income tax rate implementation is as follows:

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) (Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司) (Jiaozuo Joincare) , Shanghai Frontier Health & Medicine Technology Co., Ltd. (上海方予健康医药科技有限公司) (Shanghai Frontier) , Joincare Haibin Pharmaceutical Co., Ltd. (健康元海滨药业有限公司 (Joincare Haibin)) ; Livzon Group and Livzon Group Limin Pharmaceutical Factory (丽珠集团利民制药厂) , Livzon Group Livzon Pharmaceutical Factory (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 Lizhu Reagent 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 Lizhu 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 Diagnostic Products Co., Ltd. (珠海丽禾医疗诊断产品有限公司) , Zhuhai Lizhu Traditional Chinese Medicine Modernization Technology Co., Ltd. (珠海市丽珠中药现代化科技有限公司) , Jiaozuo Lizhu Synthetic Pharmaceutical Co., Ltd. (焦作丽珠合成制药有限公司)	15
LIVZON MALAYSIA SDN. BHD.	17 or 24 (registered capital of less than MYR 2.5 million, the tax rate is 17% on the first profit less than MYR 600,000; the registered capital exceeds MYR 2.5 million or the profit exceeds MYR 600,000, the tax rate is 24%)
JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD., LIAN SGP HOLDING PTE. LTD.	17
Joincare Pharma Netherlands B.V.	19
PT. LIVZON PHARMA INDONESIA	22
Livzon MAB Pharm (US) Inc. (丽珠单抗生物技术 (美国) 有限公司)	21
Health Investment Holdings Ltd, Joincare Pharmaceutical Group Industry Co., Ltd. (BVI) , Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS) , Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II, LIAN International Holding LTD	0 (Note 3)
Other subsidiaries	25 or enjoy preferential tax policies for small and micro-profit enterprises

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

2. Tax incentives and approval documents

(1) Preferential value added tax

In accordance with the Announcement on Value Added Tax on Biological Products Sold by Pharmaceutical Operation Enterprises issued by the State Administration of Taxation (Announcement of State Administration of Taxation 2012 No. 20) and the Notice of the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation and the State

Drug Administration on the Value-Added Tax Policies for Anti-Cancer Drugs (Caishui [2018] No. 47) , the biological products sold by the Company are subject to value added tax at 3% by the simple approach.

(2) Preferential enterprise income tax

The Company and its subsidiary Joincare Haibin have been re-certified as High-Tech Enterprises in the current period, and are entitled to the preferential income tax policy for High-Tech Enterprises for three years starting from 2025.Jiaozuo Joincare, a subsidiary of the Company, has been entitled to the preferential income tax policy for High-Tech Enterprises for three years starting from 2024.Taitai Pharmaceutical, Haibin Pharmaceutical, Xinxiang Haibin and Shanghai Frontier, subsidiaries of the Company, have been entitled to the preferential income tax policy for High-Tech Enterprises for three years starting from 2023.

Livzon Group and its subsidiaries, including 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) , Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司) , Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司) have enjoyed the preferential policies for high-tech enterprise income tax for a period of three years starting from 2023. Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司) and Zhuhai Livzon Reagents Co., Ltd. (珠海丽珠试剂股份有限公司) have been recognized as high-tech enterprises in the current period. Jiaozuo Livzon Synthetic Pharmaceutical Co., Ltd. (焦作丽珠合成制药有限公司) and Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司) have enjoyed the preferential policies for high-tech enterprise income tax starting from 2024. Livzon Group (Ningxia) Pharmaceutical Co., Ltd. (丽珠集团(宁夏)制药有限公司) has been reviewed and is eligible for tax incentives for encouraged industries in the western region. The above-mentioned companies are applying a 15% enterprise income tax rate for the current 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), qualified industrial enterprises located in the Hengqin Guangdong-Macao Deep Cooperation Zone are subject to a reduced enterprise income tax 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 subject to a 15% enterprise income tax rate for the current period.

According to Article 27 of the Enterprise Income Tax Law of the People’s Republic of China and Article 86 of the Implementation Regulations for the Enterprise Income Tax Law, the business of planting Chinese herbal medicines carried out by the Livzon Group’s subsidiaries, 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 exempt from enterprise income tax.

Under the tax preferential policy for small and micro enterprises, until December 31, 2027, small and micro enterprises with annual taxable profits not exceeding RMB3 million will be subject to a 5% enterprise income tax rate.

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

Under the Philippines' tax preferential policy for micro, small, and medium enterprises, enterprises with annual taxable revenue not exceeding 5 million Philippine pesos are subject to a 20% tax rate.

V. Notes to the items of consolidated financial statements

1. Cash and bank balances

Item	2025.12.31	2024.12.31
Cash on hand	349,028.70	370,795.14
Cash at bank	13,495,487,589.67	14,725,113,389.94
Other monetary funds	114,879,136.27	126,492,936.86
Total	**13,610,715,754.64**	**14,851,977,121.94**
Including: Total amount of money deposited abroad	4,181,219,245.26	2,613,756,749.91

①Other monetary funds are mainly deposits for investments.

②Restricted funds included in bank deposits and other monetary funds have been deducted from cash and cash equivalents in the cash flow statement. Apart from these restricted funds, there are no other amounts in the closing balance that are subject to charges, pledges, freezes, or other restrictions on use, held overseas, or that carry a probable risk of non-recovery. Below are the details of the use of restricted monetary funds:

Item	2025.12.31	2024.12.31
Security deposits (Restricted conditions see Note 15)	1,865,020,659.69	9,331,443.62
Total	**1,865,020,659.69**	**9,331,443.62**

2. Financial assets held for trading

(1) Classification

Item	2025.12.31	2024.12.31
Financial assets at fair value through profit or loss	1,694,102,766.69	89,363,055.07
Including: Funds	1,005,892.28	987,629.66
Structured deposits	1,611,850,215.33	15,081,807.66
Equity instruments investment	78,525,127.72	72,993,949.73
Derivative financial assets	2,721,531.36	299,668.02
Total	**1,694,102,766.69**	**89,363,055.07**

① At the end of the period, the equity instrument investments and certain debt instrument investments held by the Company as trading financial assets are listed and traded on the Shenzhen, Hong Kong, and U.S. NASDAQ stock exchanges. Their fair value is determined based on the closing price on the last trading day of the reporting period.

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

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

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

3. Notes receivable

Category	2025.12.31			2024.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	1,636,435,183.16	0.00	1,636,435,183.16	1,951,213,189.48	0.00	1,951,213,189.48

(1) Notes receivable pledged at year end

Category	Amount pledged at year end
Bank acceptance bills	828,335,011.06

As at 31 December 2025, bank acceptance bills with carrying amount of RMB828,335,011.06 (31 December 2024: RMB805,827,262.43) have been used as pledge for opening of bills.

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

Category	Amount derecognized at year end	Amount not derecognized at year end
Bank acceptance bills not yet mature but already endorsed	65,584,129.67	0.00
Bank acceptance bills not yet mature but already discounted	0.00	0.00
Total	**65,584,129.67**	**0.00**

In the current period, the Company discounted bank acceptance bills of RMB0.00 (previous period: RMB9,767,218.08). Factoring expenses incurred were RMB0.00 (previous period: RMB73,911.09).

(3) There were no bills transferred to accounts receivable due to default by the issuer as of the balance sheet date.

(4) Disclosure by method of provision for bad debts

Category	2025.12.31					2024.12.31				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	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	1,636,435,183.16	100.00	0.00	0.00	1,636,435,183.16	1,951,213,189.48	100.00	0.00	0.00	1,951,213,189.48
Including:										
Bank acceptance bills	1,636,435,183.16	100.00	0.00	0.00	1,636,435,183.16	1,951,213,189.48	100.00	0.00	0.00	1,951,213,189.48
Total	**1,636,435,183.16**	**100.00**	**0.00**	**0.00**	**1,636,435,183.16**	**1,951,213,189.48**	**100.00**	**0.00**	**0.00**	**1,951,213,189.48**

Provision for bad debts on individual item:

None.

Provision for bad debts on portfolio basis:

Provision for bad debts on portfolio basis: Bank acceptance bills

Item	2025.12.31			2024.12.31		
	Notes receivable	Provision for bad debts	Expected credit loss rate (%)	Notes receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	1,636,435,183.16	0.00	0.00	1,951,213,189.48	0.00	0.00

(5) There was no accrual, recovery or reversal of provision for bad debts during the year.

(6) There was no write-off of notes receivable.

4. Accounts receivable

(1) Disclosure by ageing

Ageing	2025.12.31	2024.12.31
Within one year	2,749,368,127.74	2,440,126,785.44
1 to 2 years (inclusive of 2 years)	14,148,605.95	12,588,081.46
2 to 3 years (inclusive of 3 years)	3,897,464.61	34,759,173.64
3 to 4 years (inclusive of 4 years)	11,192,213.28	1,952,725.64
4 to 5 years (inclusive of 5 years)	1,650,610.33	2,798,831.08
Over 5 years	19,705,295.10	19,981,423.56
Subtotal	**2,799,962,317.01**	**2,512,207,020.82**
Less: Provision for bad debts	77,633,735.84	82,315,968.81
Total	**2,722,328,581.17**	**2,429,891,052.01**

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

(2) Disclosure by method of provision for bad debts

Category	2025.12.31					2024.12.31				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual item	15,224,028.91	0.54	15,224,028.91	100.00	0.00	33,793,283.02	1.35	26,456,879.68	78.29	7,336,403.34
Including:										
Receivables from domestic customers	15,224,028.91	0.54	15,224,028.91	100.00	0.00	33,793,283.02	1.35	26,456,879.68	78.29	7,336,403.34
Receivables from overseas customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	2,784,738,288.10	99.46	62,409,706.93	2.24	2,722,328,581.17	2,478,413,737.80	98.65	55,859,089.13	2.25	2,422,554,648.67
Including:										
Receivables from domestic customers	2,167,249,699.10	77.41	52,704,052.40	2.43	2,114,545,646.70	1,897,562,319.42	75.53	47,863,899.59	2.52	1,849,698,419.83

Category	2025.12.31					2024.12.31				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Receivables from overseas customers	617,488,589.00	22.05	9,705,654.53	1.57	607,782,934.47	580,851,418.38	23.12	7,995,189.54	1.38	572,856,228.84
Total	**2,799,962,317.01**	**100.00**	**77,633,735.84**	**2.77**	**2,722,328,581.17**	**2,512,207,020.82**	**100.00**	**82,315,968.81**	**3.28**	**2,429,891,052.01**

Provision for bad debts on individual item:

Item	2025.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Purchase of goods	15,224,028.91	15,224,028.91	100.00	Full amount is unlikely to be recovered

Provision for bad debts on portfolio basis:

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

Ageing	2025.12.31			2024.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	2,131,917,536.56	31,132,891.92	1.46	1,860,127,287.35	24,901,808.47	1.34
1 to 2 years (inclusive of 2 years)	13,332,098.24	1,403,589.40	10.53	12,588,081.46	1,899,169.95	15.09
2 to 3 years (inclusive of 3 years)	3,897,464.61	2,285,153.29	58.63	9,452,575.54	6,182,598.32	65.41
3 to 4 years (inclusive of 4 years)	6,085,299.47	5,971,321.02	98.13	1,952,725.64	1,684,846.22	86.28
4 to 5 years (inclusive of 5 years)	1,650,610.33	1,544,406.88	93.57	2,798,831.08	2,552,658.28	91.20
Over 5 years	10,366,689.89	10,366,689.89	100.00	10,642,818.35	10,642,818.35	100.00
Total	**2,167,249,699.10**	**52,704,052.40**	**2.43**	**1,897,562,319.42**	**47,863,899.59**	**2.52**

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

Ageing	2025.12.31			2024.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	617,473,828.52	9,703,253.90	1.57	579,999,498.09	7,398,674.95	1.28
1-2 years	14,760.48	2,400.63	16.26	0.00	0.00	0.00
2-3 years	0.00	0.00	0.00	851,920.29	596,514.59	70.02

Total	**617,488,589.00**	**9,705,654.53**	**1.57**	**580,851,418.38**	**7,995,189.54**	**1.38**

(3) Accrual, recovery or reversal of bad debt provision during the year

Item	Amount of provision for bad debts
At 2024.12.31	82,315,968.81
Provision for the year	1,266,754.44
Recovered or reversal in the year	0.00
Write-off in the year	5,948,987.41
Others	0.00
At 2025.12.31	**77,633,735.84**

(4) Accounts receivable written-off during the year

Item	Written-off amount
Actual written-off of accounts receivable	5,948,987.41

(5) Accounts receivable due from the top five debtors

As of 31 December 2025, the total accounts receivable due from the top five debtors amounted to RMB262,350,404.35, representing 9.37% of the total closing balance of accounts receivable. The corresponding closing balance of provision for bad debts amounted to RMB4,696,878.30.

(6) Accounts receivable derecognized due to the transfer of financial assets

In 2025, the Company's subsidiary, Livzon Group (丽珠集团), performed non-recourse factoring on a portion of its accounts receivable. As almost all the risks and rewards of ownership were transferred to other parties, the accounts receivable derecognized amounted to RMB28,304,598.43, with no gain or loss arising from the derecognition.

(7) The Company did not form any assets or liabilities arising from continuing involvement in transferred accounts receivable during the reporting period.

5. Prepayments

(1) Prepayments by ageing

Ageing	2025.12.31		2024.12.31	
	Amount	Ratio %	Amount	Ratio %
Within one year	190,158,800.61	93.58	228,324,008.00	94.59
1 to 2 years	8,677,965.20	4.27	9,222,102.11	3.82
2 to 3 years	2,398,600.48	1.18	1,609,594.21	0.67
Over 3 years	1,966,620.77	0.97	2,223,509.47	0.92
Subtotal	**203,201,987.06**	**100.00**	**241,379,213.79**	**100.00**
Less: Provision for impairment	237,096.90		0.00	
Total	**202,964,890.16**		**241,379,213.79**	

(2) Prepayments due from the top five debtors:

As of 31 December 2025, the total amount of the top five prepayments in closing balance is RMB33,913,788.46, accounting for 16.71% of the total amount of closing balance of prepayments.

6. Other receivables

Item	2025.12.31	2024.12.31
Dividends receivable	0.00	0.00
Other receivables	69,355,886.15	51,166,649.86
Total	**69,355,886.15**	**51,166,649.86**

Other receivables

① Disclosure by ageing

Ageing	2025.12.31	2024.12.31
Within one year	62,525,312.48	46,472,958.88
1 to 2 years	9,851,955.68	4,112,309.31
2 to 3 years	798,732.93	5,192,192.02
3 to 4 years	678,744.37	1,848,522.45
4 to 5 years	1,698,369.46	807,066.65
Over 5 years	31,042,787.90	31,625,799.16
Subtotal	**106,595,902.82**	**90,058,848.47**
Less: Provision for bad debts	37,240,016.67	38,892,198.61
Total	**69,355,886.15**	**51,166,649.86**

② Disclosure by nature

Item	2025.12.31			2024.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Deposits under guarantee, deposits and lease expenses	14,788,676.17	3,354,347.91	11,434,328.26	14,929,961.98	3,144,110.61	11,785,851.37
Reserved fund and advances	11,667,777.61	603,560.73	11,064,216.88	17,986,570.07	1,760,353.39	16,226,216.68
Related party balances	1,143,746.92	11,437.47	1,132,309.45	989,830.90	475,095.13	514,735.77
Borrowings and Transactions with External entities	10,658,666.50	9,760,865.85	897,800.65	13,489,154.97	10,949,943.49	2,539,211.48
Tax refund on exports	32,973,586.60	1,890,313.55	31,083,273.05	12,746,669.03	137,836.48	12,608,832.55
Treasury bonds and security deposits	16,042,449.77	16,042,449.77	0.00	16,954,735.37	16,954,735.37	0.00
Others	19,320,999.25	5,577,041.39	13,743,957.86	12,961,926.15	5,470,124.14	7,491,802.01
Total	**106,595,902.82**	**37,240,016.67**	**69,355,886.15**	**90,058,848.47**	**38,892,198.61**	**51,166,649.86**

③ Information of provision for bad debts

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

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

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

Provision for bad debts on individual item	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	82,218,638.60	15.64	12,862,752.45	69,355,886.15
Receivable from export tax refund	32,973,586.60	5.73	1,890,313.55	31,083,273.05
Receivable of deposits under guarantee, deposits and lease expenses	14,820,676.17	22.63	3,354,336.11	11,466,340.06
Other Receivable – Others	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 the 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	Recovery is highly unlikely
Other Receivable – Others	8,334,814.45	100.00	8,334,814.45	0.00	Recovery is highly unlikely
Total	**24,377,264.22**	**100.00**	**24,377,264.22**	**0.00**	

As of 31 December 2024, information of provision for bad debts:

As of 31 December 2024, there is no provision for bad debts on those in the first stage.

As of 31 December 2024, Provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	62,879,298.65	18.63	11,712,648.79	51,166,649.86	
Receivable from export tax refund	12,746,669.03	1.08	137,836.48	12,608,832.55	
Receivables of security deposits, deposits and rental fees	14,929,961.98	21.06	3,144,110.61	11,785,851.37	
Other Receivable – Others	35,202,667.64	23.95	8,430,701.70	26,771,965.94	
Total	**62,879,298.65**	**18.63**	**11,712,648.79**	**51,166,649.86**	

As of 31 December 2024, Provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	27,179,549.82	100.00	27,179,549.82	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Recovery is highly unlikely
Other Receivable – Others	10,224,814.45	100.00	10,224,814.45	0.00	Recovery is highly unlikely

Total	**27,179,549.82**	**100.00**	**27,179,549.82**	**0.00**

④ Accrual, recovery or reversal of bad debt provision during the year

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss within next 12 months	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit impairment has occurred)	
At 2024.12.31	0.00	11,712,648.79	27,179,549.82	38,892,198.61
Movement during the period				
--transfer to second stage	0.00	0.00	0.00	0.00
--transfer to third stage	0.00	0.00	0.00	0.00
--Reverse to second stage	0.00	0.00	0.00	0.00
--Reverse to first stage	0.00	0.00	0.00	0.00
Provision for the year	0.00	1,690,023.64	0.00	1,690,023.64
Reversal in the year	0.00	0.00	912,285.60	912,285.60
Write-off in the year	0.00	469,895.78	1,890,000.00	2,359,895.78
Other movement	0.00	-70,024.20	0.00	-70,024.20
At 2025.12.31	**0.00**	**12,862,752.45**	**24,377,264.22**	**37,240,016.67**

⑤ Actual written-off of other receivables in the year

Item	Written-off amount
Actual written-off of other receivables	2,359,895.78

⑥ Other receivables due from the top five debtors

Name of entity	Nature	Other receivables at 2025.12.31	Ageing	Proportion to total other receivables (%)	Provision for bad debts at 2025.12.31
Tax refund on exports	Export tax refund	32,973,586.60	Within one year	30.93	1,890,313.55
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	15.05	16,042,449.77
Guangzhou Yinhe Sunshine Biological Products Co., Ltd. (广州银河阳光生物制品有限公司)	Loan	5,000,000.00	Over 5 years	4.69	5,000,000.00
Zhongnuo Kailin Pharmaceutical Development (Suzhou) Co., Ltd. (中诺凯琳医	Security deposits	2,910,000.00	Within one year: 660,000.00; 1-2 years: 1,500,000.00; 4-5 years: 750,000.00	2.73	156,600.00

Name of entity	Nature	Other receivables at 2025.12.31	Ageing	Proportion to total other receivables (%)	Provision for bad debts at 2025.12.31
药发展 (苏州)有限公司)					
Jiaozuo Yangsen Trading Co., Ltd. (焦作市阳森贸易有限公司)	Others	1,174,630.34	Over 5 years	1.10	1,174,630.34
Total		**58,100,666.71**		**54.50**	**24,263,993.66**

⑦ The Company has no other receivables derecognized due to the transfer of financial assets.

⑧ The Company has not transferred other receivables, and there are no amounts of assets and liabilities formed due to continued involvement.

7. Inventories

(1) Inventories by category

Item	2025.12.31			2024.12.31		
	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount
Raw materials	484,250,105.97	15,354,283.03	468,895,822.94	578,598,167.92	25,605,062.73	552,993,105.19
Packaging materials	115,639,286.27	25,907,963.62	89,731,322.65	111,420,474.51	30,531,140.26	80,889,334.25
Work-in-progress and self-made semi-finished products	728,611,288.36	23,403,443.84	705,207,844.52	870,979,516.35	105,746,474.26	765,233,042.09
Low-value consumables	58,474,411.61	729,622.83	57,744,788.78	78,190,010.45	13,387,887.24	64,802,123.21
Finished goods	876,591,334.02	29,953,148.74	846,638,185.28	1,123,460,413.82	28,624,595.64	1,094,835,818.18
Materials for contract processing	1,738,534.65	0.00	1,738,534.65	1,734,123.93	0.00	1,734,123.93
Consumptive biological assets	19,737,998.28	0.00	19,737,998.28	17,112,905.05	0.00	17,112,905.05
Issued goods	24,108,217.98	0.00	24,108,217.98	43,742,665.60	0.00	43,742,665.60
Total	**2,309,151,177.14**	**95,348,462.06**	**2,213,802,715.08**	**2,825,238,277.63**	**203,895,160.13**	**2,621,343,117.50**

(2) Provision for decline in value of inventories

Item	2024.12.31	Increase		Decrease		2025.12.31
		Provision	Others	Reversal or written-off	Others	
Raw materials	25,605,062.73	5,023,851.18	0.00	15,274,630.88	0.00	15,354,283.03
Packaging materials	30,531,140.26	2,625,292.11	0.00	7,248,468.75	0.00	25,907,963.62
Work-in-progress and self-made semi-finished products	105,746,474.26	10,699,824.13	0.00	93,042,854.55	0.00	23,403,443.84
Low-value consumables	13,387,887.24	631,539.36	0.00	13,289,803.77	0.00	729,622.83
Finished goods	28,624,595.64	31,137,663.35	0.00	29,809,110.25	0.00	29,953,148.74

Item	2024.12.31	Increase		Decrease		2025.12.31
		Provision	Others	Reversal or written-off	Others	
Total	**203,895,160.13**	**50,118,170.13**	**0.00**	**158,664,868.20**	**0.00**	**95,348,462.06**

Provision for decline in value of inventories (Continued)

Item	Basis in determination of net recoverable amount/residual value and cost to be incurred	Reason for reversal or written-off of provision for decline in value of inventories
Raw materials	Estimated selling price less estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Packaging materials	Estimated selling price less the related taxes	Scrap
Work-in-progress and self-made semi-finished products	Estimated selling price less estimated costs of completion, selling expenses and related taxes	Processing of finished goods and discard
Low-value consumables	Estimated selling price less the related taxes	Scrap
Finished goods	Estimated selling price less the estimated selling expenses and related taxes	Sale and discard

(3) There is no capitalization of borrowing costs in the Company's inventories closing balance.

8. Assets held-for-sale

Item	2025.12.31			2024.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
(I) Non-current assets held-for-sale	0.00	0.00	0.00	54,029,237.68	0.00	54,029,237.68
Including: Construction in progress	0.00	0.00	0.00	25,445,035.68	0.00	25,445,035.68
Intangible assets	0.00	0.00	0.00	28,584,202.00	0.00	28,584,202.00
Total	**0.00**	**0.00**	**0.00**	**54,029,237.68**	**0.00**	**54,029,237.68**

9. Non-current assets due within one year

Item	2025.12.31	2024.12.31
Fixed deposits due within one year	880,840,324.51	556,410,803.22
Total	**880,840,324.51**	**556,410,803.22**

10. Other current assets

Item	2025.12.31	2024.12.31
Input VAT pending deduction / tax credit carry-forward	86,256,592.55	121,986,411.58
Prepaid income tax	20,823,907.10	36,657,570.07
Large-denomination certificates of deposit and interest	22,098,183.33	0.00
Others	443,555.11	443,555.11
Total	**129,622,238.09**	**159,087,536.76**

11. Long-term equity investment

Investee	2024.12.31	Beginning balance of provision for impairment	Movement in the year								2025.12.31	Provision for impairment at 2025.12.31
			Additions in investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
①Subsidiaries												
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	6,337,823.35	6,337,823.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-6,337,823.35	0.00	0.00
Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司)	1,949,893.45	1,949,893.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,949,893.45	0.00	0.00
Subtotal	**8,287,716.80**	**8,287,716.80**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**-8,287,716.80**	**0.00**	**0.00**
②Associates												
Livzon Medical Electronic Equipment (Plant) Co., Ltd. (丽珠集团丽珠医用电子设备有限公司)	1,200,000.00	1,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200,000.00	1,200,000.00
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	120,452,740.87	0.00	0.00	0.00	18,166,086.75	0.00	0.00	19,788,401.29	0.00	0.00	118,830,426.33	0.00
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	1,299,140.19	0.00	0.00	1,299,140.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AbCyte Therapeutics Inc.	11,543,155.66	0.00	0.00	0.00	-135,431.11	0.00	0.00	0.00	0.00	0.00	11,407,724.55	0.00
Jianxin Biotechnology (Ningbo) Co., Ltd. (健信生物科技(宁波) 有限公司) (Formerly known as: L&L Biopharma, Co. Ltd. (上海健信生物医药科技有限公司))	13,815,403.19	0.00	0.00	0.00	-1,096,735.15	0.00	0.00	0.00	0.00	0.00	12,718,668.04	0.00

Investee	2024.12.31	Beginning balance of provision for impairment	Movement in the year								2025.12.31	Provision for impairment at 2025.12.31
			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		
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	23,371,683.53	0.00	0.00	0.00	-23,469,956.40	98,272.87	0.00	0.00	0.00	0.00	0.00	0.00
Aetio Biotheraphy, Inc.	14,985,614.41	0.00	0.00	0.00	-190,988.11	0.00	0.00	0.00	0.00	0.00	14,794,626.30	0.00
Hangzhou New Element Pharmaceutical Co., Ltd. (杭州新元素药业股份有限公司) (Formerly known as: Hangzhou New Element Pharmaceutical Co., Ltd. (杭州新元素药业有限公司))	86,902,370.94	0.00	0.00	0.00	-13,916,115.48	8,167.05	0.00	0.00	0.00	0.00	72,994,422.51	0.00
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	749,294,204.58	0.00	0.00	0.00	69,375,550.82	-2,737,414.81	0.00	0.00	0.00	0.00	815,932,340.59	0.00
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	17,570,377.24	0.00	0.00	0.00	-191,816.27	0.00	0.00	0.00	0.00	0.00	17,378,560.97	0.00
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物医药科技有限公司)	10,219,022.71	0.00	0.00	0.00	-44,372.25	0.00	0.00	0.00	0.00	0.00	10,174,650.46	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	308,344,956.56	0.00	0.00	0.00	12,697,935.45	0.00	0.00	0.00	0.00	0.00	321,042,892.01	0.00
Ningbo Ningrong Biomedical Co., Ltd. (宁波宁融生物医药有限公司)	27,499,631.47	0.00	0.00	0.00	-327,125.24	0.00	0.00	0.00	0.00	0.00	27,172,506.23	0.00

Investee	2024.12.31	Beginning balance of provision for impairment	Movement in the year								2025.12.31	Provision for impairment at 2025.12.31
			Additions in investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
Feellife Health Inc. (深圳来福士雾化医学有限公司)	10,092,208.38	0.00	0.00	0.00	-2,020,485.77	0.00	0.00	0.00	0.00	0.00	8,071,722.61	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd. (江苏百宁盈创医疗科技有限公司)	31,960,440.67	0.00	0.00	0.00	2,366,094.01	0.00	0.00	0.00	0.00	0.00	34,326,534.68	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	17,308,834.37	0.00	0.00	0.00	-562,867.99	0.00	0.00	0.00	0.00	0.00	16,745,966.38	0.00
Haisong Precision Parts (Taicang) Co., Ltd. (海嵩精密零部件 (太仓) 有限公司)	1,638,813.69	0.00	0.00	0.00	-37,715.42	0.00	0.00	0.00	0.00	0.00	1,601,098.27	0.00
Subtotal	**1,447,498,598.46**	**1,200,000.00**	**0.00**	**1,299,140.19**	**60,612,057.84**	**-2,630,974.89**	**0.00**	**19,788,401.29**	**0.00**	**0.00**	**1,484,392,139.93**	**1,200,000.00**
Total	**1,455,786,315.26**	**9,487,716.80**	**0.00**	**1,299,140.19**	**60,612,057.84**	**-2,630,974.89**	**0.00**	**19,788,401.29**	**0.00**	**-8,287,716.80**	**1,484,392,139.93**	**1,200,000.00**

Note: The subsidiaries Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司) and Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司) were deregistered during the current period.

12. Other equity instruments investment

Item	2025.12.31	2024.12.31	Reason for designation
Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新创股权投资中心)	49,361,721.72	54,973,447.09	Non-trading
Shanghai JingYi Investment Center (上海经颐投资中心) (有限合伙)	67,444,583.88	68,241,884.52	Non-trading
Qianhai Equity Investment Fund (前海股权投资基金) (有限合伙)	211,137,039.30	222,903,402.11	Non-trading
Apricot Forest, Inc (杏树林) 开曼公司	89,500,000.00	83,774,400.00	Non-trading
Chengdu Jinrui Jiye Biotechnology Co., Ltd. (成都金瑞基业生物科技有限公司)	20,000,000.00	20,000,000.00	Non-trading
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	15,000,000.00	15,000,000.00	Non-trading
Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	222,808,000.00	228,006,000.00	Non-trading
GLOBAL HEALTH SCIENCE	102,426,507.06	143,205,685.40	Non-trading
Nextech V Oncology S.C.S., SICAV-SIF	22,009,054.08	22,515,721.72	Non-trading
Yizun Biomedical (Zhejiang) Co., Ltd. (羿尊生物医药 (浙江) 有限公司) (Formerly known as Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药 (上海) 有限公司))	31,102,700.00	24,737,630.38	Non-trading
ELICIO THERAPEUTICS, INC.	7,406,957.15	4,853,421.34	Non-trading
CARISMA THERAPEUTICS, INC.	297,891.87	2,168,737.47	Non-trading
Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司)	49,735,615.80	49,572,318.75	Non-trading
Guangzhou Keentai Biomedical Technology Co., Ltd. (广州科恩泰生物医药科技有限公司)	12,000,000.00	12,000,000.00	Non-trading
Phaeno Therapeutics (Hangzhou) Co., Ltd. (辉诺生物医药科技 (杭州) 有限公司)	15,000,000.00	0.00	Non-trading
Others	75,198,622.64	74,596,094.37	Non-trading
Total	**990,428,693.50**	**1,026,548,743.15**	

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.

Continued:

Item	Gains and losses recognized in other comprehensive income for the current period	Cumulative gains and losses recognized in other comprehensive income at year end	Dividend income recognized in the year	Cumulative gains and losses that are transferred to retained earnings due to derecognition	Reason of derecognition

Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新创股权投资中心)	-4,769,966.57	-4,285,416.14			--
Shanghai JingYi Investment Center (上海经颐投资中心) (有限合伙)	-677,705.54	-273,731.56	1,505,811.26		--
Qianhai Equity Investment Fund (前海股权投资基金) (有限合伙)	351,290.30	20,984,259.17	1,339,935.51	1,567,156.37	Recovery of partial investment
Apricot Forest, Inc (杏树林) 开曼公司	4,294,200.00	-137,837,640.41	0.00		--
Chengdu Jinrui Jiye Biotechnology Co., Ltd. (成都金瑞基业生物科技有限公司)	0.00	0.00	0.00		--
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	0.00	0.00	0.00		--
Phaeno Therapeutics (Hangzhou) Co., Ltd. (辉诺生物医药科技(杭州) 有限公司)	0.00	0.00	0.00		--
Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	-4,418,300.00	125,359,904.00	0.00		--
GLOBAL HEALTH SCIENCE	-40,779,178.34	-58,739,850.40	0.00		--
Nextech V Oncology S.C.S., SICAV-SIF	-914,271.04	-8,360,908.90	0.00		--
Yizun Biomedical (Zhejiang) Co., Ltd. (羿尊生物医药 (浙江) 有限公司)	3,134,001.16	439,948.43	0.00		--
ELICIO THERAPEUTICS, INC.	2,553,535.81	-27,956,344.90	0.00		--
CARISMA THERAPEUTICS, INC.	-1,870,845.60	-38,509,374.13	0.00		--
Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司)	122,472.79	14,801,711.84	0.00		--
Guangzhou Keentai Biomedical Technology Co., Ltd. (广州科恩泰生物医药科技有限公司)	0.00	0.00	0.00		--
Others	7,291,655.42	55,771,083.41	1,679.56	-7,151,648.63	Recovery of partial investment
Total	**-35,683,111.61**	**-58,606,359.59**	**2,847,426.33**	**-5,584,492.26**	--

13. Investment properties

Item	**Housing and buildings**
I. Book value	
1. At 2024.12.31	79,641,895.79
2.Increase	0.00
(1) Transfer from fixed assets	0.00
3.Decrease	0.00
4. At 2025.12.31	79,641,895.79
II. Accumulated depreciation and amortisation	

1. At 2024.12.31	63,524,566.22
2.Increase	840,883.43
(1) Amortisation for the year	840,883.43
(2) Transfer from fixed assets	0.00
3.Decrease	0.00
4. At 2025.12.31	64,365,449.65
III. Provision for impairment	
1. At 2024.12.31	0.00
2.Increase	0.00
3.Decrease	0.00
4. At 2025.12.31	0.00
IV. Carrying amount	
1. Carrying value at 2025.12.31	15,276,446.14
2. Carrying value at 2024.12.31	16,117,329.57

14. Fixed assets

Item	2025.12.31	2024.12.31
Fixed assets	5,421,615,752.18	5,689,216,337.13
Fixed assets for disposal	0.00	0.00
Total	**5,421,615,752.18**	**5,689,216,337.13**

(1) Fixed assets

① Details of fixed assets

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
I. Book value:					
1. At 2024.12.31	4,855,407,551.52	6,522,076,264.03	115,784,559.29	978,353,100.56	12,471,621,475.40
2.Increase	49,447,949.34	316,791,754.45	13,064,775.59	49,784,534.70	429,089,014.08
(1) Purchase	21,773,467.26	81,810,352.24	12,732,560.53	26,849,489.95	143,165,869.98
(2) Transfer from construction in progress	27,674,482.08	234,981,402.21	332,215.06	22,935,044.75	285,923,144.10
3.Decrease	3,708,698.65	89,449,222.79	7,611,851.79	22,664,553.56	123,434,326.79
(1) Disposal or scrap	3,708,698.65	89,449,222.79	7,377,473.34	22,658,233.77	123,193,628.55
(2) Others	0.00	0.00	234,378.45	6,319.79	240,698.24
4. At 2025.12.31	4,901,146,802.21	6,749,418,795.69	121,237,483.09	1,005,473,081.70	12,777,276,162.69
II. Accumulated depreciation					

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
1. At 2024.12.31	2,177,892,810.97	3,746,279,934.97	85,643,354.38	659,960,595.35	6,669,776,695.67
2.Increase	217,998,718.26	367,023,683.23	11,613,861.39	80,969,457.30	677,605,720.18
(1) Provision	217,998,718.26	367,023,683.23	11,613,861.39	80,969,457.30	677,605,720.18
3.Decrease	1,362,324.44	73,141,608.09	5,923,750.75	19,682,225.04	100,109,908.32
(1) Disposal or scrap	1,362,324.44	73,141,608.09	5,723,555.08	19,676,158.00	99,903,645.61
(2) Others	0.00	0.00	200,195.67	6,067.04	206,262.71
4. At 2025.12.31	2,394,529,204.79	4,040,162,010.11	91,333,465.02	721,247,827.61	7,247,272,507.53
III. Provision for impairment					
1. At 2024.12.31	30,547,641.17	63,202,987.97	0.00	18,877,813.46	112,628,442.60
2.Increase	0.00	2,835.34	0.00	155,127.00	157,962.34
(1) Provision	0.00	2,835.34	0.00	155,127.00	157,962.34
3.Decrease	0.00	4,203,568.36	0.00	194,933.60	4,398,501.96
(1) Disposal or scrap	0.00	4,203,568.36	0.00	194,933.60	4,398,501.96
4. At 2025.12.31	30,547,641.17	59,002,254.95	0.00	18,838,006.86	108,387,902.98
IV. Carrying amount					
1. Carrying value at 2025.12.31	2,476,069,956.25	2,650,254,530.63	29,904,018.07	265,387,247.23	5,421,615,752.18
2. Carrying value at 2024.12.31	2,646,967,099.38	2,712,593,341.09	30,141,204.91	299,514,691.75	5,689,216,337.13

At the balance sheet date, the Company's subsidiary, Livzon Group (丽珠集团), engaged appraisers to conduct impairment testing on vaccine-related assets. When estimating the recoverable amount of the assets, the present value of the expected future cash flows of the relevant asset group was used. Based on the testing, no impairment loss was identified for the asset group.

The projected future cash flows of the asset group were determined based on the financial budget for the expected useful life of the asset group, as prepared by management.

The main assumptions used in the discounted cash flow method for the impairment test are as follows:

The calculation of the present value of the expected future cash flows for the asset group used key assumptions, including gross margin rate of 76.85% to 88.36%, operating income growth rate of -30% to 150%, and cash flow discount rate of 13.84%. These assumptions were determined by management based on historical performance prior to the budget period and forecasts of market developments.

② Fixed assets with temporary idle

Item	Book value	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Housing and buildings	23,926,279.99	16,443,170.31	5,155,770.80	2,327,338.88	
Machinery and equipment	131,099,278.45	86,496,568.41	32,541,471.00	12,061,239.04	

Electronic equipment and others	1,370,336.79	1,126,066.02	132,641.72	111,629.05
Total	**156,395,895.23**	**104,065,804.74**	**37,829,883.52**	**14,500,206.97**

③ Fixed assets held under operating leases

Item	Carrying amount
Housing and buildings	3,842,633.50

④ Fixed assets without property certificate

Item	2025.12.31	Reasons for pending title certificate
Housing and buildings	86,865,069.95	Application in progress

15. Construction in progress

Item	2025.12.31	2024.12.31
Construction in progress	615,348,388.91	530,598,976.80
Construction materials	0.00	464,794.99
Total	**615,348,388.91**	**531,063,771.79**

(1) Information of construction in progress

Name of Project	2025.12.31			2024.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Simei project (司美项目)	12,789,108.77	0.00	12,789,108.77	47,742,942.52	0.00	47,742,942.52
Livzon Group Livzon Pharmaceutical Factory P03 construction (丽珠制药厂) P03 建设项目	58,144,309.60	0.00	58,144,309.60	41,750,648.05	0.00	41,750,648.05
Livzon Jiaozuo new factory relocation project (焦作新厂迁建项目)	64,454,446.84	0.00	64,454,446.84	55,831,987.95	0.00	55,831,987.95
Livzon Group Indonesia Factory Construction Project (丽珠集团印尼工厂建设项目)	25,769,394.21	0.00	25,769,394.21	0.00	0.00	0.00
Shenzhen Haibin Pharma Pingshan New Factory (深圳海滨坪山新厂)	210,121,373.58	13,576,290.39	196,545,083.19	197,467,459.58	13,576,290.39	183,891,169.19

Name of Project	2025.12.31			2024.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Jiaozuo Joincare High-end API Project (焦作健康元高端原料药项目)	119,822,201.39	0.00	119,822,201.39	0.00	0.00	0.00
Others	143,674,655.80	5,850,810.89	137,823,844.91	207,233,039.98	5,850,810.89	201,382,229.09
Total	**634,775,490.19**	**19,427,101.28**	**615,348,388.91**	**550,026,078.08**	**19,427,101.28**	**530,598,976.80**

(2) Changes in significant construction in progress

Name of Project	2024.12.31	Increase	Transfer to fixed assets	Other decrease	Cumulative amount of interest capitalised	Including: interest capitalised in the year	Interest capitalisation rate for the year (%)	2025.12.31
Simei project (司美项目)	47,742,942.52	14,489,954.66	49,443,788.41	0.00	0.00	0.00	0.00	12,789,108.77
Livzon Group Livzon Pharmaceutical Factory P03 construction (丽珠制药厂) P03 建设项目	41,750,648.05	16,948,841.36	555,179.81	0.00	0.00	0.00	0.00	58,144,309.60
Livzon Jiaozuo new factory relocation project (焦作新厂迁建项目)	55,831,987.95	8,622,458.89	0.00	0.00	0.00	0.00	0.00	64,454,446.84
Livzon Group Indonesia Factory Construction Project (丽珠集团印尼工厂建设项目)	0.00	25,769,394.21	0.00	0.00	0.00	0.00	0.00	25,769,394.21
Shenzhen Haibin Pharma Pingshan New Factory (深圳海滨坪山新厂)	197,467,459.58	54,901,241.01	10,975,711.88	31,271,615.13	0.00	0.00	0.00	210,121,373.58
Jiaozuo Joincare High-end API Project (焦作健康元高端原料药项目)	0.00	119,822,201.39	0.00	0.00	0.00	0.00	0.00	119,822,201.39
Total	**342,793,038.10**	**240,554,091.52**	**60,974,680.10**	**31,271,615.13**	**0.00**	**0.00**	**0.00**	**491,100,834.39**

Changes in significant construction in progress (Continued) :

Name of Project	Budget	Proportion of cumulative input to budget (%)	Progress % (%)	Source of fund
Simei project (司美项目)	168,900,000.00	80.47	80.00	Self-funding
Livzon Group Livzon Pharmaceutical Factory P03 construction (丽珠制药厂) P03 建设项目	106,033,900.00	55.36	55.00	Self-funding
Jiaozuo new factory relocation project (焦作新厂迁建项目)	184,261,900.00	74.61	75.00	Self-funding
Livzon Group Indonesia Factory Construction Project (丽珠集团印尼工厂建设项目)	191,000,000.00	13.49	15.00	Self-funding
Shenzhen Haibin Pharma Pingshan New Factory (深圳海滨坪山新厂)	1,436,107,400.00	92.35	92.00	Self-funding and fund raising
Jiaozuo Joincare High-end API Project (焦作健康元高端原料药项目)	170,214,900.00	70.39	70.00	Self-funding

Total	**2,256,518,100.00**	--	--	--

16. Right-of-use assets

Item	Housing and buildings	Machinery and equipment	Total
I. Book value:			
1. At 2024.12.31	77,457,499.50	0.00	77,457,499.50
2.Increase	33,544,212.85	3,147,044.40	36,691,257.25
(1) Additions by lease in	33,544,212.85	3,147,044.40	36,691,257.25
3.Decrease	24,049,251.01	0.00	24,049,251.01
4. At 2025.12.31	86,952,461.34	3,147,044.40	90,099,505.74
II. Accumulated depreciation			
1. At 2024.12.31	38,830,765.93	0.00	38,830,765.93
2.Increase	31,245,011.38	288,479.07	31,533,490.45
(1) Provision	31,245,011.38	288,479.07	31,533,490.45
3.Decrease	24,049,251.01	0.00	24,049,251.01
4. At 2025.12.31	46,026,526.30	288,479.07	46,315,005.37
III. Provision for impairment			
1. At 2024.12.31	0.00	0.00	0.00
2.Increase	0.00	0.00	0.00
3.Decrease	0.00	0.00	0.00
4. At 2025.12.31	0.00	0.00	0.00
IV. Carrying amount			
1. Carrying value at 2025.12.31	40,925,935.04	2,858,565.33	43,784,500.37
2. Carrying value at 2024.12.31	38,626,733.57	0.00	38,626,733.57

During the current period, the Company recognized lease expenses related to short-term leases and leases of low-value assets amounting to RMB11.4603 million.

17. Intangible assets

(1) Details of intangible assets

Item	Land use rights	Patents and proprietary technologies	Software	Trademark rights	Others	Total
I. Book value						
1. At 2024.12.31	424,237,895.05	1,343,088,280.41	102,496,927.77	62,769,716.98	13,201,934.53	1,945,794,754.74
2.Increase	86,613,594.86	205,745,395.04	5,611,530.47	0.00	8,653,554.00	306,624,074.37
(1) Purchase	86,613,594.86	5,926,792.46	5,611,530.47	0.00	8,653,554.00	106,805,471.79
(2) Internal development	0.00	199,818,602.58	0.00	0.00	0.00	199,818,602.58

Item	Land use rights	Patents and proprietary technologies	Software	Trademark rights	Others	Total
3.Decrease	0.00	7,409,106.97	0.00	0.00	0.00	7,409,106.97
(1) Disposal or scrap	0.00	7,409,106.97	0.00	0.00	0.00	7,409,106.97
4. At 2025.12.31	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
II. Accumulated amortisation						
1. At 2024.12.31	140,207,190.88	950,695,107.32	80,077,098.80	62,766,611.71	8,898,251.72	1,242,644,260.43
2.Increase	9,819,824.96	87,469,757.27	7,548,610.63	471.72	3,002,828.95	107,841,493.53
(1) Provision	9,819,824.96	87,469,757.27	7,548,610.63	471.72	3,002,828.95	107,841,493.53
3.Decrease	0.00	5,683,824.09	0.00	0.00	0.00	5,683,824.09
(1) Disposal or scrap	0.00	5,683,824.09	0.00	0.00	0.00	5,683,824.09
4. At 2025.12.31	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
III. Provision for impairment						
1. At 2024.12.31	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36
2.Increase	0.00	170,716.64	0.00	0.00	0.00	170,716.64
(1) Provision	0.00	170,716.64	0.00	0.00	0.00	170,716.64
3.Decrease	0.00	1,379,999.86	0.00	0.00	0.00	1,379,999.86
4. At 2025.12.31	981,826.94	13,528,663.20	0.00	0.00	0.00	14,510,490.14
IV. Carrying amount						
1. Carrying value at 2025.12.31	359,842,647.13	495,414,864.78	20,482,748.81	2,633.55	9,954,407.86	885,697,302.13
2. Carrying value at 2024.12.31	283,048,877.23	377,655,226.67	22,419,828.97	3,105.27	4,303,682.81	687,430,720.95

As of 31 December 2025, intangible assets formed through internal research and development of the Company account for 58.65% of the balance of intangible assets.

(2) Information regarding intangible assets without completed property certificates

As at 31 December 2025, the Company had no intangible assets for which the property ownership certificates had not been completed.

(3) Note to intangible assets

Land use rights represent the state-owned land use rights obtained by the Company in accordance with PRC

laws within China, with a grant term of 50 years from the date of acquisition. They also include state-owned land use rights obtained in Indonesia in accordance with Indonesian laws, with an initial grant term of 30 years from the date of acquisition, which may be extended by 20 years upon expiry, and a second extension of up to 30 years, subject to a maximum cumulative usage period of 80 years.

18. Development costs

Item	2024.12.31	Increase	Decrease	2025.12.31
Development costs	362,703,730.11	202,460,282.57	200,288,118.32	364,875,894.36

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

19. Goodwill

(1) Book value of goodwill

Name of Investee	2024.12.31	Increase		Decrease		2025.12.31
		Formation by business combination	Other	Disposal	Other	
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司)	2,045,990.12	0.00	21,870,805.09	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
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公司)	21,870,805.09	0.00	0.00	0.00	21,870,805.09	0.00

Name of Investee	2024.12.31	Increase		Decrease		2025.12.31
		Formation by business combination	Other	Disposal	Other	
Total	**662,420,858.76**	**0.00**	**21,870,805.09**	**0.00**	**21,870,805.09**	**662,420,858.76**

According to the Merger by Absorption Agreement and the shareholders' resolution of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司) absorbed and merged Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公司).

(2) Provision for impairment of goodwill

Name of investee or matter from which goodwill arose	2024.12.31	Increase		Decrease		2025.12.31
		Provision	Other	Disposal	Other	
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**

The goodwill of the Company arose from business combinations involving enterprises not under common control.

At the balance sheet date, the Company performed an impairment test on goodwill. When estimating the recoverable amount of the relevant assets, the Company used the asset groups associated with goodwill to estimate the present value of expected future cash flows.

The projected future cash flows of the asset groups were determined based on the five-year financial budgets prepared by management, and the cash flows for the years beyond the five-year budget period were assumed to remain stable.

The key assumptions used in the discounted cash flow method for the goodwill impairment test are as follows:

For Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂) and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions including a gross margin rate of 72.19% to 73.36%, an operating income growth rate of -57.34% to 4.72%, and a cash flow discount rate of 14.72%. These assumptions were determined by management based on historical performance prior to the budget period and forecasts of market developments.

For Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司) and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions including a gross margin rate of 68.26% to 69.20%, an operating income growth rate of 0% to 11.41%, and a cash flow discount rate of 15.15%. These assumptions were determined by management based on historical performance prior to the budget period and forecasts of market developments.

For Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司) and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions including a gross margin rate of 60.17% to 63.40%, an operating income growth rate of 0% to 2.22%, and a cash flow discount rate of 15.04%. These assumptions were determined by management based on historical performance prior to the budget period and forecasts of market developments.

For Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公司) and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions including a gross margin rate of 50.84% to 72.27%, an operating income growth rate of 0% to 323.85%, and a cash flow discount rate of 15.56%. These assumptions were determined by management based on historical performance prior to the budget period and forecasts of market developments.

For Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司) and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions including a gross margin rate of 29.97% - 30.55%, an operating income growth rate of 0～2.42%, and a cash flow discount rate of 13.66%. These assumptions were determined by management based on historical performance prior to the budget period and forecasts of market developments.

Based on the results of the impairment testing, management expects that no provision for impairment of goodwill is required as of the end of the reporting period.

20. Long-term deferred expenses

Item	2024.12.31	Increase	Decrease		2025.12.31
			Amortization	Other decrease	
Renovation costs of offices	30,697,804.67	501,312.66	6,414,723.99	0.00	24,784,393.34
Renovation costs of plants	207,127,752.69	29,397,634.76	41,874,983.05	0.00	194,650,404.40
Resin and filler	17,816,735.67	14,471,384.10	18,781,420.29	0.00	13,506,699.48
Licensing fees	18,662,781.12	1,609,211.89	3,938,945.76	0.00	16,333,047.25
Others	45,091,554.73	37,510,300.46	16,861,773.47	169,797.65	65,570,284.07
Total	**319,396,628.88**	**83,489,843.87**	**87,871,846.56**	**169,797.65**	**314,844,828.54**

21. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities before offsetting

Item	2025.12.31		2024.12.31	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
Deferred tax assets:				
Provision for impairment of assets	531,474,555.37	81,530,726.96	497,255,302.54	77,890,020.01
Deductible difference arising from accrued expenses	1,387,725,361.15	208,935,550.34	1,081,237,575.78	162,676,632.60
Deductible difference arising from tax loss	1,706,649,653.91	255,291,234.32	1,124,126,741.94	169,481,425.60
Deferred income	269,688,821.77	40,453,323.26	319,424,690.91	47,913,703.64

Item	2025.12.31		2024.12.31	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
Unrealised gains from intra-company transactions	399,518,301.38	60,241,846.25	582,247,811.23	81,697,884.59
Changes in fair value of other equity instruments	189,147,223.74	46,750,435.62	189,509,120.56	47,377,280.14
Deductible difference arising from share incentive expenses	98,809,144.73	14,821,371.71	146,291,679.62	21,943,454.98
Amortization of intangible assets – tax and accounting differences	233,017,784.97	34,952,667.74	0.00	0.00
Lease liabilities	42,479,946.19	6,390,341.39	39,778,647.46	5,977,222.22
Other deductible temporary difference	444,946,906.93	73,300,227.81	464,123,445.03	70,510,913.07
Total	**5,303,457,700.14**	**822,667,725.40**	**4,443,995,015.07**	**685,468,536.85**
Deferred tax liabilities:				
Changes in fair value of financial assets held for trading	19,558,426.35	2,991,495.75	12,583,829.07	1,925,721.93
Accelerated depreciation of fixed assets	1,259,990,619.96	190,422,249.12	1,264,973,405.97	190,963,767.03
Changes in fair value of other equity instruments	298,330,734.47	47,429,088.39	303,899,212.60	48,137,760.40
Unrealised gains from intra-company transactions	105,940,000.00	20,791,000.00	105,940,000.00	20,791,000.00
Right-of-use assets	43,784,500.36	6,586,024.52	38,626,733.57	5,804,435.14
Total	**1,727,604,281.14**	**268,219,857.78**	**1,726,023,181.21**	**267,622,684.50**

(2) Deductible temporary differences and deductible tax losses of unrecognized deferred tax assets

Item	2025.12.31	2024.12.31
Deductible temporary differences	300,463,620.68	583,028,483.03
Deductible tax loss	3,966,626,731.87	3,993,110,992.36
Total	**4,267,090,352.55**	**4,576,139,475.39**

(3) Deductible tax loss of unrecognized deferred income tax assets will expire in the following year

Year	2025.12.31	2024.12.31	Note
2025		410,864,162.21	
2026	572,643,545.11	571,689,375.28	
2027	752,521,835.88	750,372,752.42	
2028	1,136,066,013.38	1,134,535,777.60	
2029	983,530,105.66	986,529,397.34	

Year	2025.12.31	2024.12.31	Note
2030	390,710,314.02		
Indefinite	131,154,917.82	139,119,527.51	
Total	**3,966,626,731.87**	**3,993,110,992.36**	

22. Other non-current assets

Item	2025.12.31			2024.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
VAT carry forward	14,541,254.81	0.00	14,541,254.81	3,338,832.19	0.00	3,338,832.19
Construction and equipment payments	209,923,113.13	70,105,592.70	139,817,520.43	211,092,593.81	0.00	211,092,593.81
Fixed deposits	496,893,819.63	0.00	496,893,819.63	1,058,626,418.54	0.00	1,058,626,418.54
Others	8,807,198.84	0.00	8,807,198.84	0.00	0.00	0.00
Total	**730,165,386.41**	**70,105,592.70**	**660,059,793.71**	**1,273,057,844.54**	**0.00**	**1,273,057,844.54**

23. Ownership or using rights of assets subject to restriction

Item	2025.12.31	2024.12.31	Reason of restriction
Other monetary funds	1,865,020,659.69	9,331,443.62	Security deposits for equity acquisitions and guarantees
Notes receivable	828,335,011.06	805,827,262.43	Acceptance bills and pledged notes receivable
Total	**2,693,355,670.75**	**815,158,706.05**	

24. Short-term loans

(1) Short-term loans by category

Item	2025.12.31	2024.12.31
Unsecured loans	2,000,000,000.00	2,295,000,000.00
Guaranteed loans	120,000,000.00	100,000,000.00
Pledge loans	120,000,000.00	60,000,000.00
Total	**2,240,000,000.00**	**2,455,000,000.00**

(2) The Company has no overdue short-term loans.

25. Financial liabilities held for trading

Item	2025.12.31	2024.12.31
Financial liabilities held for trading	487,431.05	9,046,554.29
Including:		
Derivative financial liabilities	487,431.05	9,046,554.29
Total	**487,431.05**	**9,046,554.29**

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.

26. Notes payable

Category	2025.12.31	2024.12.31
Bank acceptance bills	1,295,877,244.31	1,384,943,947.17
Total	**1,295,877,244.31**	**1,384,943,947.17**

The Company has no overdue notes payable.

27. Accounts payable

Item	2025.12.31	2024.12.31
Within one year	544,300,115.35	593,290,648.61
Over 1 year	147,132,452.87	172,221,544.62
Total	**691,432,568.22**	**765,512,193.23**

(1) The ageing of accounts payable is calculated from the date of entry.

(2) No significant accounts payable aging over 1 year at the end of the period.

28. Contract liabilities

Item	2025.12.31	2024.12.31
Within one year	91,209,210.73	108,160,158.48
Over 1 year	30,358,578.61	34,235,380.73
Total	**121,567,789.34**	**142,395,539.21**

There were no significant contract liabilities with an ageing of more than one year at the end of the period. The amount of revenue recognized during the current period that was included in the carrying amount of contract liabilities at the end of the previous year was RMB112,036,960.60.

29. Employee benefits payables

Item	2024.12.31	Increase	Decrease	2025.12.31
Short-term employee benefits	472,002,916.58	2,298,737,887.09	2,287,439,390.57	483,301,413.10
Post-employment benefits - Defined contribution plans	982,138.87	202,583,109.09	203,394,302.74	170,945.22
Termination benefits	586,250.00	32,416,952.58	24,734,642.80	8,268,559.78
Total	**473,571,305.45**	**2,533,737,948.76**	**2,515,568,336.11**	**491,740,918.10**

(1) Short-term employee benefits

Item	2024.12.31	Increase	Decrease	2025.12.31
Salaries, bonus and allowances	464,545,997.54	2,013,504,078.41	2,002,801,853.18	475,248,222.77
Staff welfare	4,940,668.30	110,023,446.59	109,913,221.95	5,050,892.94
Social insurances	238,685.79	87,128,973.50	87,088,243.73	279,415.56
Including: 1. Medical insurance	142,755.93	75,727,854.41	75,748,453.17	122,157.17
2. Work injury insurance	94,442.37	8,945,337.75	8,913,959.80	125,820.32

Item	2024.12.31	Increase	Decrease	2025.12.31
3. Maternity insurance	1,487.49	2,455,781.34	2,425,830.76	31,438.07
Housing fund	1,426,156.18	76,986,625.37	76,952,261.43	1,460,520.12
Union funds and staff education	851,408.77	11,094,763.22	10,683,810.28	1,262,361.71
Shares ownership plan special fund	0.00	0.00	0.00	0.00
Total	**472,002,916.58**	**2,298,737,887.09**	**2,287,439,390.57**	**483,301,413.10**

(2) Defined contribution plans

Item	2024.12.31	Increase	Decrease	2025.12.31
Post-employment benefits	982,138.87	202,583,109.09	203,394,302.74	170,945.22
Including: 1. Basic pension insurance	961,965.02	194,093,547.97	194,936,530.35	118,982.64
2. Unemployment insurance	20,173.85	8,489,561.12	8,457,772.39	51,962.58
Total	**982,138.87**	**202,583,109.09**	**203,394,302.74**	**170,945.22**

The Company participates in pension insurance and unemployment insurance plans established by government agencies in accordance with regulations. Under these plans, the Company contributes fees to these plans in accordance with the relevant regulations of the local government. Except for the contributions mentioned above, the Company has no further payment obligations. The corresponding expenses are recognized in the current period's profit and loss or as part of the cost of related assets when incurred.

30. Taxes payable

Item	2025.12.31	2024.12.31
Value-added tax	95,236,136.78	76,516,228.55
Urban maintenance and construction tax	8,920,610.59	9,460,165.40
Enterprise income tax	100,954,700.77	150,514,660.37
Property tax	6,679,819.83	6,620,755.79
Land use tax	2,804,140.31	2,581,318.12
Individual income Tax	15,432,117.73	6,048,274.85
Stamp duty	2,987,674.04	3,111,598.15
Education surcharge	6,122,253.93	6,321,350.34
Others	1,599,553.49	2,205,988.23
Total	**240,737,007.47**	**263,380,339.80**

31. Other payables

Item	2025.12.31	2024.12.31
Dividends payable	14,017,248.88	9,890,041.38
Other payables	3,378,828,699.81	3,359,225,199.29

Total	**3,392,845,948.69**	**3,369,115,240.67**

(1) Dividends payable

Item	2025.12.31	2024.12.31
Common shares dividend	20,174.46	20,174.46
Qingyuan Xinbeijiang Enterprise (Group) Company (清远新北江企业 (集团) 公司)	1,200,710.00	1,200,710.00
Other corporate and individual shares of subsidiaries	9,945,313.73	5,302,168.02
Employee shares in subsidiaries	2,851,050.69	3,366,988.90
Total	**14,017,248.88**	**9,890,041.38**

(2) Other payables

Item	2025.12.31	2024.12.31
Office expenses	69,740,676.43	70,346,214.43
Security deposits	63,533,334.20	63,916,974.36
Utility bill	33,995,659.53	30,909,899.69
Scientific research expenses	46,281,196.29	74,508,883.71
Business promotion expenses	3,000,493,471.02	2,929,007,055.89
Others	164,784,362.34	190,536,171.21
Total	**3,378,828,699.81**	**3,359,225,199.29**

The obligations of repurchasing restricted shares held by the directors, the senior management and their spouses amounted to RMB0.00 at the end of the period.

At year end, there is no significant other payables aging over 1 year.

32. Non-current liabilities due within one year

Item	2025.12.31	2024.12.31
Lease liabilities due within one year	21,599,125.36	19,802,827.69
Long-term loans due within one year and interest	351,630,565.74	376,173,163.67
Total	**373,229,691.10**	**395,975,991.36**

33. Other current liabilities

Item	2025.12.31	2024.12.31
Output VAT pending for transfer	7,996,328.84	11,841,940.51
Total	**7,996,328.84**	**11,841,940.51**

34. Long term loans

Item	2025.12.31	Range of interest rate	2024.12.31	Range of interest rate
Unsecured loans	986,964,176.85	1.70%-2.433%	1,200,698,463.32	1.80% - 2.95%
Guaranteed loans	936,932,987.93	1.80%-2.50%	1,600,109,812.72	2.15% - 2.65%

Subtotal	**1,923,897,164.78**		**2,800,808,276.04**	
Less: Long-term loans due within one year	351,630,565.74	1.70%-2.50%	376,173,163.67	2.15%-2.95%
Total	**1,572,266,599.04**		**2,424,635,112.37**	

35. Lease liabilities

Item	2025.12.31	2024.12.31
Lease payments payable	43,504,258.60	39,778,647.46
Less: Lease liabilities due within one year	21,599,125.36	19,802,827.69
Total	**21,905,133.24**	**19,975,819.77**

The interest expense on lease liabilities accrued during the current period amounted to RMB2.2640 million, which was included in “Financial expenses – interest expense.”

36. Deferred income

Item	2024.12.31	Increase	Decrease	2025.12.31
Government grants	334,970,008.52	74,238,550.00	81,364,090.10	327,844,468.42

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

37. Share capital

Item	2024.12.31	Movement in the year (+ or -)				2025.12.31
		ssue of new shares	Conversion from capital reserve	Others	Subtotal	
I. Tradable shares subject to selling restrictions						
1. Domestic legal person shares	0	0	0	0	0	0
2. Domestic natural person shares	0	0	0	0	0	0
3. Overseas legal person shares	0	0	0	0	0	0
Tradable shares subject to selling restrictions in aggregate	0	0	0	0	0	0
II. Tradable shares						
1. Ordinary shares denominated in RMB	1,874,200,420	0	0	-44,747,034	-44,747,034	1,829,453,386
2. Foreign-invested stocks listed overseas	0	0	0	0	0	0
Tradable shares in aggregate	1,874,200,420	0	0	-44,747,034	-44,747,034	1,829,453,386
III. Total number of shares	**1,874,200,420**	**0**	**0**	**-44,747,034**	**-44,747,034**	**1,829,453,386**

The decrease in share capital during the current period was due to the cancellation of treasury shares.

38. Capital reserve

Item	2024.12.31	Increase	Decrease	2025.12.31
Capital premium	1,175,363,032.47	209,256,427.25	721,370,959.77	663,248,499.95
Other capital reserve	479,020,458.94	0.00	0.00	479,020,458.94
Total	**1,654,383,491.41**	**209,256,427.25**	**721,370,959.77**	**1,142,268,958.89**

(1) Increase in capital premium:

①Due to capital contributions to subsidiaries at a non-proportional shareholding ratio and the acquisition of minority interests in subsidiaries, the difference between the capital contributions and acquisition consideration and the corresponding share of net assets of the subsidiaries amounted to RMB99,758,916.91, which increased the capital premium.

②The share repurchase and cancellation by the subsidiary Livzon Group (丽珠集团) resulted in changes in the Company's shareholding ratio and other equity changes, thereby increasing the capital reserve by RMB109,497,510.34.

(2) Decrease in capital premium:

The share repurchase and cancellation of shares by the Company and its subsidiary Livzon Group (丽珠集团) resulted in a decrease in capital premium of RMB721,370,959.77.

39. Treasury shares

Item	2024.12.31	Increase	Decrease	2025.12.31
Shares to be repurchased and cancelled	328,221,279.42	171,762,288.14	499,983,567.56	0.00
Total	**328,221,279.42**	**171,762,288.14**	**499,983,567.56**	**0.00**

The increase in treasury shares during the current period represents the total amount of funds used by the Company to repurchase 15,718,664 shares through centralized bidding transactions. The decrease in treasury shares during the current period was due to the cancellation of 44,747,034 repurchased shares.

40. Other comprehensive income

Item	2024.12.31 (1)	2025						2025.12.31 (4) = (1) - (2) + (3)
		Amount before tax	Less: transferred to profit or loss in current year	Less: Included in other comprehensive income in the previous period and transferred to retained earnings in the current period (2)	Less: Income tax expenses	Amount attributable to parent company after tax (3)	Amount attributable to minority interests after tax	
I. Other comprehensive income not reclassified into profit or loss subsequently	**-75,152,067.26**	**-41,939,347.93**	**0.00**	**-5,584,492.26**	**2,339,558.80**	**-24,670,192.48**	**-19,608,714.25**	**-94,237,767.48**
1.Other comprehensive income not reclassified to profit or loss under equity method	4,463,915.23	-2,737,414.81	0.00	0.00	0.00	-1,291,400.07	-1,446,014.74	3,172,515.16
2.Changes in fair value of other equity instrument investments	-79,615,982.49	-39,201,933.12	0.00	-5,584,492.26	2,339,558.80	-23,378,792.41	-18,162,699.51	-97,410,282.64
II. Other comprehensive income that will be reclassified into profit or loss subsequently	**33,974,519.84**	**-122,553,271.25**	**0.00**	**0.00**	**0.00**	**-74,405,885.51**	**-48,147,385.74**	**-40,431,365.67**
1.Other comprehensive income that will be transferred to profit or loss under equity method	343,001.75	106,439.92	0.00	0.00	0.00	50,213.99	56,225.93	393,215.74
2.Translation difference of foreign currency financial statements	33,631,518.09	-122,659,711.17	0.00	0.00	0.00	-74,456,099.50	-48,203,611.67	-40,824,581.41
Total other comprehensive income	**-41,177,547.42**	**-164,492,619.18**	0.00	**-5,584,492.26**	**2,339,558.80**	**-99,076,077.99**	**-67,756,099.99**	**-134,669,133.15**

41. Surplus reserve

Item	2024.12.31	Increase	Decrease	2025.12.31
Statutory surplus reserve	842,526,986.12	56,218,891.22	0.00	898,745,877.34
Discretionary surplus reserve	40,210,642.44	0.00	0.00	40,210,642.44
Reserve funds	1,103,954.93	0.00	0.00	1,103,954.93
Total	**883,841,583.49**	**56,218,891.22**	**0.00**	**940,060,474.71**

42. Undistributed profits

(1) Movement of undistributed profits

Item	2025	2024	Appropriation ratio
Retained earnings in previous period before adjustments	10,491,692,921.28	9,441,857,956.80	--
Adjustments to opening balance of retained earnings (increase +, decrease -)	0.00	0.00	--
Opening balance of retained earnings after adjustments	10,491,692,921.28	9,441,857,956.80	
Add: Net profit attributable to parent company for the current year	1,335,547,730.75	1,386,570,192.56	--
Gains from disposal of other equity instruments investment	-2,677,483.64	25,413,707.24	--
Less: Appropriation of statutory surplus reserve	56,218,891.22	24,795,379.72	10%
Appropriation of discretionary surplus reserve	0.00	0.00	
Appropriation for dividends to ordinary shares	365,890,677.20	337,353,555.60	
Dividend to ordinary shares converted to share capital	0.00	0.00	
Closing balance of undistributed profits	**11,402,453,599.97**	**10,491,692,921.28**	

(2) Profit distributions

Item	2025	2024
Dividends:		
2024 year-end dividend, paid (Note 2)	365,890,677.20	
2023 year-end dividend, paid (Note 3)	--	337,353,555.60
Dividends proposed after the balance sheet date:		
2025 year-end dividend distribution (Note 1)		--
2024 year-end dividend distribution (Note 2)	--	365,890,677.20

Note 1: On 30 March 2026, the 17th meeting of the 9th session of the Board of Directors of the Company approved the profit distribution plan for 2025. Based on the total share capital on the record date determined for the implementation of the 2025 profit distribution plan, a cash dividend of RMB2.20 per 10 shares (including tax) will be distributed to all shareholders. No bonus shares will be issued, and no capital reserve will be converted into share capital.

Note 2:On 7 April 2025, the 8th meeting of the 9th session of the Board of Directors of the Company

approved the 2024 profit distribution proposal. Based on the total share capital of the Company on the record date determined for the implementation of the 2024 profit distribution plan, a cash dividend of RMB2.00 per 10 shares (including tax) will be distributed to all shareholders. The remaining undistributed profits shall be carried forward for distribution in subsequent years. The profit distribution plan was approved by the general meeting of shareholders on 6 June 2025, and the dividend payment has been completed accordingly.

Note 3: On 2 April 2024, the 38th meeting of the 8th Board of Directors of the Company approved the 2023 profit distribution proposal. Based on the total share capital of the Company on the record date determined for the implementation of the 2023 profit distribution plan, a cash dividend of RMB1.80 per 10 shares (including tax) will be distributed to all shareholders. The remaining undistributed profits shall be carried forward for distribution in subsequent years. The profit distribution plan was approved by the general meeting of shareholders on 7 June 2024, and the dividend payment has been completed accordingly.

43. Operating income and operating cost

(1) Operating income and operating cost

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Primary operations	15,088,478,911.37	5,619,812,359.89	15,491,570,954.72	5,719,874,077.11
Other operations	127,259,637.91	94,510,682.03	127,909,352.17	107,978,613.88
Total	**15,215,738,549.28**	**5,714,323,041.92**	**15,619,480,306.89**	**5,827,852,690.99**

(2) Operating income and operating cost classified by products

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Primary operations:				
Chemical pharmaceuticals (化学制剂)	7,286,582,108.23	1,603,618,889.84	7,722,120,846.51	1,646,641,104.07
Chemical active pharmaceutical ingredients (APIs) and intermediates (化学原料药及中间体)	4,709,293,317.75	3,087,769,931.91	4,997,076,424.10	3,227,910,022.70
Traditional Chinese medicine (中药制剂)	1,685,567,775.31	433,513,934.72	1,472,476,401.37	364,112,878.22
Biological product (生物制品)	200,803,952.93	78,694,252.67	170,894,744.45	107,637,053.53
Health care products (保健食品)	515,923,500.81	108,256,915.51	376,684,348.02	98,168,472.49
Diagnostic reagents and equipment (诊断试剂及设备)	656,895,405.45	281,038,436.88	718,428,253.32	259,860,292.34
Others	33,412,850.89	26,919,998.36	33,889,936.95	15,544,253.76
Subtotal	**15,088,478,911.37**	**5,619,812,359.89**	**15,491,570,954.72**	**5,719,874,077.11**
Other operations:				
Sale of materials, processing fees, etc.	44,416,951.20	33,273,301.01	57,992,911.64	39,395,756.18

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Rental fees	6,857,005.82	2,812,010.54	10,867,435.20	1,165,933.69
Others	75,985,680.89	58,425,370.48	59,049,005.33	67,416,924.01
Subtotal	**127,259,637.91**	**94,510,682.03**	**127,909,352.17**	**107,978,613.88**
Total	**15,215,738,549.28**	**5,714,323,041.92**	**15,619,480,306.89**	**5,827,852,690.99**

(3) Operating income and operating cost classified by region

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Domestic	12,320,973,374.32	3,923,606,006.73	12,850,309,609.36	4,097,266,564.80
Overseas	2,767,505,537.05	1,696,206,353.16	2,641,261,345.36	1,622,607,512.31
Total	**15,088,478,911.37**	**5,619,812,359.89**	**15,491,570,954.72**	**5,719,874,077.11**

(4) Operating income and operating cost classified by timing of revenue recognition

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Primary operations:				
Including: Recognized at a point in time	15,088,478,911.37	5,619,812,359.89	15,491,570,954.72	5,719,874,077.11
Other operations:				
Including: Recognized at a point in time	120,402,632.09	91,698,671.49	117,041,916.97	106,812,680.19
Rental income	6,857,005.82	2,812,010.54	10,867,435.20	1,165,933.69
Total	**15,215,738,549.28**	**5,714,323,041.92**	**15,619,480,306.89**	**5,827,852,690.99**

(5) Information of top five customers of business revenue

Period	Total operating revenue from top five customers	Proportion to primary operating income in the period (%)
2025	1,329,992,754.10	8.81
2024	1,331,613,117.84	8.60

44. Taxes and surcharges

Item	2025	2024
Urban construction tax	77,084,556.44	74,772,642.32
Education surcharge	58,632,018.75	56,422,579.79
Land use tax	10,863,346.46	10,734,460.61
Property tax	35,330,911.10	34,839,757.68
Stamp duty and others	12,449,929.34	13,639,857.36
Total	**194,360,762.09**	**190,409,297.76**

Note: The bases of calculations for major taxes and surcharges are set out in Note IV. Taxation.

45. Selling expenses

Item	2025	2024
Marketing and promotional expenses	3,195,685,766.40	3,038,542,629.17
Staff salaries	619,863,940.25	650,175,348.72
Entertainment and travel expenses	118,948,741.09	91,356,104.16
Conference fees	118,174,636.78	71,382,184.71
Others	94,862,808.79	71,511,693.64
Total	**4,147,535,893.31**	**3,922,967,960.40**

46. Administrative expenses

Item	2025	2024
Staff salaries	523,386,257.53	502,018,373.37
Depreciation and amortisation	107,345,958.33	112,160,160.01
Share incentive expenses	0.00	-17,080,534.51
Consulting and information disclosure fees	14,704,877.84	27,527,004.25
Quality warranty expenses	39,193,648.54	37,508,757.46
Business entertainment and travel expenses	61,216,544.66	70,773,639.90
Plumbing and electrical repairs and freight expenses	20,892,343.29	22,828,390.81
Recruitment and employee training expenses	5,923,589.89	8,640,998.54
Others	97,825,369.05	147,218,767.45
Total	**870,488,589.13**	**911,595,557.28**

47. Research and development expenses

Item	2025	2024
Material costs	190,465,370.94	195,878,242.70
Staff salaries	417,633,432.22	418,199,659.73
Testing fees	366,034,392.96	423,653,643.43
Depreciation and amortisation	140,590,009.68	152,515,669.50
Purchase ongoing projects	94,341,509.44	160,928,144.67
Others	63,947,721.09	84,176,267.62
Total	**1,273,012,436.33**	**1,435,351,627.65**

48. Financial expenses

Item	2025	2024
Interest expense	87,048,116.17	123,261,483.95

Less: Interest income	469,337,871.02	417,296,591.13
Exchange gain or loss	66,680,880.02	-22,870,231.85
Bank charges and others	6,825,396.17	14,929,903.19
Total	**-308,783,478.66**	**-301,975,435.84**

49. Other income

Projects with grants (sources of other income)	2025	2024	Related to assets/Related to income
Government grants	77,030,788.12	61,350,275.98	Related to assets
Government grants	70,153,307.20	95,006,724.71	Related to income
Handling fees for tax withholding	2,137,258.58	3,050,322.40	
Tax refund on super-deduction	20,681,405.80	31,865,845.99	
Total	**170,002,759.70**	**191,273,169.08**	

For specific details on government grants, please refer to Note VIII. Government grants. For specific details on government grants as a non-recurring income, please refer to Note XVIII.1.

50. Investment income

Item	2025	2024
Long-term equity investments income under equity method	60,612,057.84	27,079,812.77
Investment income from financial assets held for trading during the holding period	622,859.81	745,083.08
Dividend income from other equity instrument investments	2,847,426.33	14,970,189.76
Investment income from disposal of long-term equity investments	-731,350.19	18,044,274.72
Investment income from disposal of financial assets held for trading	8,141,348.92	3,532,110.40
Total	**71,492,342.71**	**64,371,470.73**

Note 1: The details of investment income from the disposal of financial assets held for trading are as follows:

Item	2025	2024
Trading equity instruments investment-stock investment	0.00	16,921.08
Trading debt instruments investment	13,613,369.74	2,509,507.92
Derivatives not designated as hedging instruments	-5,472,020.82	1,005,681.40
Including: Forward foreign exchange contracts	-5,472,020.82	1,005,681.60
Others	0.00	-0.20
Total	**8,141,348.92**	**3,532,110.40**

51. Gains from changes in fair value

Source of gains from changes in fair value	2025	2024
Financial assets held for trading	10,939,711.62	-8,536,099.17
Including: Funds	18,262.62	50,041.19
Structured deposits	2,968,407.67	81,807.66
Equity instruments investment	5,531,177.99	-5,244,566.75
Derivative financial assets	2,421,863.34	-2,837,067.27
Bank wealth management products	0.00	-586,314.00
Financial liabilities held for trading	8,554,037.14	-8,959,737.17
Including: Derivative financial liabilities	8,554,037.14	-8,959,737.17
Total	**19,493,748.76**	**-17,495,836.34**

52. Credit impairment loss ("-" for loss)

Item	2025	2024
Bad debts of accounts receivable	-1,266,754.44	-4,379,218.42
Bad debts of other receivables	-777,738.04	-2,882,875.59
Total	**-2,044,492.48**	**-7,262,094.01**

53. Assets impairment loss ("-" for loss)

Item	2025	2024
Decline in value of inventories	-50,118,170.13	-86,786,125.28
Impairment loss of fixed assets	-157,962.34	-13,049,328.49
Impairment loss of construction in progress	0.00	-8,189,494.28
Impairment loss of intangible assets	-170,716.64	0.00
Impairment loss of prepayments	-237,096.90	0.00
Impairment loss of other non-current assets	-70,105,592.70	0.00
Impairment loss of development costs	0.00	-185,119,357.66
Total	**-120,789,538.71**	**-293,144,305.71**

54. Gains from disposal of assets

Item	2025	2024
Gain from disposal of fixed assets ("-" for Loss)	-551,833.02	45,202,545.04
Gains from disposal of non-current assets held-for-sale ("-" for Loss)	3,524,692.05	
Others	0.00	60,168.67
Total	**2,972,859.03**	**45,262,713.71**

55. Non-operating income

Item	2025	2024	Amount included in non-recurring gains and losses
Income from scraps	2,512,520.06	2,245,887.55	2,512,520.06
No payments required	5,660,182.80	2,753,707.44	5,660,182.80
Compensation income	110,588.01	1,086,103.01	110,588.01
Gains on destruction or retirement of non-current assets	54,035.62	590,736.59	54,035.62
Others	1,432,648.36	1,108,404.30	1,432,648.36
Total	**9,769,974.85**	**7,784,838.89**	**9,769,974.85**

56. Non-operating expenses

Item	2025	2024	Amount included in non-recurring gains and losses
Loss on retirement of non-current assets	7,097,750.18	8,848,376.65	7,097,750.18
Donation expenses	38,410,769.75	14,042,803.73	38,410,769.75

Others	63,882,367.62	26,290,739.29	63,882,367.62
Total	**109,390,887.55**	**49,181,919.67**	**109,390,887.55**

57. Income tax expenses

(1) Details of income tax expenses

Item	2025	2024
Current income tax	640,220,768.04	680,762,221.66
Deferred income tax	-138,941,574.07	-88,621,563.93
Total	**501,279,193.97**	**592,140,657.73**

(2) Reconciliation between income tax expenses and accounting profits:

Item	2025	2024
Profit before tax	3,366,308,071.47	3,574,886,645.33
Income tax expenses calculated at legal/applicable tax rate	841,577,017.87	893,721,661.33
Effect of different tax rates applicable to subsidiaries	-2,047,157.55	-1,197,174.43
Effect of tax reduction and exemption	-441,421,184.90	-474,553,457.46
Effect of non-deductible costs, expenses and losses	19,855,028.42	13,786,539.19
Effect of deductible tax losses for which no deferred tax assets were recognized in prior periods	-1,904,992.80	-7,617,926.30
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognized in the current period	97,901,155.61	110,478,038.88
Others	-12,680,672.68	57,522,976.52
Income tax expenses	**501,279,193.97**	**592,140,657.73**

58. Notes to cash flows statement

(1) Other cash received relating to operating activities

Item	2025	2024
Government grants	141,125,255.13	124,225,380.31
Interest income	426,333,173.99	417,552,524.94
Deposits & security deposits	40,394,161.50	67,685,584.28
Current accounts and others	44,250,539.44	38,778,343.05
Total	**652,103,130.06**	**648,241,832.58**

(2) Other cash paid relating to operating activities

Item	2025	2024
Business promotion expenses	3,209,609,287.09	3,379,034,307.99
R&D expenses	542,996,255.46	789,835,722.28

Bank charges	6,825,396.17	6,377,071.53
Deposits & security deposits	39,761,728.83	78,656,013.87
Other expenses paid	726,936,643.03	559,959,450.79
Current accounts and others	36,852,709.12	35,454,394.10
Total	**4,562,982,019.70**	**4,849,316,960.56**

(3) Cash received related to significant investment activities

Item	**2025**	2024
Fixed/Structured deposits	9,680,174,436.20	723,883,802.38
Cash management	221,733,344.10	315,281,444.47
Total	**9,901,907,780.30**	**1,039,165,246.85**

(4) Other cash received relating to investing activities

Item	**2025**	**2024**
Security deposits	50,000.00	0.00
Receive bankruptcy estate distribution funds from Huaxia Securities	912,285.60	0.00
Others	75,249.03	0.00
Total	**1,037,534.63**	**0.00**

(5) Cash paid relating to significant investing activities

Item	**2025**	**2024**
Fixed/Structured deposits	10,988,716,170.08	958,366,103.16
Cash management	222,980,638.51	314,230,400.45
Shenzhen Haibin Pharma Pingshan New Factory (深圳海滨坪山新厂)	35,988,378.97	67,606,180.08
Total	**11,247,685,187.56**	**1,340,202,683.69**

(6) Other cash paid relating to investing activities

Item	**2025**	**2024**
Security deposits for equity acquisitions	1,855,603,200.00	0.00
Net amount of cash receipts and payments on disposal of subsidiaries	0.00	28,470,891.03
Other security deposits	0.00	25,000.00
Foreign exchange forward contract losses	7,369,374.38	4,921,998.66
Total	**1,862,972,574.38**	**33,417,889.69**

(7) Other cash received relating to financing activities

Item	**2025**	**2024**
Collection and advance payment of individual income tax	0.00	1,682,133.31

Total	**0.00**	**1,682,133.31**

(8) Other cash paid relating to financing activities

Item	2025	2024
Repurchase of shares and handling fees	751,635,512.52	1,188,238,308.04
Rental payments	33,555,137.38	32,783,328.30
Collection and advance payment of individual income tax	6,000.00	70,429.97
Withholding income tax	18,493,376.16	14,402,445.16
Total	**803,690,026.06**	**1,235,494,511.47**

(9) Changes in liabilities arising from financing activities

Item	2024.12.31	Cash movement		Non-cash movement			2025.12.31
		Cash inflow	Cash outflow	Interest accrued	Changes in fair value	Others	
Short-term loans	2,455,000,000.00	3,969,631,400.01	4,201,895,683.37	20,364,256.69	0.00	-3,099,973.33	2,240,000,000.00
Long term loans	2,800,808,276.04	212,140,000.00	1,152,860,732.78	63,809,621.52	0.00	0.00	1,923,897,164.78
Lease liabilities	39,778,647.46	0.00	33,555,137.38	2,553,723.58	0.00	34,727,024.94	43,504,258.60
Total	**5,295,586,923.50**	**4,181,771,400.01**	**5,388,311,553.53**	**86,727,601.79**	**0.00**	**31,627,051.61**	**4,207,401,423.38**

59. Supplement to cash flow statement

(1) Supplement to cash flow statement

Supplement information	2025	2024
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,865,028,877.50	2,982,745,987.60
Add: Assets impairment loss	120,789,538.71	293,144,305.71
Credit impairment loss	2,044,492.48	7,262,094.01
Depreciation of fixed assets	678,446,603.61	676,312,907.52
Amortisation of right-of-use assets	31,533,490.45	28,950,505.81
Amortization of intangible assets	107,841,493.53	108,055,758.52
Long-term prepaid expenses amortization	87,871,846.56	86,779,463.88
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in "-")	-2,972,859.03	-45,262,713.71
Loss on retirement of fixed assets (Gain as in "-")	7,043,714.56	8,257,640.06
Losses on changes in fair value (Gain as in "-")	-19,493,748.76	17,495,836.34
Financial expenses (Gain as in "-")	188,429,989.85	66,266,938.95
Investment losses (Gain as in "-")	-71,492,342.71	-64,371,470.73
Decrease in deferred tax assets (Increase as in "-")	-140,922,822.95	-102,856,255.90
Increase in deferred tax liabilities (Decrease as in "-")	1,981,248.88	14,234,691.97
Decrease in inventories (Increase as in "-")	357,422,232.29	-51,290,145.86
Decrease in operating receivables (Increase as in "-")	-39,573,466.62	122,423,878.33
Increase in operating payables (Decrease as in "-")	-282,135,804.72	-493,777,927.35
Others	0.00	-18,050,581.58
Net cash flows from operating activities	3,891,842,483.63	3,636,320,913.57
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
Additions to right-of-use assets in the current period	36,691,257.25	33,332,952.78
3. Net increase / (decrease) in cash and cash equivalents:		
Cash and bank balance as at end of year	11,745,695,094.95	14,842,645,678.32
Less: cash and bank balance at beginning of year	14,842,645,678.32	15,340,869,372.73
Add: cash equivalents at end of year	0.00	0.00
Less: cash equivalents at beginning of year	0.00	0.00
Net increase in cash and cash equivalents	-3,096,950,583.37	-498,223,694.41

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

None.

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

None.

(4) Details of cash and cash equivalents

Item	2025	2024
I. Cash	11,745,695,094.95	14,842,645,678.32
Including: Cash on hand	349,028.70	370,795.14
Cash at bank readily available for payment	11,630,468,049.98	14,715,786,650.25
Other monetary fund readily available for payment	114,878,016.27	126,488,232.93
II. Cash equivalents	0.00	0.00
Including: bonds investment mature within 3 months	0.00	0.00
III. Cash and cash equivalents as at closing balance	11,745,695,094.95	14,842,645,678.32

Cash and cash equivalents do not include any cash and cash equivalents that are restricted in use.

(4) Monetary funds not classified as cash and cash equivalents

Item	2025.12.31	2024.12.31	Reason for not classified as cash and cash equivalents
Security deposits for equity acquisitions and guarantees	1,865,020,659.69	9,331,443.62	Frozen
Total	**1,865,020,659.69**	**9,331,443.62**	

60. Items in foreign currencies

Item	Closing balance in foreign currency	Conversion rate	Closing balance translated into RMB
Cash and bank balances			
Including: Hong Kong Dollar	23,516,511.64	0.90322	21,240,583.64
Euro	430,403.03	8.23550	3,544,584.15
US Dollar	778,846,926.04	7.02880	5,474,359,273.75
Macanese Pataca	6,303,168.66	0.87627	5,523,281.34
Japanese Yen	542,974,126.00	0.04480	24,323,611.92
British Pound	1,690.10	9.43460	15,945.42
Malaysian Ringgit	72,913.67	1.73193	126,281.37
Indonesian Rupiah	340,827,682,238.00	0.00042	142,465,971.18
Singapore Dollar	323,518.91	5.45860	1,765,960.32
Philippine Peso	4,429,866.41	0.11900	527,154.10
Accounts receivable			
Including: US Dollar	83,001,645.29	7.02880	583,401,964.41
Japanese Yen	103,604,760.00	0.04480	4,641,182.43

Item	Closing balance in foreign currency	Conversion rate	Closing balance translated into RMB
Euro	21,838.05	8.23550	179,847.26
Other receivables			
Including: Hong Kong Dollar	2,915,699.89	0.90322	2,633,518.45
Euro	4,127.61	8.23550	33,992.93
Philippine Peso	129,261.75	0.11900	15,382.15
Singapore Dollar	0.07	5.45860	0.38
Other non-current assets			
Including: Hong Kong Dollar	8,900,000.00	0.90322	8,038,658.00
Accounts payable			
Including: Euro	5,665.41	8.23550	46,657.48
Japanese Yen	30,871,895.16	0.04480	1,382,968.29
US Dollar	32,512.31	7.02880	228,522.52
Indonesian Rupiah	82,892,250.00	0.00042	34,648.96
Other payables			
Including: US Dollar	14,251,008.38	7.02880	100,167,487.70
Indonesian Rupiah	1,877,632,528.96	0.00042	784,850.40
Hong Kong Dollar	60,085.41	0.90322	54,270.34
Euro	72,326.88	8.23550	595,648.02
Malaysian Ringgit	7,400.00	1.73193	12,816.28
Philippine Peso	11,500.00	0.11900	1,368.50
Long term loans			
Including: US Dollar	103,410,254.95	7.02880	726,850,000.00

61. Leases

(1) As lessee

Item	2025
Short-term rental fees	11,460,299.70

(2) As lessor

Operating leases:

① Rental income

Item	2025
Rental income	6,857,005.82

② Total undiscounted lease payments to be received annually for the five years subsequent to the balance sheet date, as well as the total undiscounted lease payments to be received for the remaining years

Subsequent to the balance sheet date	2025.12.31	2024.12.31
First year	4,114,245.73	5,588,563.93
Second year	1,839,065.27	2,488,706.60
Third year	1,117,248.77	734,478.10
Fourth year	409,903.97	355,544.00
Fifth year	259,903.97	355,544.00
Total	**7,740,367.73**	**9,522,836.63**

VI. Research and development expenditures

1. Research and development expenditures

Item	2025		2024	
	Expenses amount	Capitalised amount	Expenses amount	Capitalised amount
Material costs	190,465,370.94	2,195,450.79	195,878,242.70	10,293,390.14
Staff salaries	417,633,432.22	7,521,436.34	417,334,808.83	13,417,314.28
Testing fees	366,034,392.96	80,544,779.94	423,653,643.43	49,507,871.48
Depreciation and amortisation	140,590,009.68	681,892.73	152,515,669.50	4,246,645.69
Purchase ongoing projects	94,341,509.44	108,347,170.00	160,928,144.67	39,450,298.12
Others	63,947,721.09	3,169,552.77	85,041,118.52	30,011,595.82
Total	**1,273,012,436.33**	**202,460,282.57**	**1,435,351,627.65**	**146,927,115.53**

2. Development costs

Item	2024.12.31	Increase		Decrease			2025.12.31
		Internal development costs	Other increase	Recognized as intangible assets	Recognized in profit or loss	Others	
Chemical pharmaceuticals (化学制剂)	362,703,730.11	94,113,112.57	108,347,170.00	199,818,602.58	0.00	469,515.74	364,875,894.36

(1) Material capitalized research and development projects

Item	Progress	Expected method of generating economic benefits	Commencement time of capitalization	Specific basis for capitalization begin
JP1366 project	Approved to conduct clinical trial	Sales and marketing	Clinical trial	Obtained clinical trial approval and evaluated by the Company

(2) Provision for impairment of development costs

Item	2024.12.31	Provision for the year	Decrease	2025.12.31
Chemical pharmaceuticals (化学制剂)	100,212,718.28	0.00	25,087,203.56	75,125,514.72
Biologics	92,425,008.50	0.00	92,425,008.50	0.00
Total	**192,637,726.78**	**0.00**	**117,512,212.06**	**75,125,514.72**

3. Significant purchase of ongoing projects

The JP1366 project has currently been approved for market launch in South Korea. Following the acquisition by Livzon Group, Livzon Group is responsible for the domestic clinical trials. After evaluation by Livzon Group, it is considered highly probable that future economic benefits will flow to the Company, so the purchase price has been recognized as development costs.

VII. Interest in other entities

1. Interests in subsidiaries

(1) Group structure

Name of subsidiary	Type of subsidiaries	Legal person category	Main operating location	Place of registration	Business nature	Registered capital	Shareholding %		Acquisition method
							Direct	Indirect	
Topsino Industries Limited (天诚实业有限公司) (Topsino Industries)	Wholly-owned subsidiary	Limited company	Hong Kong	Hong Kong	Commercial	HKD896,933,973.00	100		Set-up by investment
Shenzhen Taitai Genomics Inc. Co., Ltd. (深圳太太基因工程有限公司) (Taitai Genomics)	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Industrial	RMB50,000,000.00	75	25	Set-up by investment
Shenzhen Taitai Pharmaceutical Co., Ltd. (深圳太太药业有限公司) (Taitai Pharmaceutical)	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Industrial	RMB100,000,000.00	100		Set-up by investment
Health Investment Holdings Ltd. (健康投资公司) (Health Investment)	Wholly-owned subsidiary	Limited company	British Virgin Islands	British Virgin Islands	Investment	USD50,000.00		100	Set-up by investment
Joincare Pharmaceutical Group Industry Co., Ltd. (BVI)	Wholly-owned subsidiary	Limited company	British Virgin Islands	British Virgin Islands	Investment	USD50,000.00		100	Set-up by investment
Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS)	Wholly-owned subsidiary	Limited company	Cayman Islands	Cayman Islands	Investment	USD50,000.00		100	Set-up by investment
Xinxiang Haibin Pharmaceutical Co., Ltd. (新乡海滨药业有限公司) (Xinxiang Haibin)	Wholly-owned subsidiary	Limited company	Xinxiang, Henan	Xinxiang, Henan	Industrial	RMB170,000,000.00		100	Set-up by investment
Shenzhen Fenglei Electric Power Investment Co., Ltd. (深圳市风雷电力投资有限公司) (Fenglei Electric Power)	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Investment	RMB100,000,000.00	100		Set-up by investment
Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司) (Jiaozuo Joincare)	Wholly-owned subsidiary	Limited company	Jiaozuo, Henan	Jiaozuo, Henan	Industrial	RMB760,000,000.00	75	25	Set-up by investment
Shanghai Frontier Health & Medicine Technology Co., Ltd. (上海方予健康医药科技有限公司) (Shanghai Frontier)	Subsidiaries	Limited company	Shanghai	Shanghai	Industrial	RMB50,000,000.00	65		Set-up by investment
Shenzhen Taitai Biological Technology Co., Ltd (深圳太太生物科技有限公司) (Taitai Biological))	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Industrial	RMB5,000,000.00	100		Set-up by investment

Name of subsidiary	Type of subsidiaries	Legal person category	Main operating location	Place of registration	Business nature	Registered capital	Shareholding %		Acquisition method
							Direct	Indirect	
Guangdong Taitai Forensic Test Institute (广东太太法医物证司法鉴定所)	Wholly-owned subsidiary	Other organization	Shenzhen	Shenzhen	Commercial	RMB0.00		100	Set-up by investment
Joincare Haibin Pharmaceutical Co., Ltd. (健康元海滨药业有限公司 (Joincare Haibin))	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Industrial	RMB500,000,000.00	25	75	Set-up by investment
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司)) (Haibin Pharma)	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Industrial	RMB700,000,000.00	97.87	2.13	Business combination not under common control
Joincare Daily-Use & Health Care Co., Ltd. (健康元日用保健品有限公司) (Joincare Daily-Use)	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Commercial	RMB25,000,000.00	80	20	Business combination not under common control
Health Pharmaceutical (China) Co.,Ltd. (健康药业(中国) 有限公司) (Health China)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Industrial	HKD73,170,000.00		100	Business combination not under common control
Livzon Pharmaceutical Group Inc. (丽珠医药集团股份有限公司) (Livzon Group) *Note 1	Subsidiaries	Stock company	Zhuhai	Zhuhai	Industrial	RMB887,907,171.00	24.93	22.25	Business combination not under common control
Hong Kong Health Pharmaceutical Industry Company Limited (香港健康药业有限公司)	Wholly-owned subsidiary	Limited company	Hong Kong	Hong Kong	Investment	HKD10,000.00		100	Business combination not under common control
Health Pharmaceutical Industry Company Limited (健康药业有限公司)	Wholly-owned subsidiary	Limited company	Hong Kong	Hong Kong	Investment	HKD10,000.00		100	Business combination not under common control

Name of subsidiary	Type of subsidiaries	Legal person category	Main operating location	Place of registration	Business nature	Registered capital	Shareholding %		Acquisition method
							Direct	Indirect	
Shenzhen Hiyeah Industry Co., Ltd (深圳市喜悦实业有限公司) (Shenzhen Hiyeah))	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Commercial	RMB178,000,000.00	97.58	2.42	Business combination not under common control
Joincare (Guangdong) Special medicine Food Co., Ltd. (健康元（广东）特医食品有限公司) (Joincare Special Medical Food)	Wholly-owned subsidiary	Limited company	Shaoguan	Shaoguan	Industrial	RMB20,000,000.00	100		Set-up by investment
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)	Subsidiaries	Limited company	Jiaozuo	Jiaozuo	Industrial	RMB100,000,000.00		71.14	Set-up by investment
Jiaozuo Jianfeng Biotechnology Co., Ltd. (焦作健风生物科技有限公司)	Subsidiaries	Limited company	Jiaozuo	Jiaozuo	Industrial	RMB50,000,000.00		66.5	Set-up by investment
JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD.	Wholly-owned subsidiary	Limited company	Singapore	Singapore	Commercial	SGD600,000.00		100	Set-up by investment
Joincare Pharma Netherlands B.V.	Wholly-owned subsidiary	Limited company	Netherlands	Netherlands	Commercial	EUR500,000.00		100	Set-up by investment
Joincare Pharma Philippines Inc.	Wholly-owned subsidiary	Limited company	Philippines	Philippines	Commercial	PHP11,500,000.00		100	Set-up by investment

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

①The Company, together with Livzon Group, established Lijian (Guangdong) Animal Health Co., Ltd. (毛孩子动物保健 (广东) 有限公司) (formerly known as: 丽健 (广东) 动物保健有限公司) on 1 February 2023. Livzon Group holds 51%, and the Company holds 49%.

②The Company, together with Livzon Group, established Wuhan Kangli Health Investment Management Co., Ltd. (武汉康丽健康投资管理有限公司) on 8 February 2023. Livzon Group holds 60%, and the Company holds 40%.

③Zhuhai 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%.

(2) Significant non-wholly owned subsidiaries

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%	1,074,308,974.57	521,293,245.00	7,336,396,190.88

(3) Principal financial information of significant non-wholly owned subsidiaries

Name of subsidiary	2025.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Livzon Group	16,118,011,547.10	7,867,459,901.38	23,985,471,448.48	7,219,752,800.78	1,218,618,485.74	8,438,371,286.52

Continued (1) :

Name of subsidiary	2024.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Livzon Group	16,419,980,644.30	8,035,845,052.88	24,455,825,697.18	7,625,428,371.79	1,924,650,731.35	9,550,079,103.14

Continued (2) :

Name of subsidiary	2025				2024			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Livzon Group	12,020,349,219.61	2,411,039,334.28	2,279,637,460.80	3,145,038,968.09	11,812,338,854.68	2,304,484,952.49	2,310,446,615.37	2,978,847,526.76

(4) Changes in share of owners' equity in subsidiaries and still controls the subsidiaries

① Changes in the share of the owners' equity in a subsidiary

The Company's Subsidiary, Livzon Group, originally held 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 November 17, 2023, Livzon Group and Livzon Biopharmaceutical Technology signed the "Capital Increase Agreement of Zhuhai Livzon Biopharmaceutical Technology Co., Ltd.", pursuant to which the Registered capital of Livzon Biopharmaceutical Technology increased from RMB889,023,284.00 to RMB1,095,472,334.00. Livzon Group subscribed for the newly increased Registered capital of RMB206,449,050.00 by way of monetary contribution, which shall be fully paid before December 31, 2028. The subscription consideration was RMB1,000,000,000.00, and the portion of the consideration exceeding the subscribed Registered capital was included in Capital reserve.

On March 26, 2025, Livzon Group and Livzon Biopharmaceutical Technology again signed the "Capital Increase Agreement of Zhuhai Livzon Biopharmaceutical Technology Co., Ltd.", pursuant to which the Registered capital of Livzon Biopharmaceutical Technology 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 the completion of the industrial and commercial registration for this capital increase. The subscription consideration was RMB1,000,000,000.00, and the portion of the consideration exceeding the subscribed Registered capital was included in Capital reserve.

During the current period, Livzon Group paid capital contribution totaling RMB712,060,000.00.

The capital increase during the current period resulted in an increase in Minority interests of RMB306,825,696.99 at the consolidated financial statement level of Livzon Group, with a corresponding decrease in Capital reserve.

② The Impact of the Transaction on Livzon Group's Minority Interests and the Parent Company's Owners' Equity

Item	Livzon Biopharmaceutical Technology
Acquisition cost	
--Cash	712,060,000.00
Total acquisition cost	712,060,000.00
Less: Net asset share of the subsidiary calculated based on the equity ratio acquired	405,234,303.01
Difference	306,825,696.99
Including: Adjustment of capital reserve	306,825,696.99

2. Business combination not under common control

None.

3. Changes in the scope of consolidation due to other reason

None.

4. Interests in joint arrangement or associates

(1) Significant associates

Name of joint ventures or associates	Principal place of business	Place of registration	Business nature	Shareholding (%)		Accounting treatment of investment
				Direct	Indirect	
Associates						
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	Tianjin	Tianjin	Pharmaceutical manufacturing	0.00	40.00	Equity method

(2) Main financial information of significant associates

Item	Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)
	2025.12.31
Owners' equity attributable to parent company	793,686,642.29
Share of net assets calculated based on shareholding ratio	317,474,656.91
Adjustments	
Including: Goodwill	498,457,683.68
Carrying value of equity investment in associates	815,932,340.59

Continued:

Item	Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)
	2025
Operating income	1,037,459,639.72
Dividends received by the Company from associates in the current period	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 take into account the fair value of identifiable net assets and liabilities of associates at the time of acquisition and the impact of unified accounting policies.

Item	Closing balance/ Current year	Beginning balance/ Prior year
Associates:		
Total carrying amount of investment	667,259,799.34	697,004,393.88
The following amount are calculated on the basis of shareholding ratio		
Net profit	-8,763,492.98	-28,777,998.25
Other comprehensive income	106,439.92	319,802.85
Total comprehensive income	-8,657,053.06	-28,458,195.40

(3) Summary of financial information of other insignificant associates

(4) Significant limitations on the ability of joint ventures or associates to transfer funds to the Company

None.

VIII. Government grants

1. Government grants recorded as deferred income

Category	2024.12.31	Increase	Decrease	2025.12.31
Government grants related to assets	331,276,743.93	48,268,550.00	78,097,488.03	301,447,805.90
Government grants related to income	3,693,264.59	25,970,000.00	3,266,602.07	26,396,662.52
Total	**334,970,008.52**	**74,238,550.00**	**81,364,090.10**	**327,844,468.42**

(1) Government grants recorded as deferred income and measured at gross amount method subsequently

Category	2024.12.31	Additions during the year	Amount recognized in profit or loss in the year	Other movement	2025.12.31	Item presented in profit or loss in the year
Government grants related to assets	331,276,743.93	48,268,550.00	77,030,788.12	1,066,699.91	301,447,805.90	Other income
Government grants related to income	3,693,264.59	25,970,000.00	3,266,602.07	0.00	26,396,662.52	Other income
Total	**334,970,008.52**	**74,238,550.00**	**80,297,390.19**	**1,066,699.91**	**327,844,468.42**	

The above Government grants mainly represent project subsidies for R&D, technological transformation, technological innovation, relocation, and other initiatives granted to the Company and its Subsidiaries by relevant government authorities, such as the provincial and municipal Development and Reform Commissions, Finance Bureaus, and Science, Technology and Industry and Information Technology Bureaus in the regions where they operate.

2. Government grants recognized in income for the year by gross method

Category	Recognized as income in prior year	Recognized as income in the year	Presented in income statement
Government grants related to assets:	61,350,275.98	77,030,788.12	Other income
Government grants related to income:	95,006,724.71	70,153,307.20	Other income
Total	**156,357,000.69**	**147,184,095.32**	

The above Government grants mainly represent project subsidies for enterprise operations, R&D, technological transformation, technological innovation, export credit insurance, and employment stabilization, granted to the Company and its Subsidiaries by relevant government authorities, such as the provincial and municipal Development and Reform Commissions, Finance Bureaus, Commerce Bureaus, Science and Technology Bureaus, Industry and Information Technology Bureaus, and Human Resources and Social Security Bureaus in the regions where they operate.

3. Government grants offsetting related costs using the net method

None.

4. Government grants refunded in this year

None.

IX. Risks Management of Financial Instruments

The Company's major financial instruments include cash and bank balances, notes receivable, accounts receivable, other receivables, non-current assets due within one year, other current assets, trading financial assets, other equity instrument investments, notes payable, accounts payable, other payables, short-term loans, trading financial liabilities, non-current liabilities due within one year, long-term loans and long-term payables. The detailed information on these financial instruments has been disclosed in the respective notes. The risks associated with these financial instruments, and the risk management policies adopted by the Company to mitigate these risks, are set out below. The Company's management monitors and manages these risk exposures to ensure that such risks are maintained within acceptable limits.

1. Management objectives and policies of risks

The Company's operating activities expose it to a variety of financial risks, including market risk (primarily foreign exchange risk and interest rate risk), credit risk, and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(1) Foreign exchange risks

The Company's principal operations are conducted in China, and the majority of its transactions are denominated and settled in Renminbi. However, certain import and export transactions related to active pharmaceutical ingredients (APIs) and diagnostic reagents are settled in U.S. dollars, Euros, and Japanese Yen. In addition, the Company's overseas operations (mainly in Hong Kong, India, and Europe) are settled in Hong Kong dollars, U.S. dollars, and Euros. The Company may also undertake foreign currency borrowings based on operational needs. As a result of the above, the Company is exposed to certain foreign exchange risks. Within the range of foreign exchange risk that the Company considers acceptable, the Company appropriately utilizes derivative instruments to hedge foreign exchange risks. Meanwhile, with respect to foreign exchange risks associated with borrowings, the Company closely monitors movements in the RMB exchange rate and adjusts the scale of borrowings in a timely manner, in order to minimize such risks.

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

① At 31 December 2025

Unit: RMB 1,000

Item	Hong Kong Dollar	Euro	US Dollar	Macanese Pataca	Japanese Yen	British Pound	Malaysian Ringgit	Indonesian Rupiah	Singapore Dollar	Philippine Peso
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 loans	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**

② At 31 December 2024

Unit: RMB 1,000

Item	Hong Kong Dollar	Euro	US Dollar	Macanese Pataca	Japanese Yen	British Pound	Malaysian Ringgit	Indonesian Rupiah	Singapore Dollar	Philippine Peso

Financial assets in foreign currency —										
Cash and bank balances	1,164,555.76	1,611.26	3,115,769.54	5,727.37	13,236.90	15.34	27.64	147,362.32	105.66	494.62
Financial assets held for trading	61,589.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	0.00	575,982.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receivables	2,992.40	31.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.01
Other equity instruments investment	256,754.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	**1,485,892.25**	**1,642.32**	**3,691,752.17**	**5,727.37**	**13,236.90**	**15.34**	**27.64**	**147,362.32**	**105.66**	**509.63**
Financial liabilities in foreign currency—										
Accounts payable	0.00	42.64	1,518.91	0.00	1,152.88	0.00	0.00	0.00	0.00	0.00
Other payables	55.64	0.00	31,671.97	0.00	0.00	0.00	0.00	5.89	0.00	0.00
Subtotal:	**55.64**	**42.64**	**33,190.88**	**0.00**	**1,152.88**	**0.00**	**0.00**	**5.89**	**0.00**	**0.00**

As of 31 December 2025, for the Company's financial assets and financial liabilities denominated in Hong Kong Dollar, U.S. Dollar, Euro, Japanese Yen, Macanese Pataca, and other foreign currencies, if the Renminbi appreciates or depreciates by 5% against these currencies, with all other factors remaining constant, the Company's profit would increase or decrease by approximately RMB282.02 million (As of 31 December 2024: approximately RMB265.59 million).

(2) Interest rate risk

The Company's exposures to interest rate risk are mainly arising from interest-bearing liabilities such as bank borrowings. The interest rates are affected by the macro monetary policies of China, hence the Company will face the risks arising from fluctuation of interest rates in the future.

The finance department of the head office of the Company continues to monitor the level of interest rate of the Company. The rise in the interest rate will increase the cost of additional interest-bearing liabilities and the interest expenses of the Company's outstanding interest-bearing liabilities of which the interests are calculated at floating rates, and impose material adverse impact on the financial results of the Company. The management will make timely adjustment based on the updated market conditions. The directors of the Company consider that the future changes in the interest rate will have no material adverse impact on the operating results of the Company.

(3) Credit Risk

Credit risk mainly arises from cash and cash equivalents, restricted funds, accounts receivable, and other receivables. For cash deposits at banks, the funds are relatively dispersed across several reputable banks, so the credit risk is limited. Regarding receivables, the Company evaluates the creditworthiness of customers and grants credit limits accordingly. Furthermore, given the Company's large customer base, credit risk on accounts receivable is not concentrated. For notes receivable settlements, the Company extensively uses notes receivable for external payments, minimizing the outstanding balance. Most remaining notes are high-quality and due within three months; therefore, no significant credit risk is expected. In addition, provisions for impairment of accounts receivable and other receivables are sufficient to cover potential credit risk.

As of 31 December 2025, the accounts receivable of the top five customers accounted for 9.37% of the Company's total accounts receivable (31 December 2024: 10.92%), while the other receivables of the top five customers accounted for 54.50% of the Company's total other receivables (31 December 2024: 44.50%).

(4) Liquidity risk

The Company adopts a prudent approach to liquidity risk management to ensure sufficient cash and liquidity resources. This primarily involves maintaining adequate cash and bank balances and ensuring access to unsecured bank loans through sufficient banking credit facilities. In addition to indirect bank financing, the Company has diversified financing channels, including direct financing in the interbank market (short-term financing bills and medium-term notes) and corporate bonds. These channels help mitigate the impact of credit limits and macroeconomic monetary policies on indirect bank financing, ensuring flexible access to sufficient funds.

As of 31 December 2025, the contractual cash flows of the Company's financial assets and financial liabilities, classified by maturity, are presented as follows:

① As of 31 December 2025

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 loans	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 loans	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**

② As of 31 December 2024

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	14,851,977,121.94	0.00	0.00	0.00	14,851,977,121.94
Financial assets held for trading	89,363,055.07	0.00	0.00	0.00	89,363,055.07
Notes receivable	1,951,213,189.48	0.00	0.00	0.00	1,951,213,189.48
Accounts receivable	2,429,891,052.01	0.00	0.00	0.00	2,429,891,052.01
Other receivables	51,166,649.86	0.00	0.00	0.00	51,166,649.86
Non-current assets due within one year	556,410,803.22	0.00	0.00	0.00	556,410,803.22
Other non-current assets	0.00	854,236,296.77	204,390,121.77	0.00	1,058,626,418.54
Subtotal	**19,930,021,871.58**	**854,236,296.77**	**204,390,121.77**	**0.00**	**20,988,648,290.12**
Financial liabilities:					
Short-term loans	2,455,000,000.00	0.00	0.00	0.00	2,455,000,000.00
Financial liabilities held for trading	9,046,554.29	0.00	0.00	0.00	9,046,554.29
Notes payable	1,384,943,947.17	0.00	0.00	0.00	1,384,943,947.17
Accounts payable	765,512,193.23	0.00	0.00	0.00	765,512,193.23
Other payables	3,369,115,240.67	0.00	0.00	0.00	3,369,115,240.67
Non-current liabilities due within one year	395,975,991.36	0.00	0.00	0.00	395,975,991.36
Lease liabilities	0.00	8,539,311.43	11,436,508.34	0.00	19,975,819.77
Long term loans	0.00	548,836,865.48	1,148,948,246.89	726,850,000.00	2,424,635,112.37
Subtotal	**8,379,593,926.72**	**557,376,176.91**	**1,160,384,755.23**	**726,850,000.00**	**10,824,204,858.86**

2. Capital management

The Company's capital management policy aims to ensure the Company's continued operation, provide

returns to shareholders, benefit other stakeholders, and maintain an optimal capital structure to minimize the cost of capital.

To maintain or adjust the capital structure, the Company may adjust its financing methods, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or other equity instruments, or dispose of assets to reduce liabilities.

The Company monitors its capital structure using the gearing ratio, calculated as total liabilities divided by total assets. As of 31 December 2025, the Company's gearing ratio was 31.19% (31 December 2024: 34.49%).

3. Transfer of financial assets

(1) Classification of transfer methods

Transfer methods	Nature of transferred financial assets	Amount of transferred financial assets	Termination of recognition status	Judgment basis for termination of recognition
Bill endorsement	Notes receivable	65,584,129.67	Derecognized	The contractual rights to the cash flows of the financial asset have expired, and substantially all the risks and rewards have been transferred.
Factoring of accounts receivable	Accounts receivable	28,304,598.43	Derecognized	No recourse

(2) Financial assets derecognized due to transfer

Item	Transfer methods	Derecognition amount	Gains or losses related to derecognition
Notes receivable	Bill endorsement	65,584,129.67	0.00
Accounts receivable	Discount of acceptance bills	28,304,598.43	0.00

In the current period, the Company discounted bank acceptance bills totaling RMB0.00 (previous period: RMB9,767,218.08) with banks.

As of 31 December 2025, the carrying amount of bank acceptance bills endorsed to suppliers for settling accounts payable, which are not yet due, was RMB65,584,129.67 (31 December 2024: RMB37,606,855.80). There were no commercial acceptance bills endorsed to suppliers for settling accounts payable that were not yet due (31 December 2024: RMB0.00). The maturity of these endorsed bank acceptance bills ranges from 1 to 6 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 along with the associated settled accounts payable. The maximum loss arising from continued involvement or repurchase, as well as the undiscounted cash flows, equals the carrying amount of the bills. The Company believes that the fair value of continued involvement is not significant.

During 2025, the Company did not recognize any gain or loss on the date of transfer. No income or expense has been recognized in the current or prior periods in relation to continued involvement in derecognized financial assets. Endorsements occurred approximately in balance during the period.

(3) Financial assets transferred but not fully derecognized

None.

X. Fair value

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(1) Items and amounts measured at fair value

As at 31 December 2025, the assets and liabilities measured at fair value are listed as follows according to the above three levels:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(1) Financial assets held for trading	79,531,020.00	2,721,531.36	1,611,850,215.33	1,694,102,766.69
1. Funds	1,005,892.28	0.00	0.00	1,005,892.28
2.Structured deposits	0.00	0.00	1,611,850,215.33	1,611,850,215.33
3.Equity instruments investment	78,525,127.72	0.00	0.00	78,525,127.72
4.Derivative financial assets	0.00	2,721,531.36	0.00	2,721,531.36
(2) Other equity instruments investment	57,440,464.82	0.00	932,988,228.68	990,428,693.50
Total assets measured at fair value on a recurring basis	**136,971,484.82**	**2,721,531.36**	**2,544,838,444.01**	**2,684,531,460.19**
(3) Financial liabilities held for trading				
1.Derivative financial liabilities	0.00	487,431.05	0.00	487,431.05
Total liabilities measured at fair value on a recurring basis	**0.00**	**487,431.05**	**0.00**	**487,431.05**
II. Non-recurring fair value measurement				
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**

During 2025, there were no transfers between Level 1 and Level 2 in the fair value measurement of the Company's financial assets and financial liabilities.

For financial instruments traded in active markets, the Company determines their fair value based on quoted

market prices in those active markets. The Company's Level 1 financial assets held for trading and equity instrument investments are listed in markets such as Shenzhen, Hong Kong, and the United States, and their fair value is determined using the closing price on the last trading day of the reporting period.

For financial instruments not traded in active markets, the Company applies valuation techniques to determine their fair value. The primary valuation models used include the discounted cash flow model and the market comparable company model. Inputs to these valuation techniques mainly comprise risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, and discounts for lack of market liquidity, among others.

(2) Relevant information of level 2 fair value measurement

Item	Fair value at 2025.12.31	Valuation techniques
Derivative financial assets	2,721,531.36	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract
Derivative financial liabilities	487,431.05	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract

(3) Quantitative information of important unobservable input values used in level 3 of fair value measurement

Content	Fair value at year end	Valuation techniques
Financial assets held for trading-Structured deposits	1,611,850,215.33	Expected returns
Other equity instrument investments- Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新创股权投资中心))	49,361,721.72	Net assets
Other equity instrument investments - Shanghai JingYi Investment Center (上海经颐投资中心) (L.P.) (有限合伙)	67,444,583.88	Net assets
Other equity instrument investments- Qianhai Equity Investment Fund (前海股权投资基金) (L.P.) (有限合伙)	211,137,039.30	Net assets
Other equity instrument investments –Apricot Forest, Inc Cayman company	89,500,000.00	Income method
Other equity instrument investments –Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	222,808,000.00	Market method
Other equity instrument investments - Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药（上海）有限公司))	31,102,700.00	Market method
Other equity instrument investments - Zhuhai Medpha Biotechnology Co., Ltd. (珠海麦得发生物科技股份有限公司)	38,457,808.50	Recent financing price
Other equity instruments investment- Xiangrong (Shanghai) Biotechnology Co., Ltd. (享融（上海）生物科技有限公司)	36,098,956.59	Recent financing price
Other equity instrument investments –GLOBAL HEALTH SCIENCE	102,426,507.06	Net assets
Other equity instrument investments –Nextech V Oncology S.C.S., SICAV-SIF	22,009,054.08	Net assets
Other equity instruments investment- LUNGLIFE AI, INC.	131,857.55	Net assets
Other equity instrument investments -Others	62,510,000.00	Cost
Total	**2,544,838,444.01**	

(4) Reconciliation table for fair value measurement classified as the Level 3 of the fair value hierarchy

Item (2025)	2024.12.31	Transfer to Level 3	Transfer out of Level 3	Total profit or loss for the period		Buy, issue, sell and settle				2025.12.31	For assets held at the end of the reporting period, changes in unrealized gains or losses recognized in profit or loss for the period
				Recorded in profit or loss	Recorded in other comprehensive income	Buy	Issue	Sell	Settle		
Financial assets held for trading	15,081,807.66	0.00	0.00	16,581,777.41	0.00	10,670,800,000.00	0.00	0.00	9,090,613,369.74	1,611,850,215.33	3,050,215.33
Assets held-for-sale	54,029,237.68	0.00	0.00	0.00	0.00	4,587,345.51	0.00	58,616,583.19	0.00	0.00	0.00
Other equity instruments investment	968,914,547.65	1,039,717.94	0.00	0.00	-40,047,920.37	15,407,603.40	0.00	12,325,719.94	0.00	932,988,228.68	0.00
Total	**1,038,025,592.99**	**1,039,717.94**	**0.00**	**16,581,777.41**	**-40,047,920.37**	**10,690,794,948.91**	**0.00**	**70,942,303.13**	**9,090,613,369.74**	**2,544,838,444.01**	**3,050,215.33**

XI. Related party and related party transactions

1. Information of parent company

Name of parent company	Place of registration	Business nature	Registered capital	Shareholding ratio by parent company (%)	Voting right by parent company (%)
Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司)	Shenzhen	Investment and establishment of industry, domestic commerce, and material supply and marketing	80,000,000.00	48.96	48.96

(1) Registered capital of parent company and its changes

Name of other related parties	2024.12.31	Increase	Decrease	2025.12.31
Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司)	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 other related parties	2024.12.31	Ratio	Increase	Decrease	2025.12.31	Ratio
Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司)	895,653,653.00	47.79%	0.00	0.00	895,653,653.00	48.96%

The ultimate controller of the Company is Zhu Baoguo (朱保国) .

2. Subsidiaries of the Company

Details of subsidiaries refer to Note VII. 1.

3. Joint venture and associates of the Company

Details of significant joint ventures or associates refer to Notes V.11 and 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:

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
Jianxin Biotechnology (Ningbo) Co., Ltd. (健信生物科技（宁波）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 Biotheraphy, Inc.	Associates
Hangzhou New Element Pharmaceutical Co., Ltd. (杭州新元素药业股份有限公司)	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

Name of joint ventures and associates	Relationship with the Company
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物医药科技有限公司)	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

4. Other related parties of the Company

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 controller
Zhuozhou Jingnan Yongle Golf Club Co., Ltd. (涿州京南永乐高尔夫俱乐部有限公司)	Entity controlled by the Company's parent company
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司及其 Subsidiaries)	Subsidiary in which a director of Livzon Group serves as a director (no longer holding the position)
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
Guangzhou Respiratory Drug Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司)	Formerly a subsidiary of Shanghai Frontier (ceased to be controlled since September 2024)
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业 (有限合伙)	Entity controlled by a director of Livzon Group
Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业 (有限合伙))	Entity controlled by a director of Livzon Group
Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司) and its subsidiaries	Entity controlled by a director of Livzon Group
Zhuhai Pu Xiaoying Enterprise Management Co., Ltd. (珠海市蒲小英企业管理有限公司)	Entity controlled by a close family member of a Livzon Group director
Zhuhai Medpha Biotechnology Co., Ltd. (珠海麦得发生物科技股份有限公司)	Entity in which a supervisor of Livzon Group serves as a director
Zhuhai Xianghetai Investment Management Partnership (Limited Partnership) (珠海祥和泰投资管理合伙企业 (有限合伙))	Entity controlled by a executive of Livzon Group
Directors, Supervisors and other senior management personnel	Key management personnel

5. Related party transactions

(1) Purchase or sale with related parties

①Purchase of goods/receiving of services

Name of other related parties	Nature of transaction	2025	2024
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Raw materials	1,465,486.74	3,396,106.21
Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司) and its subsidiaries	Modern service	0.00	29,816.00
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	Research and development	0.00	83,168.32
Guangzhou Respiratory Drug Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司)	Research and development	19,057,910.59	12,240,355.93
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Nebulizer	425,196.46	0.00

Zhuozhou Jingnan Yongle Golf Club Co., Ltd.（涿州京南永乐高尔夫俱乐部有限公司）	Promotion Services	26,653.00	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Electricity, Steam	265,079,718.24	271,780,407.81
Total		**286,054,965.03**	**287,529,854.27**

②Sales of goods/rendering of services

Name of other related parties	Nature of transaction	2025	2024
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Finished products, water, electricity and power	56,200,432.04	23,817,212.79
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Finished products, power and others	596,826.99	223,993.23
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Finished products, power and others	316,084.30	601,990.47
Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司之子公司)	Finished products	0.00	4,821,056.24
Guangzhou Respiratory Drug Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司)	Finished products	4,406,323.73	3,776,000.00
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 service	422,931.85	0.00
Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司之子公司)	Finished products	0.00	154,412.03
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	Raw materials	0.00	141,592.92
Total		**61,942,598.91**	**33,536,257.68**

(2) Rental with related party

Name of lessee	Type of assets leased	Rental income in current year	Rental income in prior year
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Building	160,162.36	1,170,980.93
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Building	185,559.96	230,926.66
Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司)	Building	18,891.76	18,891.76
Shenzhen Taitelixing Investment Development Co., Ltd. (深圳泰特力兴投资发展有限公司)	Building	18,720.00	18,720.00
Total		**383,334.08**	**1,439,519.35**

(3) Guarantee with related parties

①On 6 June 2025, at the Company's 2024 annual general meeting of shareholders, the proposal titled "Providing Guarantees for Jin Guan Electric's (金冠电力) Loans by the Company and Its Subsidiary Jiaozuo Joincare (焦作健康元)" was approved. The Company and its subsidiary Jiaozuo Joincare jointly provided a revolving guarantee for Jin Guan Electric's loans, with a total balance not exceeding RMB450 million (inclusive) (the specific guarantors to be specified in each guarantee contract). The term of the guarantee is

from the date of approval by the shareholders' meeting until 31 December 2028.

As of 31 December 2025, the Company had provided guarantees for Jin Guan Electric's loans of RMB130 million at China Citic Bank Shenzhen Branch (中信银行深圳分行), RMB48.4 million at Zhejiang Commercial Bank Shenzhen Branch (浙商银行深圳分行), and RMB46 million at Nanyang Commercial Bank Shenzhen Branch (南洋商业银行深圳分行), totaling RMB224.4 million.

To safeguard the security of the guaranteed loans, all of the above guarantees are counter-guaranteed by Jin Guan Electric using its own assets. Jin Guan Electric has also committed, when deemed necessary by the Company, to unconditionally provide mutual guarantees for the Company or any of its designated subsidiaries, up to a total limit of RMB450 million (inclusive).

②As another shareholder of Zhuhai Livzon Monoclonal Antibody Biotechnology Co., Ltd. (珠海市丽珠单抗生物技术有限公司), the Company has issued a "Counter-Guarantee Commitment Letter," undertaking 26.84% joint and several liability within the scope of Livzon Group's guarantee responsibility to Zhuhai Livzon Monoclonal Antibody Biotechnology Co., Ltd., with the guarantee period ending upon the termination of the Company's guarantee obligation.

③Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙)), as another shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司), has issued a "Counter-Guarantee Commitment Letter," undertaking 8.44% joint and several liability within the scope of Livzon Group's guarantee responsibility to Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司).

(4) Asset transfer and debt restructuring between related parties

None.

(5) Remuneration to key management personnel

Unit: RMB ten thousand

2025:

Person	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus and others	Severance pay	Total
Directors:							
Zhu Baoguo (朱保国)	325.00	0.00	7.64	3.17	0.00	0.00	335.80
Liu Guangxia (刘广霞)	325.00	19.88	10.03	3.17	100.00	0.00	458.07
Lin Nanqi (林楠棋)	0.00	260.00	8.66	3.17	690.00	0.00	961.82
Qiu Qingfeng (邱庆丰)	0.00	135.00	8.66	3.17	120.00	0.00	266.82
Xing Zhiwei (幸志伟)	0.00	135.00	8.46	3.17	80.00	0.00	226.63
Qin Yezhi (覃业志)	12.00	0.00	0.00	0.00	0.00	0.00	12.00
Peng Juan (彭娟)	12.00	0.00	0.00	0.00	0.00	0.00	12.00
Yin Xiaoxing (印晓星)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shen Xiaoxu (沈小旭)	7.74	0.00	0.00	0.00	0.00	0.00	7.74
Yang Ying (杨颖)	0.00	120.00	8.02	2.86	62.60	0.00	193.48
Huo Jing (霍静) (Resigned)	4.26	0.00	0.00	0.00	0.00	0.00	4.26

Other senior management:							
Zhang Leiming (张雷明)	0.00	135.00	8.66	3.17	125.00	0.00	271.82
Du Yanmei (杜艳媚)	0.00	150.00	8.33	3.17	261.00	0.00	422.49
Tang Tingke (唐廷科)	0.00	135.00	8.66	3.17	80.02	0.00	226.84
Zhu Yifan (朱一帆)	0.00	135.00	8.33	3.17	80.00	0.00	226.49
Total	**686.00**	**1,224.88**	**85.43**	**31.35**	**1,598.62**	**0.00**	**3,626.27**

Note: Mr. Zhu Baoguo (朱保国) serves as the Chairman of the Company's subsidiary, Livzon Group. Mr. Lin Nanqi (林楠棋) and Mr. Qiu Qingfeng (邱庆丰) serve as non-executive directors of Livzon Group. The remuneration disclosed above does not include any compensation paid to them by Livzon Group.

2024:

Person	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus and others	Severance pay	Total
Directors:							
Zhu Baoguo (朱保国)	325.00	0.00	7.04	3.05	0.00	0.00	335.09
Liu Guangxia (刘广霞)	325.00	19.65	9.92	3.05	100.00	0.00	457.63
Lin Nanqi (林楠棋)	0.00	200.42	7.96	3.05	150.00	0.00	361.43
Qiu Qingfeng (邱庆丰)	0.00	135.00	7.96	3.05	120.00	0.00	266.01
Xing Zhiwei (幸志伟)	1.52	110.76	7.35	2.76	80.00	0.00	202.39
Huo Jing (霍静)	12.00	0.00	0.00	0.00	0.00	0.00	12.00
Qin Yezhi (覃业志)	12.00	0.00	0.00	0.00	0.00	0.00	12.00
Peng Juan (彭娟)	12.00	0.00	0.00	0.00	0.00	0.00	12.00
Yin Xiaoxing (印晓星)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Yu Xiong (俞雄) (Resigned)	0.00	206.33	0.00	0.00	185.43	0.00	391.77
Supervisors:							
Yu Xiaoyun (余孝云)	4.80	38.16	7.70	2.25	17.95	0.00	70.85
Peng Jinhua (彭金花)	4.80	0.00	0.00	0.00	0.00	0.00	4.80
Li Nan (李楠)	3.28	0.00	0.00	0.00	0.00	0.00	3.28
Other senior management:							
Zhang Leiming (张雷明)	0.00	135.00	7.96	3.05	130.00	0.00	276.01
Du Yanmei (杜艳媚)	0.00	150.00	7.63	3.05	240.14	0.00	400.83
Tang Tingke (唐廷科)	0.00	62.28	7.96	3.05	80.00	0.00	153.29
Zhu Yifan (朱一帆)	0.00	76.48	7.63	3.05	80.93	0.00	168.10
Zhao Fenguang (赵凤光) (Resigned)	0.00	135.00	7.96	3.05	50.00	0.00	196.01
Total	**700.40**	**1,269.08**	**87.06**	**32.50**	**1,234.45**	**0.00**	**3,323.50**

Note: Mr. Zhu Baoguo (朱保国) serves as the Chairman of the Company's subsidiary, Livzon Group. Mr. Lin Nanqi (林楠棋), Mr. Qiu Qingfeng (邱庆丰), and Mr. Yu Xiong (俞雄, resigned) serve as non-executive directors of Livzon Group. The remuneration disclosed above does not include any compensation paid to them by Livzon Group.

(6) Other related party transactions

Lijian (Guangdong) Animal Health Co., Ltd. (毛孩子动物保健(广东)有限公司) ("Mao Kids") is a subsidiary of the Company's subsidiary, Livzon Group (丽珠医药集团股份有限公司). Prior to this transaction, the Company directly held 49% of Mao Kids' equity, while Livzon Group directly held 51%.

On 30 December 2025, the Company, Livzon Group, Shenzhen Xin You Mao Hai Investment Partnership (Limited Partnership) (深圳市心有毛孩投资合伙企业(有限合伙)) ("Xin You Mao Hai"), and Mao Kids entered into the Equity Subscription and Transfer Agreement. This transaction had been approved by the 31st meeting of the 11th Board of Directors of Livzon Group under the resolution titled "Connected Transaction on Subsidiary Equity Transfer and Capital Increase". Under the agreement, the Company intends to sell its 49% equity interest in Mao Kids (corresponding to RMB98 million of registered capital, of which RMB73.5 million has been paid and RMB24.5 million remains unpaid) to Xin You Mao Hai for a total consideration of RMB51.45 million ("the Transfer"). At the same time, Xin You Mao Hai intends to subscribe for RMB15 million of newly increased registered capital in Mao Kids ("the Capital Increase"). Together, the Transfer and the Capital Increase are referred to as "the Transaction." The Company will waive its pre-emptive rights for both the Transfer and the Capital Increase, and Livzon Group will waive its pre-emptive rights for the Capital Increase.

Upon completion of the Transaction, Xin You Mao Hai will hold 52.56% of Mao Kids' equity, Livzon Group will hold 47.44%, and the Company will no longer hold any equity interest in Mao Kids. Consequently, Mao Kids will cease to be included within the scope of the Company's consolidated financial statements.

6. Receivables and payables with related party

(1) Receivable from related parties

Item	Related party	2025.12.31		2024.12.31	
		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)	0.00	0.00	6,000,000.00	0.00
Accounts receivable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	24,786,400.00	260,257.20	0.00	0.00
Accounts receivable	Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	0.00	0.00	53,978.00	545.18
Accounts receivable	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	202,591.25	2,066.43	0.00	0.00
Prepayments	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	211,200.00	0.00	211,200.00	0.00
Prepayments	Feellife Health Inc. (深圳来福士雾化医学有限公司)	1,048,580.00	0.00	1,164,309.54	0.00
Prepayments	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	0.00	0.00	15,799,796.87	0.00
Other receivables	Feellife Health Inc. (深圳来福士雾化医学有限公司)	42,000.00	0.00	0.00	

Other receivables	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	0.00	0.00	8,624.98	86.25
Other receivables	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	1,143,746.92	11,437.47	511,310.14	5,113.10
Other receivables	Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	0.00	0.00	469,895.78	469,895.78

(2) Payables to related party

Item	Related party	2025.12.31	2024.12.31
Contract liabilities	Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司之子公司)	0.00	68,563.91
Notes payable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	607,200.00	2,292,000.00
Notes payable	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	77,900,000.00	46,000,000.00
Accounts payable	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	23,120,551.90	0.00
Accounts payable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	441,600.00	276,000.00

XII. Share-based payments

(I) Information about share-based payments

1. The Company

(1) Matters Relating to the 2022 Stock Option Incentive Plan

On 29 August 2022, the Company held the third extraordinary general meeting of shareholders in 2022 and reviewed and approved the "Proposal on the Company's 2022 Stock Option Incentive Plan (Draft) and its Summary", the "Proposal on the Implementation and Appraisal Management Measures of the 2022 Stock Option Incentive Plan", and the "Proposal on Requesting the Company's Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Share Incentive Plan". Subsequently, on 5 September 2022, the Company held the 16th meeting of the eighth Board of Directors and approved the "Proposal on the First Grant of Stock Options to Incentive Participants". With 5 September 2022 as the grant date, 49.45 million stock options were granted to 423 incentive participants at a price of RMB11.24 per share. The registration of the granted stock options was completed and became effective on 16 September 2022.

During the first grant of the 2022 stock option incentive plan, 32 original incentive participants (a total of 2.37 million stock options) resigned and no longer met the eligibility requirements. As a result, the total number of stock options initially granted under the plan was adjusted from 49.45 million to 47.08 million, and the number of initial grant incentive participants was adjusted from 423 to 391.

In accordance with the plan, 15 initial grant incentive participants and 7 reserved grant incentive participants were no longer eligible due to resignation or retirement. A total of 1.12 million stock options granted to these participants, but not yet exercised, were cancelled. Furthermore, since the Company's performance in 2023 did not meet the Company-level performance targets, a total of 16.314 million stock options were cancelled for all remaining active incentive participants. These included stock options for the second exercise period of the initial grant and the first exercise period of the reserved grant. The total number of stock options cancelled was 17.434 million, and the cancellation was completed on 16 May 2024.

The first exercise period for the 2022 stock option incentive plan ran from 5 September 2023 to 4 September 2024 and expired on 4 September 2024. During this period, incentive participants exercised 12,177,502 stock options, leaving 6,654,498 unexercised. According to the Health Yuan Pharmaceutical Group Co., Ltd. 2022 Stock Option Incentive Plan (Draft), "stock options granted but not exercised at the end of the exercise period cannot be exercised and will be cancelled by the Company." Accordingly, the Company cancelled the 6,654,498 stock options that remained unexercised at the end of the first exercise period.

On 24 April 2025, the Company held the 9th meeting of the ninth Board of Directors and approved the "Proposal on the Cancellation of Remaining Stock Options under the 2022 Stock Option Incentive Plan." According to the relevant provisions of the Incentive Plan (Draft), the Company-level performance targets for the third exercise period of the first grant of stock options and the second exercise period of the reserved grant were not met. Consequently, the stock options for these periods could not be exercised and were cancelled by the Company. The Company agreed to cancel a total of 16.314 million stock options under the third exercise period of the first grant and the second exercise period of the reserved grant. After review and confirmation by China Securities Depository and Clearing Corporation Limited (Shenzhen Branch) (中国证券登记结算有限责任公司), the cancellation of these 16.314 million stock options was completed on 6 May 2025. With this, all stock options under the 2022 Stock Option Incentive Plan have been fully processed.

(2) Matters Relating to Reserved Grants of Stock Options under the 2023 Plan

On 11 August 2023, the Company held the 28th meeting of the eighth Board of Directors and approved the "Proposal on the Reserved Grant of Stock Options to Incentive Participants." With 11 August 2023 as the grant date, 5.5 million stock options were granted to 149 incentive participants at a price of RMB11.06 per share. The registration of the granted stock options was completed and became effective on 30 August 2023.

As of 31 December 2025, the exercise period for this portion of the reserved stock options had expired. In accordance with the provisions of the Incentive Plan (Draft) and the Company-level performance assessment results, the corresponding stock options were cancelled, and no unprocessed stock option rights remain.

2. The Company's subsidiary Livzon Group

(1) Share option incentive plan

On 14 October 2022, Livzon Group held the 2022 Second Extraordinary Shareholders' Meeting, the 2022 Second A-Share Class Shareholders' Meeting, and the 2022 Second H-Share Class Shareholders' Meeting. The meetings reviewed and approved the "Proposal on the Company's 2022 Stock Option Incentive Plan (Revised Draft) and Its Summary", the "Proposal on the Implementation and Appraisal Management Measures of the 2022 Stock Option Incentive Plan", and the "Proposal on Submitting to the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the 2022 Stock Option Incentive Plan." On 7 November 2022, the 39th meeting of the 10th Board of Directors approved the "Proposal on Matters Related to the First Grant of the 2022 Stock Option Incentive Plan". With 7 November 2022 as the grant date, 17,973,500 stock options were granted to 1,026 incentive participants at RMB31.31 per A-share. The registration of the granted stock options was completed and became effective on 23 November 2022.

During the first grant, 25 original incentive participants (a total of 361,000 stock options) resigned and no longer met the eligibility requirements. Following this forfeiture, the total number of stock options initially granted was adjusted from 17,973,500 to 17,612,500, and the number of initial grant participants was adjusted from 1,026 to 1,001.

On 12 October 2023, the 4th meeting of the 11th Board of Directors approved the "Proposal on the Reserved Grant of Stock Options under the 2022 Plan". The Board agreed to grant 2,000,000 stock options to 243 incentive participants on 30 October 2023 at an exercise price of RMB36.26 per A-share. The registration

was completed and became effective on 28 November 2023.

On 13 May 2024, the 16th meeting of the 11th Board of Directors approved the cancellation of certain stock options under the 2022 plan. Due to the Company not meeting the Company-level performance targets, 5,283,750 stock options corresponding to the second exercise period of the first grant and 1,000,000 stock options corresponding to the first exercise period of the reserved grant were cancelled.

On 23 April 2025, the 24th meeting of the 11th Board of Directors approved further cancellations under the 2022 stock option incentive plan. Specifically, 384,045 unexercised stock options from 31 incentive participants in the first exercise period of the first grant were cancelled. Additionally, 5,283,750 stock options from the third exercise period of the first grant and 1,000,000 stock options from the second exercise period of the reserved grant were cancelled, as the corresponding company-level performance targets were not met. All cancellations were completed and confirmed by 6 May 2025. As of that date, all stock options under the 2022 Stock Option Incentive Plan had been fully processed.

(2) Other shares incentive

None.

(II) Equity-settled share-based payments

Method in determining the fair value of equity instruments at the date of grant	Black-Scholes Model, market price
Important parameters of fair value of equity instruments on grant date	Risk-free interest rate, historical volatility of the share price, and dividend yield
Basis in determining the quantity of exercisable equity instruments	Determined based on the exercisable conditions of the options and the expected employee turnover rate
Reason for significant difference of estimation between current year and prior year	No significant differences
Accumulated amount recorded in capital reserve for equity-settled share-based payments	222,361,222.22

(III) Information on cash-settled share-based payments

None.

(IV) Share-based payments expense charged for the year

None.

XIII. Commitments and contingencies

1. Significant commitments

(1) Capital commitments

Capital commitments entered into but not recognized in the financial statements	2025.12.31	2024.12.31
Commitments for the acquisition and construction of long-term assets	265,349,638.93	185,216,239.73
Commitments for research and development expenditures	864,759,312.57	1,015,971,829.25
Commitments for equity acquisitions (see Note XV for details)	1,845,730,873.77	0.00

(2) Other commitments

None.

(3) Fulfilment of previous commitments

As of 31 December 2025, the Company's commitments for capital expenditure and other related commitments have been fulfilled in accordance with previous undertakings.

2. Contingencies

As at 31 December 2025, the Company had no other significant contingencies requiring disclosure.

XIV. Event after balance sheet date

1. Appropriation of profits

On 30 March 2026, the 17th meeting of the 9th session of the Board of Directors of the Company approved the 2025 profit distribution proposal.

Based on the total share capital on the record date determined for the implementation of the 2025 profit distribution plan (excluding the shares repurchased but not yet cancelled by the Company), a cash dividend of RMB2.20 per 10 shares (inclusive of tax) will be distributed to all shareholders of the Company. No bonus shares will be issued, and no capital reserve will be converted into share capital.

The above profit distribution proposal is subject to deliberation and approval at the Company's 2025 Annual General Meeting of Shareholders.

As of 30 March 2026, there are no other subsequent events after the balance sheet date requiring disclosure by the Company.

XV. Other significant events

Acquisition of IMP Corporation

On 22 May 2025, the 25th meeting of the 11th Board of Directors of Livzon Group approved the "Proposal on the Proposed Acquisition of Shares of IMP Corporation in Vietnam." Livzon Group's wholly-owned overseas subsidiary, LIAN SGP HOLDING PTE. LTD. ("LIAN SGP"), entered into a Framework Agreement on 22 May 2025 with SK Investment Vina III Pte. Ltd. ("SK"), Sunrise Kim Investment Joint Stock Company ("Sunrise"), and KBA Investment Joint Stock Company ("KBA") (together with SK and Sunrise, the "Sellers"). Under the agreement, LIAN SGP proposed to acquire 64.81% of the shares of the Vietnam-listed company Imexpharm Corporation ("IMP") held by the Sellers, for a total consideration of VND 5,730,815,426,000 (approximately RMB1.587 billion based on the mid-market exchange rate on the date of signing).

On 29 December 2025, LIAN SGP and the Sellers executed the Amendment Agreement to the Framework Agreement, specifying that the "Completion Cut-off Date" would be 30 June 2026, or a later date mutually agreed in writing by the Sellers and the Purchaser.

On 30 December 2025, the 31st meeting of the 11th Board of Directors approved the "Proposal on the Proposed Public Tender Offer to Acquire Shares of IMP Corporation." The Board agreed that LIAN SGP, in accordance with relevant Vietnamese regulations, would submit an application to the State Securities Commission of Vietnam for a public tender offer to acquire IMP shares and issue the offer to all IMP shareholders. Following adjustments, the maximum proposed equity purchase price for the tender offer is VND 6,891,442,278,000.00 (approximately RMB1.846 billion based on the mid-market exchange rate on the date of Board approval), with the actual transaction consideration to be determined by the number of shares ultimately accepted in the offer. The public tender offer is subject to approval by the State Securities Commission of Vietnam and other relevant Vietnamese government or regulatory authorities.

Pursuant to IMP's foreign ownership limit, the maximum number of shares to be acquired under the public

tender offer is 120,059,970 shares, representing 77.94% of IMP's registered capital, and 77.96% of IMP's total voting shares. The proposed tender offer price is VND 57,400 per share (approximately RMB15.37 per share based on the mid-market exchange rate on the date of Board approval). During the tender offer period, LIAN SGP may withdraw the public tender offer if any of the following events occur: ①The number of shares offered for sale by IMP shareholders does not reach the minimum threshold of 99,839,990 shares, representing 64.81% of IMP's registered capital; ②IMP increases the total voting shares through the conversion of preference shares (if any) into ordinary shares; ③IMP reduces the total voting shares; ④IMP issues shares, convertible bonds, bonds with warrants, subscription rights (except shares issued under the Employee Stock Option Plan approved by IMP's Shareholders' Resolution No. 02/2025/NQ-DHDCD dated 28 October 2025), or disposes of assets with a value equal to or exceeding 35% of the total assets in its most recent financial statements.

On 6 March 2026, LIAN SGP received the approval from the State Securities Commission of Vietnam in relation to the Transaction. The Company will actively proceed with the relevant matters in relation to the Transaction.

As of 31 December 2025, except for the matters described above, the Company has no other material events requiring disclosure.

XVI. Net current assets and total assets minus current liabilities

1. Net current assets

Item	2025.12.31	2024.12.31
Current assets	23,160,168,339.65	23,005,860,977.31
Less: Current liabilities	8,855,914,927.12	9,270,783,051.69
Net current assets	14,304,253,412.53	13,735,077,925.62

2. Total assets minus current liabilities

Item	2025.12.31	2024.12.31
Total assets	35,414,299,308.64	35,718,129,456.13
Less: Current liabilities	8,855,914,927.12	9,270,783,051.69
Total assets minus current liabilities	26,558,384,381.52	26,447,346,404.44

XVII. Notes to the significant financial statements item of the Parent Company

1. Notes receivable

Category	2025.12.31			2024.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	138,080,748.46	0.00	138,080,748.46	213,110,653.41	0.00	213,110,653.41
Commercial acceptance bills	0.00	0.00	0.00	0.00	0.00	0.00
Total	**138,080,748.46**	**0.00**	**138,080,748.46**	**213,110,653.41**	**0.00**	**213,110,653.41**

(1) Notes receivable pledged at year end

Category	Amount pledged at year end
Bank acceptance bills	64,997,871.11

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

Category	Amount derecognized at year end	Amount not derecognized at year end
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 to accounts receivable due to default by the issuer as of the balance sheet date.

(4) Disclosure by method of provision for bad debts

Category	2025.12.31					2024.12.31				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	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	138,080,748.46	100.00	0.00	0.00	138,080,748.46	213,110,653.41	100.00	0.00	0.00	213,110,653.41
Including:										
Bank acceptance bills	138,080,748.46	100.00	0.00	0.00	138,080,748.46	213,110,653.41	100.00	0.00	0.00	213,110,653.41
Total	**138,080,748.46**	**100.00**	**0.00**	**0.00**	**138,080,748.46**	**213,110,653.41**	**100.00**	**0.00**	**0.00**	**213,110,653.41**

(5) There was no accrual, recovery or reversal of bad debt provision during the period

(6) There was no actual write-off of notes receivable in the period

2. Accounts receivable

(1) Disclosure by ageing

Ageing	2025.12.31	2024.12.31
Within one year	134,326,854.46	212,981,199.07
1 to 2 years (inclusive of 2 years)	7,494,598.11	4,267,087.57
2 to 3 years (inclusive of 3 years)	1,307,887.57	1,173,664.74
3 to 4 years (inclusive of 4 years)	236,936.53	212,029.38
4 to 5 years (inclusive of 5 years)	212,029.38	1,136,271.11
Over 5 years	7,459,143.43	6,598,168.58
Subtotal	**151,037,449.48**	**226,368,420.45**
Less: Provision for bad debts	9,892,463.95	10,373,093.85
Total	**141,144,985.53**	**215,995,326.60**

(2) Disclosure by method of provision for bad debts

Category	2025.12.31					2024.12.31				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual item	426,373.39	0.28	426,373.39	100.00	0.00	426,373.39	0.19	426,373.39	100.00	0.00
Including:										
Receivables from domestic customers	426,373.39	0.28	426,373.39	100.00	0.00	426,373.39	0.19	426,373.39	100.00	0.00
Provision for bad debts on portfolio basis	150,611,076.09	99.72	9,466,090.56	6.29	141,144,985.53	225,942,047.06	99.81	9,946,720.46	4.40	215,995,326.60
Including:										
Receivables from domestic customers	150,611,076.09	99.72	9,466,090.56	6.29	141,144,985.53	225,942,047.06	99.81	9,946,720.46	4.40	215,995,326.60
Total	**151,037,449.48**	**100**	**9,892,463.95**	**6.55**	**141,144,985.53**	**226,368,420.45**	**100.00**	**10,373,093.85**	**4.58**	**215,995,326.60**

Provision for bad debts on individual item:

Item	2025.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision
Purchase of goods	426,373.39	426,373.39	100.00	Recovery is highly unlikely

Provision for bad debts on portfolio basis:

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

Ageing	2025.12.31			2024.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	134,326,854.46	1,424,449.86	1.06	212,981,199.07	2,172,812.86	1.02
1 to 2 years (inclusive of 2 years)	7,494,598.11	249,107.33	3.32	4,267,087.57	228,223.93	5.35
2 to 3 years (inclusive of 3 years)	1,307,887.57	465,707.32	35.61	1,173,664.74	352,919.21	30.07
3 to 4 years (inclusive of 4 years)	236,936.53	123,168.08	51.98	212,029.38	106,804.96	50.37
4 to 5 years (inclusive of 5 years)	212,029.38	170,887.93	80.60	1,136,271.11	914,164.31	80.45
Over 5 years	7,032,770.04	7,032,770.04	100.00	6,171,795.19	6,171,795.19	100.00
Total	**150,611,076.09**	**9,466,090.56**	**6.29**	**225,942,047.06**	**9,946,720.46**	**4.40**

(3) Accrual, recovery or reversal of bad debt provision during the year

Item	Amount of provision for bad debts
2024.12.31	10,373,093.85
Provision for the year	118,756.01
Recovered or reversal in the year	0.00
Write-off in the year	599,385.91
2025.12.31	**9,892,463.95**

(4) Accounts receivable written off during the year amounted to RMB599,385.91.

(5) Accounts receivable due from the top five debtors

As of 31 December 2025, the total amount of the top five debtors in closing balance is RMB42,882,130.45, accounting for 28.39% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts totaled RMB450,262.36.

(6) There were no accounts receivable derecognized due to the transfer of financial assets in each reporting period.

(7) There were no assets or liabilities formed by the continuing involvement of transferred accounts receivable in each reporting period.

3. Other receivables

Item	2025.12.31	2024.12.31
Dividends receivable	769,999,500.00	594,999,500.00
Other receivables	271,463,465.70	160,356,099.84
Total	**1,041,462,965.70**	**755,355,599.84**

(1) Dividends receivable

Item	2025.12.31	2024.12.31
Topsino	374,999,500.00	499,999,500.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
Jiaozuo Joincare	375,000,000.00	0.00
Joincare Haibin	0.00	75,000,000.00
Subtotal	**769,999,500.00**	**594,999,500.00**
Less: Provision for bad debts	0.00	0.00
Total	**769,999,500.00**	**594,999,500.00**

(2) Other receivables

① Disclosure by ageing

Item	2025.12.31	2024.12.31
Within one year	133,454,592.50	159,973,884.38
1 to 2 years	137,971,043.12	252,093.02
2 to 3 years	187,880.86	132,664.47

3 to 4 years	132,664.47	160,349.78
4 to 5 years	81,017.16	124,189.44
Over 5 years	17,483,941.07	18,392,160.13
Subtotal	**289,311,139.18**	**179,035,341.22**
Less: Provision for bad debts	17,847,673.48	18,679,241.38
Total	**271,463,465.70**	**160,356,099.84**

② Disclosure by nature

Item	2025.12.31			2024.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Other receivables of each company within the scope of combination	263,942,510.66	0.00	263,942,510.66	154,458,802.64	0.00	154,458,802.64
Treasury bonds and security deposits	16,042,449.77	16,042,449.77	0.00	16,954,735.37	16,954,735.37	0.00
External entities balances	0.00	0.00	0.00	1,628,134.32	1,297,005.42	331,128.90
Security deposits	6,312,311.57	1,772,685.04	4,539,626.53	3,764,547.80	405,209.38	3,359,338.42
Others	3,013,867.18	32,538.67	2,981,328.51	2,229,121.09	22,291.21	2,206,829.88
Total	**289,311,139.18**	**17,847,673.48**	**271,463,465.70**	**179,035,341.22**	**18,679,241.38**	**160,356,099.84**

③ Information of provision for bad debts

At 31 December 2025, provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount	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 recoverable
Total	**263,942,510.66**	**0.00**	**0.00**	**263,942,510.66**	

At 31 December 2025, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis	9,326,178.75	19.36	1,805,223.71	7,520,955.04	
Receivables of security deposits,	6,312,311.57	28.08	1,772,685.04	4,539,626.53	

deposits and rental fees					
Other Receivable – Others	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**	

At 31 December 2025, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	16,042,449.77	100.00	16,042,449.77	0.00	
Treasury bonds and security deposits	16,042,449.77	100.00	16,042,449.77	0.00	Recovery is highly unlikely
Total	**16,042,449.77**	**100.00**	**16,042,449.77**	**0.00**	

At 31 December 2024, information of provision for bad debts:

At 31 December 2024, provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis	154,458,802.64	0.00	0.00	154,458,802.64	
Other receivables of each company within the scope of combination	154,458,802.64	0.00	0.00	154,458,802.64	Expected to be recoverable
Total	**154,458,802.64**	**0.00**	**0.00**	**154,458,802.64**	

At 31 December 2024, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on portfolio basis	7,621,803.21	22.63	1,724,506.01	5,897,297.20	
Receivables of security deposits, deposits and rental fees	3,764,547.80	10.76	405,209.38	3,359,338.42	
Other Receivable – Others	3,857,255.41	34.20	1,319,296.63	2,537,958.78	
Total	**7,621,803.21**	**22.63**	**1,724,506.01**	**5,897,297.20**	

At 31 December 2024, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	16,954,735.37	100.00	16,954,735.37	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	
Total	**16,954,735.37**	**100.00**	**16,954,735.37**	**0.00**	

④ Accrual, recovery or reversal of bad debt provision during the year

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss within next 12 months	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit impairment has occurred)	
2024.12.31	0.00	1,724,506.01	16,954,735.37	18,679,241.38
Movement of during the period				
--transfer to second stage	0.00	0.00	0.00	0.00
--transfer to third stage	0.00	0.00	0.00	0.00
--Reverse to second stage	0.00	0.00	0.00	0.00
--Reverse to first stage	0.00	0.00	0.00	0.00
Provision for the year	0.00	80,717.70	0.00	80,717.70
Reversal in the year	0.00	0.00	912,285.60	912,285.60
Write-off in the year	0.00	0.00	0.00	0.00
Other movement	0.00	0.00	0.00	0.00
2025.12.31	**0.00**	**1,805,223.71**	**16,042,449.77**	**17,847,673.48**

⑤ Other receivables written off during the year amounted to RMB0.00.

⑥ Other receivables due from the top five debtors

Name of entity	Nature	Other receivables at 2025.12.31	Ageing	Proportion to total other receivables (%)	Provision for bad debts at 2025.12.31
Shenzhen Fenglei Electric Power Investment Co., Ltd. (深圳市风雷电力投资有限公司)	Current accounts	129,956,104.29	Over 1 year	44.92	0.00
Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司)	Current accounts	125,000,000.00	Within one year	43.21	0.00
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	5.55	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 accounts	4,274,865.75	Within one year: 1,200,000.00 Over 1 year: 3,074,865.75	1.48	0.00
Shanghai Frontier Health & Medicine Technology Co., Ltd. (上海方予健康医药科技有限公司)	Current accounts	3,853,780.60	Within one year: 1,448,480.96 Over 1 year: 2,405,299.64	1.33	0.00
Total		**279,127,200.41**		**96.48**	**16,042,449.77**

⑦ There were no other receivables derecognized due to the transfer of financial assets in each reporting period.

⑧ There were no assets or liabilities formed by the continuing involvement of transferred other receivables in the period.

4. Long-term equity investment

Item	2025.12.31			2024.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	3,693,678,312.11	7,010,047.91	3,686,668,264.20	3,676,678,312.11	7,010,047.91	3,669,668,264.20
Investment in associates	78,207,548.03	0.00	78,207,548.03	77,716,596.30	0.00	77,716,596.30
Total	**3,771,885,860.14**	**7,010,047.91**	**3,764,875,812.23**	**3,754,394,908.41**	**7,010,047.91**	**3,747,384,860.50**

(1) Investment in subsidiaries

Investee	2024.12.31	Increase	Decrease	2025.12.31	Provision for impairment in the year	Provision for impairment at 2025.12.31
Livzon Group	608,741,654.08	0.00	0.00	608,741,654.08	0.00	0.00
Haibin Pharma	783,054,186.38	0.00	0.00	783,054,186.38	0.00	0.00
Joincare Daily-Use	24,116,498.56	0.00	0.00	24,116,498.56	0.00	1,610,047.91
Topsino	813,552,689.31	0.00	0.00	813,552,689.31	0.00	0.00
Taitai Genomics	37,500,000.00	0.00	0.00	37,500,000.00	0.00	0.00
Taitai Pharmaceutical	105,939,709.72	0.00	0.00	105,939,709.72	0.00	0.00
Shenzhen Hiyeah	170,100,000.00	0.00	0.00	170,100,000.00	0.00	5,400,000.00
Fenglei Electric Power	100,763,433.06	0.00	0.00	100,763,433.06	0.00	0.00
Jiaozuo Joincare	525,000,000.00	0.00	0.00	525,000,000.00	0.00	0.00
Shanghai Frontier	32,500,000.00	0.00	0.00	32,500,000.00	0.00	0.00
Taitai Biological	4,832,950.00	0.00	0.00	4,832,950.00	0.00	0.00
Joincare Haibin	100,000,000.00	0.00	0.00	100,000,000.00	0.00	0.00
Joincare Special Medical Food	3,000,000.00	17,000,000.00	0.00	20,000,000.00	0.00	0.00
Lizhu Biopharma	294,037,191.00	0.00	0.00	294,037,191.00	0.00	0.00
Lijian (Guangdong) Animal Health Co.,Ltd. (毛孩子动物保健 (广东) 有限公司)	73,500,000.00	0.00	0.00	73,500,000.00	0.00	0.00
Wuhan Kangli Health Investment Management Co., Ltd. (武汉康丽健康投资管理有限公司)	40,000.00	0.00	0.00	40,000.00	0.00	0.00
Total	**3,676,678,312.11**	**17,000,000.00**	**0.00**	**3,693,678,312.11**	**0.00**	**7,010,047.91**

(2) Investment in associates and joint ventures

Investee	2024.12.31	Movement in the year								2025.12.31	Provision for impairment at 2025.12.31
		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		
Associates											
Ningbo Ningrong Biomedical Co., Ltd. (宁波宁融生物医药有限公司)	27,499,631.47	0.00	0.00	-327,125.24	0.00	0.00	0.00	0.00	0.00	27,172,506.23	0.00
Feellife Health Inc. (深圳来福士雾化医学有限公司)	8,960,719.30	0.00	0.00	-1,346,985.58	0.00	0.00	0.00	0.00	0.00	7,613,733.72	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd. (江苏百宁盈创医疗科技有限公司)	31,960,440.67	0.00	0.00	2,366,094.01	0.00	0.00	0.00	0.00	0.00	34,326,534.68	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	9,295,804.86	0.00	0.00	-201,031.46	0.00	0.00	0.00	0.00	0.00	9,094,773.40	0.00
Total	**77,716,596.30**	**0.00**	**0.00**	**490,951.73**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**78,207,548.03**	**0.00**

5. Operating income and operating cost

(1) Operating income and operating cost

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Primary operations	1,217,869,396.51	787,968,591.14	1,819,283,093.21	1,122,717,991.46
Other operations	62,900,713.70	14,024,299.34	34,868,116.48	16,018,926.30
Total	1,280,770,110.21	801,992,890.48	**1,854,151,209.69**	**1,138,736,917.76**

(2) Primary disaggregation information of operating income

① Segregation by products

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Chemical pharmaceuticals (化学药物)	955,910,673.43	622,929,086.45	1,498,345,409.29	950,815,876.76
Traditional Chinese medicine (中药制剂)	11,917,269.13	20,868,641.54	60,485,136.88	29,803,702.23
Health care products (保健食品)	250,041,453.95	144,170,863.15	260,452,547.04	142,098,412.47
Total	**1,217,869,396.51**	**787,968,591.14**	**1,819,283,093.21**	**1,122,717,991.46**

② Segregation by operating location

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Domestic	1,217,616,786.88	787,879,971.14	1,818,661,909.17	1,122,530,705.91
Overseas	252,609.63	88,620.00	621,184.04	187,285.55
Total	**1,217,869,396.51**	**787,968,591.14**	**1,819,283,093.21**	**1,122,717,991.46**

③ Segregation by timing of revenue recognition

Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Commodities (Recognized at a point in time)	1,217,869,396.51	787,968,591.14	1,819,283,093.21	1,122,717,991.46
Total	**1,217,869,396.51**	**787,968,591.14**	**1,819,283,093.21**	**1,122,717,991.46**

(3) Disaggregate information of other operations

Item	2025		2024	
	Revenue	Cost	Revenue	Cost

Rental fees	8,144,400.81	1,619,973.84	8,272,509.28	1,243,739.81
Technical services	167,016.99	31,301.14	2,582,707.95	931,402.07
Outsourcing and others	54,589,295.90	12,373,024.36	24,012,899.25	13,843,784.42
Total	**62,900,713.70**	**14,024,299.34**	**34,868,116.48**	**16,018,926.30**

6. Investment income

Item	2025	2024
Investment income from disposal of financial assets held for trading	2,372,656.64	
Long-term equity investment income calculated by cost method	670,051,429.80	397,222,209.30
Long-term equity investments income under equity method	490,951.73	225,838.67
Dividend income from other equity instrument investments	1,505,811.26	2,460,491.48
Total	**674,420,849.43**	**399,908,539.45**

XVII. Supplement information

1. Schedule of non-recurring gains or losses

Item	2025	2024
Gain or loss on disposal of non-current assets	-4,802,205.72	37,180,488.55
Government grants that are included in the profit and loss (except for government grants that are closely related to the Company's normal business operations and that meet the national policy requirements and continue to enjoy a certain amount or quantitative basis according to certain standards)	147,184,095.32	156,357,000.69
Except for effective hedging transactions related to the Company's normal operations, the gain or loss on changes in fair value arising from holding financial assets held for trading, financial liabilities, as well as investment income derived from the disposal of financial assets held for trading, financial liabilities, and debt investments.	27,635,097.68	-13,963,725.94
Reversals of provision for impairment of accounts receivable with individual impairment test	912,285.60	0.00
Other non-operating income and expenses other than the above	-92,577,198.14	-33,139,440.72
Total amount of non-recurring items	78,352,074.74	146,434,322.58
Less: effects of income tax on non-recurring items	20,978,805.01	24,269,674.10
Less: Non-recurring items attributable to the minority shareholders (after tax)	28,741,037.05	54,922,278.40
Non-recurring items attributable to the shareholders of the Company	**28,632,232.68**	**67,242,370.08**

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

For the year ended 31 December 2025

Profit in reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the shareholders of the Company	9.13	0.73	0.73

Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	8.93	0.71	0.71

For the year ended 31 December 2024

Profit in reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the shareholders of the Company	9.74	0.74	0.74
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	9.27	0.71	0.71

Joincare Pharmaceutical Group Industry Co., Ltd.

健康元药业集团股份有限公司

30 March 2026