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

2024 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"), the Board of Supervisors and directors, supervisors 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 2024, the undistributed profit in the parent company statement of the Company amounted to RMB2,635.7051 million. Pursuant to the resolution of the Company's Board of Directors, the Company plans to distribute cash dividends for the fiscal year 2024, based on the total number of shares for dividend distribution, which is defined by the total shares of Company on the equity registration date designated by the annual profit distribution plan. The Company plans to distribute cash dividend of RMB2.00 (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.

VI. Risk declaration for the forward-looking statements

√Applicable □N/A

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

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

No

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

No

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

No

X. Significant risk warnings

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

XI. Others

□Applicable √N/A

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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

Chairman's Statement

Dear Shareholders, Partners, and Colleagues,

The year 2024 marked a period of profound transformation for China's pharmaceutical industry. As volume-based procurement (VBP) policies continued to deepen, persistent price pressure on generic drugs accelerated industry consolidation. At the same time, Chinese innovative pharmaceutical companies, supported by robust clinical data and differentiated innovations, demonstrated the quality and strength of domestic innovation through a series of licensing deals with multinational pharmaceutical companies throughout the year. In this pivotal shift "from generics to innovation," we have grown even more resolute in our strategic focus on optimizing the R&D system and strengthening our core pipeline of innovative drugs.

In the face of a complex and evolving market environment, Joincare demonstrated remarkable operational resilience. In 2024, the Company achieved total revenues of RMB15.619 billion, a net profit attributable to shareholders of the listed company of RMB1.387 billion, and a net profit attributable to shareholders of the listed company after deducting the extraordinary gains or loss of RMB1.319 billion. Net cash flow from operating activities reached RMB3.636 billion, providing robust financial support for our innovation-driven transformation.

Of particular note, over the past two years, Joincare—together with our subsidiary Livzon Group—have launched more than 20 innovative drug projects across key therapeutic areas including respiratory, anti-infectives, and gastroenterology. Among these, nine projects have advanced to stages of Phase II clinical trials or beyond. These achievements not only validate the forward-looking nature of our strategy but also highlight the exceptional execution capabilities of our team.

On behalf of the Board of Directors, I would like to extend my deepest gratitude to all our shareholders, partners, and employees for your continued trust and unwavering support. We sincerely hope that you will remain steadfast in your commitment to Joincare as we move forward with our long-term strategic journey.

(I) Focusing on Respiratory Innovation, Seizing National Strategic Opportunities

Amid growing global public health challenges, China is accelerating the implementation of its "Healthy China 2030" initiative. Respiratory disease prevention and treatment has become a national public health priority. During this year's Two Sessions, the *Government Work Report* explicitly called for strengthening early screening for COPD. In September 2024, the National Health Commission officially included COPD management in the National Basic Public Health Service Program.

As early as 2013, Joincare had already made a forward-looking commitment to the respiratory field. Today, we have built a comprehensive inhalation formulation technology platform covering all major dosage forms, with core indications including asthma and COPD. Looking ahead, Joincare will continue to focus on the respiratory field, guided by clinical value, and remain fully dedicated to delivering innovative, high-quality therapies to respiratory patients in China and around the world.

(II) Innovation-Driven Growth: Breakthroughs Across the Respiratory Pipeline

In recent years, Joincare has made remarkable progress in the development of innovative respiratory drugs. Guided by a clear strategic roadmap, the Company has rapidly advanced its innovation pipeline in the respiratory field.

Among these, Pixavir Marboxil, an innovative antiviral drug for influenza, has demonstrated the fastest progress. In April 2024, the Phase III clinical trial of Pixavir Marboxil met its primary

endpoints. The results confirmed its superiority over placebo in reducing the median time to relief of all influenza symptoms. The drug also showed distinct advantages, including faster symptom relief for influenza B, significant benefits in adolescent patients, and a convenient single-dose oral regimen. In August 2024, the domestic drug registration application (NDA) for Pixavir Marboxil was formally accepted by the National Medical Products Administration (NMPA).

In terms of new pipeline additions, the first quarter of 2024 saw the launch of several promising candidates: an anti-TSLP monoclonal antibody (for moderate-to-severe asthma/COPD), a long acting anti IL-4R monoclonal antibody (for moderate-to-severe asthma/COPD), and an oral PREP inhibitor (for COPD). TSLP is a globally recognized target in COPD treatment, with studies showing its potential to significantly reduce acute exacerbations in moderate-to-severe patients. The oral PREP inhibitor, meanwhile, is expected to fill a gap in the Chinese market, potentially becoming the country's first oral innovative drug for COPD.

Backed by strong investment and decisive execution, Joincare now holds a pipeline of more than ten innovative respiratory drugs. Several programs are progressing rapidly through clinical stages, with many ranking among the most advanced in China.

(III) AI Empowerment Across the Value Chain: Redefining Efficiency in the Pharmaceutical Industry

In 2024, artificial intelligence (AI) entered an unprecedented phase of global advancement. With breakthrough developments in technology and rapid integration into real-world applications, AI is reshaping global economic dynamics and transforming everyday life. Joincare has closely followed these technological trends, and as early as the beginning of 2024, began accelerating the application of AI across all key business functions—achieving notable progress in the Company's intelligent and digital transformation.

In the field of innovative drug development, Joincare has adopted world-leading AI models to enhance efficiency in key stages such as target identification, molecular design, and compound screening. These efforts have significantly shortened the R&D cycle and accelerated the path to market for new drugs. Most recently, the Company completed the deployment of the full-scale DeepSeek-R1 671B model, becoming one of the first pharmaceutical enterprises in China to apply a trillion-parameter-level AI model to its core operations.

We firmly believe that as AI technology continues to evolve at a rapid pace, it will play an increasingly critical role in every stage of the pharmaceutical value chain—from drug discovery and development to manufacturing and commercialization.

Looking ahead, the global pharmaceutical industry is undergoing a historic transformation. On one hand, the deep integration of AI and life sciences is reshaping the paradigm of drug development, opening up limitless possibilities for breakthrough therapies. On the other hand, Chinese innovative pharmaceutical companies, supported by solid clinical data and differentiated innovation capabilities, are rapidly moving to the forefront of the global stage.

As a pioneer in innovative respiratory therapies in China, Joincare has secured a favorable position in this wave of change. Over the past several years, we have refined world-class manufacturing technologies for inhalation products and built an innovative pipeline that covers the full lifecycle of respiratory diseases. This is our core strength—and a key advantage that sets us apart in global competition.

We remain committed to our vision of "Diligently make high-quality and innovative drugs", continuing to deepen our focus in the respiratory field and accelerating the development of globally competitive innovative drugs. We believe that with the successive launch of blockbuster products such as Mapacitabine, Joincare will bring better treatment options to hundreds of millions of

respiratory disease patients in China and around the world.

At the same time, we will harness the power of AI to continuously improve R&D efficiency, building a modern, intelligent, and digitally driven pharmaceutical enterprise. Joincare is proud to contribute to the high-quality development of China's pharmaceutical industry—and we are moving steadily toward our goal of becoming the leading force in innovative respiratory therapies in China.

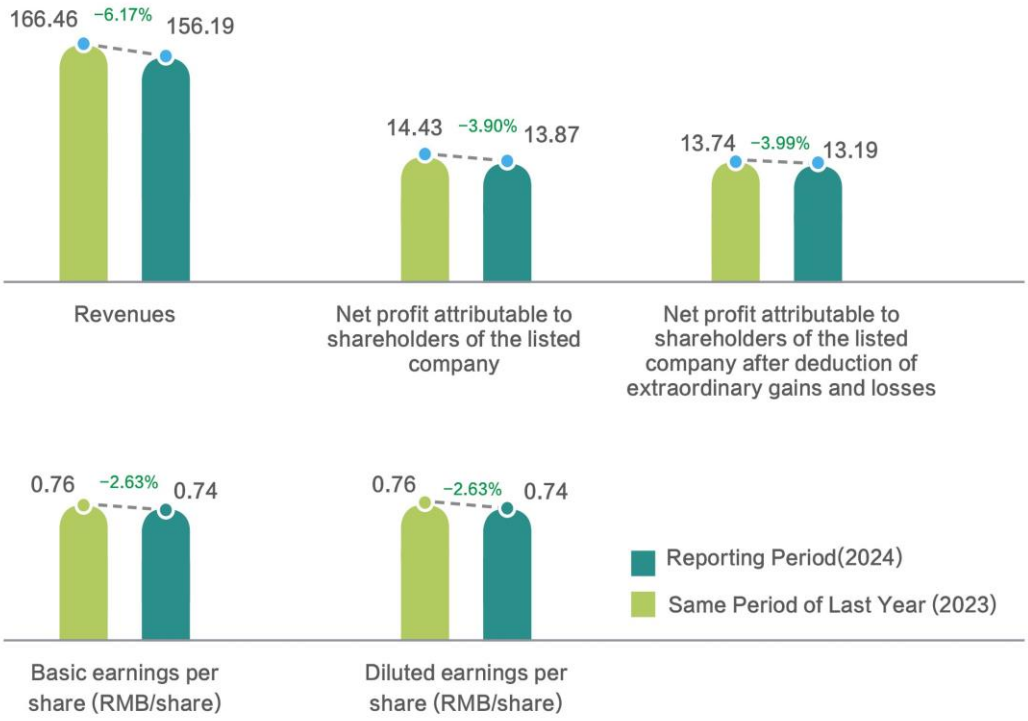
As we stand at a new historical juncture, we are keenly aware of the honor of our mission and the gravity of our responsibility. Let us unite with shared purpose and unwavering determination to usher in a brighter, more brilliant future for Joincare!

Chairman: Zhu Baoguo

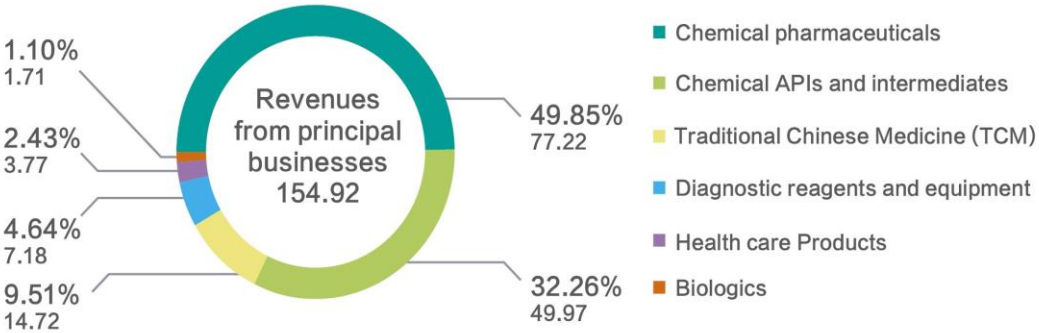
7 April 2025

Financial Highlights

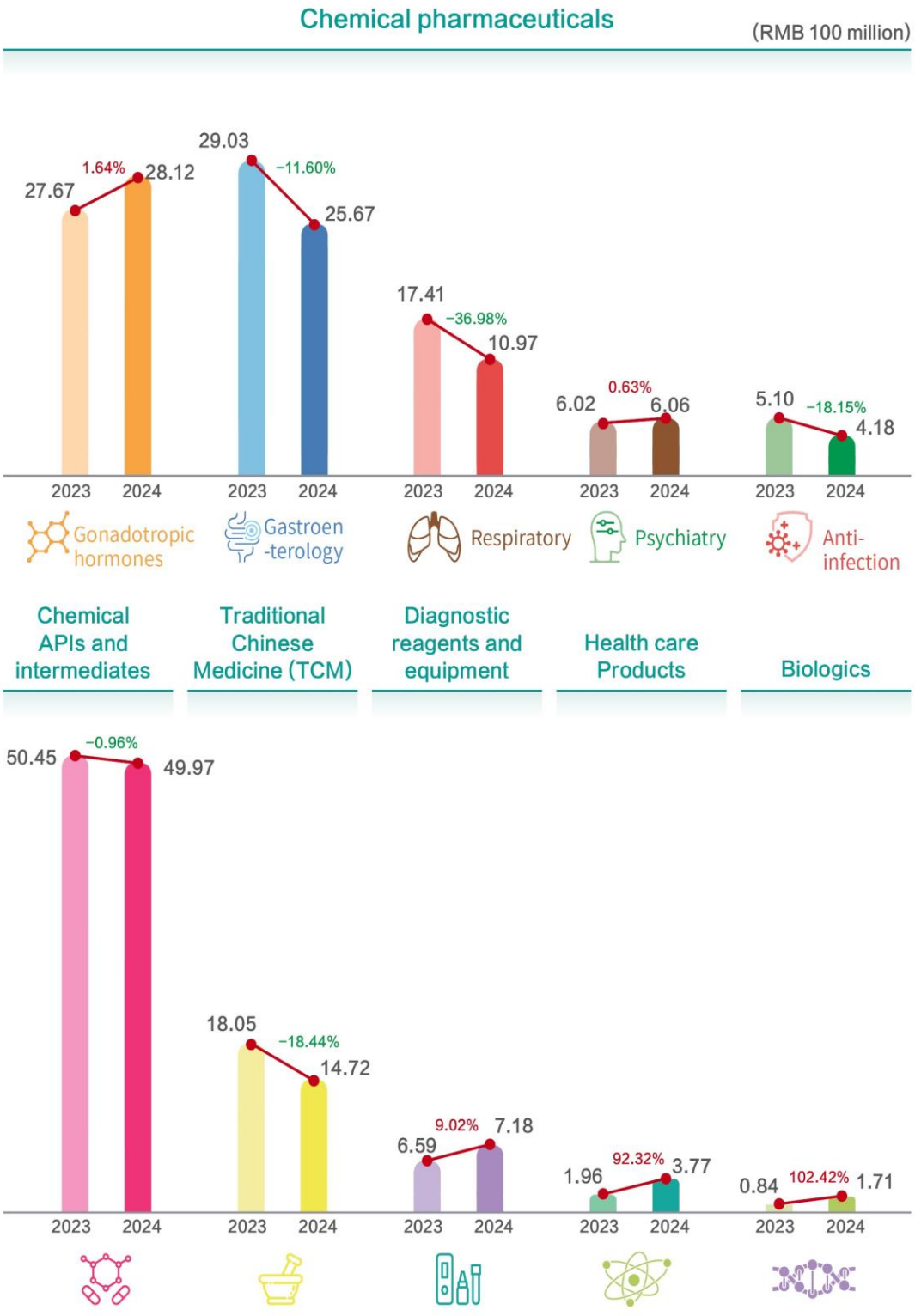
Major Financial indicators (RMB100 Million)



Principal Businesses (RMB 100 million)



Financial Highlights



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
SZSE	Refers to	Shenzhen 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
GMP	Refers to	Good Manufacturing Practice
GSP	Refers to	Good Supply Practice
DTC	Refers to	Direct to Consumer
IND	Refers to	Investigational New Drug Application
NDA	Refers to	New Drug Application
RTO	Refers to	Regenerative Thermal Oxidizer
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)
COVID-19	Refers to	A new coronavirus (SARS-CoV-2)
COVID- 19 pandemic or pandemic	Refers to	The outbreak of the disease caused by a new coronavirus called SARS-CoV-2
Grant Thornton	Refers to	Grant Thornton Zhitong Certified Public Accountants LLP
Reporting Period	Refers to	From 1 January 2024 to 31 December 2024
End of the Reporting Period	Refers to	31 December 2024
Currency or unit	Refers to	RMB 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	Representatives of Securities Affairs
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
The place for inspection of annual report	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
	Office address	5th Floor, Scitech Palace, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing
	Name of the signing accountants	Shao Guirong (邵桂荣) and Li Weibo (李伟波)
Sponsor appointed for performing the duty of continuous supervisory responsibilities during the Reporting Period	Name	Minsheng Securities Co., Ltd.
	Office address	8 Puming Road, China (Shanghai) Pilot Free Trade Zone
	Representatives signing the report	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 funds raised have not been fully utilized upon the expiration of the continuous supervision period. During the Reporting Period, funds raised in this issuance have not yet been fully utilized, so the sponsor, Minsheng Securities, shall continue to perform its continuous supervision obligations in respect of the deposit and utilization of the funds raised.

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

(1) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	2024	2023	YoY Change (%)	2022
Revenues	15,619,480,306.89	16,646,350,349.72	-6.17	17,142,753,068.82
Net profit attributable to	1,386,570,192.56	1,442,779,722.23	-3.90	1,502,777,133.76

shareholders of the listed company				
Net profit attributable to shareholders of the listed company after deduction of extraordinary gains and losses	1,319,327,822.48	1,374,136,730.41	-3.99	1,419,232,205.54
Net cash flow from operating activities	3,636,320,913.57	3,928,909,609.73	-7.45	3,977,705,139.29
	End of 2024	End of 2023	Increase or decrease at the end of the period over the same period of last year (%)	End of 2022
Net assets attributable to shareholders of the listed company	14,534,719,589.34	13,755,901,924.06	5.66	13,121,955,371.22
Total assets	35,718,129,456.13	36,358,126,258.82	-1.76	35,735,429,731.71

(2) Major financial indicators

Major financial indicators	2024	2023	YoY Change (%)	2022
Basic earnings per share (RMB/share)	0.74	0.76	-2.63	0.79
Diluted earnings per share (RMB/share)	0.74	0.76	-2.63	0.79
Basic earnings per share after deduction of extraordinary gains and losses (RMB/share)	0.71	0.72	-1.39	0.75
Weighted average return on net assets (%)	9.74	11.00	Decreased by 1.26 percentage points	12.23
Weighted average return on net assets after deduction of extraordinary gains and losses (%)	9.27	10.47	Decreased by 1.20 percentage points	11.55

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 2024 by quarter

Unit: Yuan Currency: RMB

	1st quarter (Jan. - Mar.)	2nd quarter (Apr.- Jun.)	3rd quarter (Jul. - Sept.)	4th quarter (Oct. - Dec.)
Revenues	4,339,814,452.16	3,894,819,647.29	3,664,194,805.57	3,720,651,401.87
Net profit attributable to shareholders of the listed company	439,798,106.55	336,626,360.32	335,135,597.05	275,010,128.64
Net profit attributable to Shareholders of the listed company after deducting the extraordinary gains or losses	427,753,549.19	334,153,020.53	311,474,846.35	245,946,406.41
Net cash flow from operating activities	972,276,972.65	765,022,799.60	876,305,728.81	1,022,715,412.51

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	2024	2023	2022
Gain or loss on disposal of non-current assets (including the reversal of previously recognized asset impairment provisions)	37,180,488.55	-169,901.01	-705,357.30
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable policies and standards of the country)	156,357,000.69	233,058,407.11	286,842,932.33
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	-13,963,725.94	-48,440,235.41	-109,887,696.11
Reversal of impairment loss on accounts receivable and contract assets tested for impairment individually	0.00	1,013,650.67	158,470.77
Other non-operating income and expenses apart from the above items	-33,139,440.72	-41,010,372.38	-23,830,838.49
Less: Effect of income tax	24,269,674.10	21,086,934.90	31,919,034.26
Effect of minority equity (after tax)	54,922,278.40	54,721,622.26	37,113,548.72
Total	67,242,370.08	68,642,991.82	83,544,928.22

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. 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	82,899,154.24	89,363,055.07	6,463,900.83	-4,258,905.69
Other equity instrument investments	1,155,283,408.36	1,026,548,743.15	-128,734,665.21	14,970,189.76
Financial liabilities held for trading	86,817.12	9,046,554.29	8,959,737.17	-8,959,737.17
Total	1,238,269,379.72	1,124,958,352.51	-113,311,027.21	1,751,546.90

XII. Others

□ Applicable √ N/A

Chapter 3 Management Discussion and Analysis

I. Discussion and analysis of business operation

In 2024, the pharmaceutical industry operated amid a complex and rapidly changing external environment. Global economic growth showed signs of slowing, while the domestic pharmaceutical sector faced numerous challenges, including the normalization of volume-based procurement, accelerated reimbursement negotiations for innovative drugs, and the restructuring of global supply chains. At the same time, the continuous emergence of new technologies such as AI-driven drug discovery, the robust growth of innovative drugs, the rising healthcare demands driven by an aging population, and the ongoing optimization of industry-related policies have created broad opportunities and room for the company's sustained high-quality development. Amid this macro environment, we move forward steadily, staying focused on our innovative drug development strategy, increasing investment in R&D, and planning for long-term growth.

(1) Strategic Deepening of a Full-Formulation Respiratory Portfolio

Respiratory diseases, as a major global public health challenge, continue to pose a growing burden due to their high prevalence, aging populations, and environmental pollution. Among them, chronic obstructive pulmonary disease (COPD) and asthma have become key focuses for disease prevention and control due to low diagnosis rates and poor disease control. COPD, with its “four highs” characteristics—high prevalence, high disability rate, high mortality rate, and high disease burden—combined with the need for long-term disease management, has created a stable treatment market. Asthma, characterized by recurrent attacks, continues to impact patients' quality of life, with both children and adult populations exhibiting significant treatment needs.

Against this backdrop, Joincare has taken a forward-looking approach to the respiratory segment, leveraging its domestically leading inhalation drug R&D platform and product pipeline matrix to establish a top-tier position in China’s chronic respiratory disease drug market. In 2024, the National Health Commission included COPD in its Basic Public Health Services Program, a policy dividend expected to accelerate disease screening and increase penetration of standardized treatment. With its diversified product portfolio, Joincare is well positioned to benefit from the policy-driven market expansion, continuing to strengthen its strategic advantage in the field of respiratory disease treatment and injecting long-term growth momentum into the company's performance.

Building upon this strategic foundation, Joincare continues to accelerate the development of its innovative respiratory drug pipeline, guided by unmet clinical needs. As of the end of the reporting period, the Company’s respiratory portfolio includes over ten Class 1 innovative drug candidates, with several core assets achieving milestone breakthroughs.

Notably, Pixavir Marboxil, a novel anti-influenza drug, has rapidly completed Phase III clinical trials. The results demonstrate its excellent therapeutic efficacy, significantly shortening the duration of illness for influenza patients. In addition, Pixavir Marboxil exhibits three key clinical features: faster symptom relief in influenza B, quicker improvement in adolescent patients, and prolonged viral suppression with a single-dose regimen. The Company submitted its NDA application in August 2024. In terms of frontier targets, both the TSLP monoclonal antibody and the anti-IL-4R monoclonal antibody have entered Phase II clinical trials. Among them, the TSLP antibody has shown particularly strong efficacy in patients with moderate-to-severe COPD and elevated eosinophil levels. Backed by its first-mover advantage, Joincare is leading among domestic pharmaceutical companies in development progress for this indication. At the same time, the Company continues to pursue global-first innovation (First-in-Class). A globally pioneering oral PREP inhibitor for COPD obtained clinical trial approval and promptly entered Phase I trials in January 2025. Currently, the Company's innovative respiratory pipeline spans inhalation, oral, and injectable dosage forms. This not only reinforces Joincare's competitive position but also drives a comprehensive transformation in respiratory disease treatment through differentiated innovation.

(2) AI Empowers Pharmaceutical Innovation and Reshapes Industry Competition

Driven by AI as a New Productivity Engine, Joincare is Reshaping the Full Lifecycle of Pharmaceutical Innovation and Operations Joincare is leveraging AI-powered productivity to comprehensively reshape lifecycle management across the pharmaceutical industry. Through deep AI integration, the Company has achieved full-chain digital transformation across four key areas: R&D innovation, production and quality control, precision marketing, and functional management—continuously reinforcing its industry-leading competitive edge. In R&D innovation, the Company utilizes world-class AI models such as DeepSeek to engage in critical stages including disease target identification, drug discovery and design, pharmaceutical research, clinical trials, and post-marketing surveillance. During the reporting period, Joincare achieved a series of significant milestones. In particular, at the early stages of drug development, AI was used for activity prediction, toxicity assessment, and formulation screening—greatly optimizing the R&D pathway, reducing development cycles, and improving both efficiency and success rates. In production and quality control, the Company built an intelligent operations hub on the Lark platform, integrating data flows across procurement, warehousing, production, and quality inspection. This system has enhanced process stability and ensured full compliance with both national and international quality standards throughout the entire manufacturing process.

In precision marketing, the Company's commercial team employs an AI-driven customer profiling system to conduct in-depth data mining and analysis, enabling accurate targeting of high-potential markets. In parallel, AI is used to elevate the level of digital marketing, facilitating seamless connections between physicians, patients, hospitals, and the Company to create a closed-loop engagement ecosystem. In functional management, Joincare has established a cross-departmental

collaboration mechanism that enables real-time data sharing and intelligent decision-making. This significantly improves workforce efficiency and provides strong support for the Company's efficient operations.

(3) Intelligent Manufacturing as a Growth Engine, with Globalization Strategy Advancing in Depth

In 2024, Joincare Group continued to implement its strategic principles of "innovation-driven development, quality-first operations, and green growth," comprehensively upgrading its production and operational systems. These efforts resulted in significant improvements in both economic and social benefits. Across its manufacturing bases, the Group has continuously optimized production processes through equipment upgrades, technological innovations, and the extensive application of automation. These initiatives have effectively reduced manual operations and significantly improved production accuracy and capacity.

As of 2024, the Company has established 18 manufacturing bases across China. Among them, Joincare Haibin has become one of the world's leading production hubs for inhalation formulations. By deploying KUKA robotic systems and establishing fully automated production lines, the site has achieved a high degree of automation — substantially enhancing production efficiency and significantly reducing the risk of safety incidents.

While solidifying its domestic manufacturing advantage, the Company has also actively engaged in partnerships with internationally renowned pharmaceutical companies to explore new market opportunities and avenues for growth. In 2024, Joincare entered into a strategic joint venture with Kalbe, Indonesia's largest pharmaceutical company by market capitalization, to establish an API manufacturing facility in Jakarta. The new facility targets high-end demand in the U.S. and European markets and further strengthens Joincare's global supply chain position.

Additionally, the Company continues to expand its international footprint: it established a subsidiary in the Philippines and successfully obtained a pharmaceutical distribution license, and another subsidiary in the Netherlands, where it completed the construction of a quality management system and has submitted a marketing authorization application to the European Union. Through these initiatives, Joincare has built a dual-hub international structure spanning Southeast Asia and Europe.

Looking ahead, the Company remains firmly committed to advancing its globalization strategy, continuously enhancing its core competitiveness, and delivering high-quality, efficient products and services to customers worldwide.

(4) Enhancing Multi-Dimensional Shareholder Return Mechanisms and Advancing a Long-Term Value Strategy

While remaining focused on its core business development, the Company has incorporated its shareholder return mechanism as a key component of its strategic planning. Through the formulation

of the 2024 Corporate Value and Return Enhancement Action Plan, the Company has set out a long-term framework to achieve a dynamic balance between growth, shareholder returns, and capital requirements. This approach reflects a commitment to aligning strategic goals with shareholder interests, while also taking into account the Company's actual operating conditions and the need for sustainable development.

To safeguard corporate value and protect shareholder interests, the Company has actively implemented strong measures since 2020, including five rounds of share repurchases with a total expenditures of nearly RMB 2.7 billion. The majority of repurchased shares have been used to reduce registered capital. Notably, the fifth repurchase program, launched in 2024 with a scale of approximately RMB 500 million, was fully cancelled by March 2025.

Joincare has consistently ranked among the leading A-share listed companies in terms of both the scale and proportion of share repurchase and cancellation. This not only reflects the Company's strong confidence in its long-term development prospects but also demonstrates its genuine commitment to protecting shareholder value through tangible capital investment.

In addition to share buybacks, the Company provides investors with consistent and stable cash dividends on an annual basis. Since 2020, the total amount of cash dividends distributed has exceeded RMB 1.2 billion. For the 2024 fiscal year, the Company proposes a cash dividend of RMB 2.00 (tax inclusive) per 10 shares, as a token of appreciation for the continued support and trust of its shareholders. To enhance transparency and investor engagement, the Company has established a regular communication mechanism, actively gathering feedback through earnings briefings, investor roadshows, and other channels. These initiatives clearly reflect Joincare's investor-centric philosophy and represent the effective integration of shareholder protection and capital operation efficiency.

(5) Advancing ESG Practices to Drive Sustainable Development

Joincare remains committed to advancing high-quality development through ESG-driven strategies. By deepening its focus on pharmaceutical innovation and accelerating its transition toward green and low-carbon operations, the Company continuously creates sustainable value for all stakeholders. In terms of ESG governance, the Company has established a comprehensive and well-structured management system. The Board of Directors has set up a Sustainability Committee responsible for the overall planning and execution of ESG strategies. ESG performance indicators have been embedded into the management's performance evaluation system to ensure that ESG principles are effectively implemented at all levels of the organization. On environmental responsibility, the Company fully embraces the concept of green development. It prioritizes energy conservation, emissions reduction, and efficient resource utilization. By continuously optimizing production processes and improving energy efficiency, the Company actively contributes to the realization of China's dual carbon goals. In supply chain management, Joincare has implemented a lifecycle ESG

management system for its suppliers. It rigorously evaluates supplier qualifications and actively encourages suppliers to obtain ISO 14001 environmental management certification, thereby promoting greener and more sustainable development across the entire industry value chain.

On the social responsibility front, the Company consistently demonstrates a strong sense of social commitment. It actively participates in a wide range of public welfare initiatives. Through its Inclusive Chronic Disease Prevention and Control Public Welfare Project, the Company has donated medicines to benefit more than 30,000 low-income patients. The implementation of the Astragalus Industry Revitalization Program has contributed to the development of rural economies. In addition, public health education campaigns—covering chronic disease management and oral health—have reached more than ten million people, effectively raising public health awareness.

Thanks to its outstanding ESG performance, Joincare received significant international recognition in 2024. The Company maintained an AA rating in the MSCI ESG Ratings, was included in the S&P Global Sustainability Yearbook (China Edition) 2024 and was selected for the first time in the Sustainability Yearbook (Global Edition) 2025. These achievements reflect strong recognition from both domestic and international capital markets for Joincare's ESG practices and demonstrate the Company's enduring commitment to its founding mission of Diligently make high-quality and innovative drugs while promoting sustainable growth across the pharmaceutical industry.

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

In 2024, China's pharmaceutical industry experienced a profound structural transformation amid sweeping policy reforms. Centralized procurement expansion, innovation-driven support, and payment system reforms have emerged as the core forces driving industrial innovation and development.

The volume-based procurement mechanism continued to improve in both scale and depth, steadily advancing toward an "all-categories, full-supply-chain" model, which significantly compressed profit margins for generic drugs. The ten rounds of volume-based procurement (VBP) organized by the state have delivered remarkable results, cumulatively saving over RMB 440 billion in medical insurance funds. Notably, 80% of these savings were reinvested into the innovative drug sector, easing the financial burden on the healthcare system and reallocating resources to foster new productivity drivers.

A series of supportive policies for pharmaceutical innovation have gained momentum, forming a coordinated "policy toolkit." The Implementation Plan for Full-Chain Support of Innovative Drug Development addressed key bottlenecks across R&D, regulatory review, and reimbursement. The upcoming "Category C" reimbursement list is expected to introduce a dual-track payment model combining basic medical insurance and commercial insurance, providing new payment avenues for high-value innovative drugs. This is poised to alleviate reimbursement challenges, shorten the payback period for R&D investment, and further incentivize innovation among enterprises.

Fueled by policy support, China's new drug R&D achieved remarkable progress in 2024. A total of 48 Class 1 innovative drugs were approved for marketing up 20% year-on-year, placing China second globally in the number of new drugs under development. Breakthroughs have been made in cutting-edge areas such as novel antibodies, nucleic acid vaccines, cell therapies, and gene therapies, securing China's place at the forefront of global pharmaceutical innovation. Emerging technologies, such as artificial intelligence, big data, and gene editing are being deeply integrated into new drug development. AI-powered drug discovery is playing an increasingly important role across key R&D stages, ushering in a new era of more precise and efficient innovation.

Driven by both policy and market forces, China's pharmaceutical industry is undergoing a transformation from a "manufacturing advantage" to an "innovation advantage". Looking ahead, companies with original innovation capabilities, globalized operations, and lean management systems will be better positioned to compete in the increasingly intense global pharmaceutical market.

III. 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 health care 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, health care products, etc. The enriched product series and mix provide larger market and growth opportunities for the Company. Main products of the Company are as follows:

Chemical pharmaceuticals

1.Respiratory

Tobramycin Inhalation Solution (健可妥)

Levosalbutamol Hydrochloride Nebulizer Solution (丽舒同)

Budesonide Suspension for Inhalation (雾舒)

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

2. Gastroenterology

Ilaprazole Enteric-Coated Tablets (壹丽安)

Ilaprazole Sodium for Injection (壹丽安)

Bismuth Potassium Citrate Capsules (丽珠得乐)

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

3. Assisted reproduction

Leuprorelin Acetate Microspheres for Injection (贝依)

Urofollitropin for Injection (丽申宝)

4. Psychiatry

Fluvoxamine Maleate Tablets (瑞必乐)

Perospirone Hydrochloride Tablets (康尔汀)

5. Anti-infection

Voriconazole for Injection (丽福康)

Meropenem for Injection (倍能)

Chemical APIs and intermediates

Drugs for humans

7-ACA
Meropenem Trihydrate
Mevastatin
Acarbose
Phenylalanine
Vancomycin Hydrochloride
Daptomycin
Ceftriaxone Sodium

Veterinary drugs

Milbemycin
OximeMoxidectin

Traditional Chinese Medicine

Cold medicine
Anti-Viral Granules

Anti-tumour medicine
Shenqi Fuzheng Injection

Diagnostic reagents and equipment

Mycoplasma pneumoniae IgM Antibody Test (Colloidal gold method)

Antinuclear Antibody Test Kit (17) (Magnetic Barcode Immunofluorescence)

Biologics

Tocilizumab Injection (Atvtia)

Mouse Nerve Growth Factor for Injection (丽康乐)

Health care products and OTC

Taitai Oral Liquid

Jingxin Oral Liquid

Eagle's American Ginseng Tea

Yike Tie

(II) Business model of the Company

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

1. R&D

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

2. Procurement

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

3. Production

The Company organizes production based on market demand. The sales department conducts market research and formulates sales plans. Production quantities and specifications are then determined by taking into account inventory levels and production capacity. Procurement is arranged in accordance with the production plan and raw material availability, and all plans are subject to management review and approval before execution. The Company strictly adheres to GMP requirements and has established a comprehensive quality management system, including the implementation of a Qualified Person (QP) system. A rigorous Quality Assurance (QA) framework has been put in place to ensure compliance with national standards and alignment with international

certifications. Regular GMP self-inspections, internal and external ISO 9001 audits, and third-party audits are conducted to ensure continuous improvement. The Company applies internationally advanced GMP management practices, with robust quality control across supplier selection, production processes, product release, and post-market surveillance—ensuring the efficiency and integrity of the entire quality system.

4. Sales

(1) Drug formulation products

The Company's Chemical pharmaceuticals, Biologics, and traditional Chinese medicine formulations are primarily sold to end customers such as hospitals, clinics, and retail pharmacies. In line with common practices in the pharmaceutical industry, the Company primarily conducts sales through pharmaceutical distribution enterprises. Distributors are selected and centrally managed based on criteria such as distribution capabilities, market familiarity, financial strength, credit history, and operational scale. All selected partners must hold valid pharmaceutical distribution licenses and certifications of compliance with Good Supply Practice (GSP) standards. The typical sales process is as follows: end customers place purchase orders with distribution enterprises, which then submit orders to the Company based on their inventory levels, distribution agreements, and contractual terms. The Company delivers products to the distributors and recognizes revenue accordingly.

(2) APIs and intermediates

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

(3) Diagnostic reagents and equipment

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

(4) Health care products

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

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

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

In the new retail channel, the Company distributes products to supermarkets and convenience stores through 33 distributors and 3 directly managed accounts (Walmart, Sam's Club, Sinopec Easy Joy). Its products have been listed in major national supermarket chains including Sam's Club, Walmart, Rainbow, RT-Mart, Yonghui, and CR Vanguard. In the convenience store segment, products are available in Lawson, FamilyMart, Easy Joy, and other leading national chains, covering over 5,000 end-user outlets.

(IV) Performance drivers during the Reporting Period

During the Reporting Period, the company faced pressure on both revenues and profit, primarily due to the following factors:

1. In the Chemical pharmaceuticals segment, revenues declined to some extent as a result of to a high base in 2023, products being included in volume-based procurement and reductions in reimbursement prices under medical insurance policies.

2. In the APIs and intermediates segment, revenues saw a slight decline due to product price reductions and intensified market competition. However, the company leveraged intelligent manufacturing technologies to empower pharmaceutical production, resulting in a gradual increase in gross profit margin.

3.The revenue decline in the traditional Chinese medicine (TCM) segment was primarily due to a high sales base in 2023, driven by the COVID-19 pandemic and a prolonged flu season. In 2024, market demand normalized, resulting in a year-over-year decrease in revenues.

4. The health care products segment leverages new media platforms such as Rednote, Douyin, and WeChat to engage users through high-quality content. By utilizing influencer endorsements, health education content, and livestream e-commerce, the Company effectively communicates its brand values and drives sales growth across all channels.

IV. Analysis of core competitive strengths during the Reporting Period

√Applicable □N/A

1. Strategic Leadership: The Driving Force Behind Steady Progress

As a long-term value creator in the healthcare and pharmaceutical industry, Joincare has demonstrated strong resilience and sustainable growth. Since the strategic integration with Livzon Group in 2002, the Company has maintained a compound annual revenue growth rate of 15.4% over

22 years, navigating through multiple industry cycles and macro challenges such as the global financial crisis, the COVID-19 pandemic, and volume-based procurement reform. This resilience is rooted in the management's keen foresight into industry transformations and unwavering strategic discipline.

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

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

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

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

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

In 2024, artificial intelligence (AI) emerged as another core strategic focus. Joincare is deploying AI to empower pharmaceutical innovation, achieving full-chain digital transformation across four key areas: R&D, production and quality control, precision marketing, and functional management—further solidifying its competitive advantages. In R&D, the Company utilizes world-class AI models such as DeepSeek to build an intelligent R&D system covering key phases from disease target identification and drug discovery to pharmaceutical research, clinical trials, and post-marketing surveillance, injecting powerful momentum into new drug development.

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

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

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

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

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

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

Taita (太太) and Eagle's(鹰牌), two national brands under Joincare with more than 30 years of heritage, represent the Company's strong brand foundation. Leveraging these well-established brands, the Company has advanced a dual-engine strategy of quality heritage + digital innovation. From 2023 to 2024, refined and professional digital operations provided strong momentum for the sustained and rapid growth of the health supplement business. In 2024, the health care product segment achieved a remarkable 92% year-over-year growth, with Eagle's alone recording a 157% increase.

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

worldwide, positioning the Company as a benchmark of Intelligent Manufacturing in China in the high-end API sector and a model of innovation and quality leadership in the industry.

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

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

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

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

In manufacturing, Joincare has established 18 modern production bases across China, enabling optimal allocation of manufacturing resources. Among them, Joincare Haibin has become one of the world's leading inhalation manufacturing sites. Equipped with cutting-edge technologies such as KUKA robotics and highly automated production lines, the facility has significantly improved production efficiency and reduced safety risks. In 2024, the Company further expanded its global footprint by investing in its first overseas facility in Jakarta, Indonesia—strengthening its international supply chain capabilities. Going forward, the Jakarta plant will serve as a strategic hub to drive partnerships in peripheral regions and expand into high-end markets in Europe and the U.S., enhancing the Company's global competitiveness and brand influence.

In commercialization, Joincare possesses world-class capabilities. Its sales network spans all provinces in China and reaches over 80 countries and regions globally. The Company places strong emphasis on academic-driven marketing and has built a specialized commercial team to support refined, targeted market expansion. It also leverages digital tools to support market education and

brand building, forming a diversified and robust marketing system. With a well-established distribution network, broad end-user coverage, advanced digital marketing capabilities, and strong brand recognition, Joincare is well-positioned to achieve rapid product sales post-approval and effectively transform R&D outcomes into commercial success.

V. Overview of business operations during the Reporting Period

During the Reporting Period, the Company realized revenues of RMB 15,619 million, representing a year-on-year decrease of approximately 6.17%; a net profit attributable to shareholders of the listed company of RMB1,387 million, representing a year-on-year decrease of approximately 3.90%, and a net profit attributable to shareholders of the listed company after deducting the extraordinary gains or losses of RMB1,319 million, representing a year-on-year decrease of approximately 3.99%. Business development of various segments of the Company is as follows:

(1) Joincare (excluding Livzon Group and Livzon MAB)

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB4,140 million, representing a year-on-year decrease of approximately 9.13%, and realized a net profit attributable to shareholders of listed companies of RMB 630 million, representing a year-on-year decrease of approximately 31.83%. Joincare realized a net profit attributable to shareholders of the listed company after deducting the extraordinary gains and losses of RMB 605 million, representing a year-on-year decrease of approximately 32.99%. The performance decline during the Reporting Period was primarily due to factors such as price reductions under volume-based procurement, price declines for certain APIs products, and a 30% year-on-year increase in R&D expenses in innovative drugs. Key results of the main business segments are as follows:

① Prescription medicines

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sales revenues of RMB1,375 million from prescription drug segment, representing a year-on-year decrease of approximately 30.83%. Among which, the sales revenues and year-on-year change of key therapeutic areas are as follows: the revenues generated from the field of respiratory totaled RMB1,097 million, representing a year-on-year decrease of 36.98%; primarily due to the high base in 2023 resulting from a surge in respiratory diseases, as well as the inclusion of Levosalbutamol Hydrochloride Nebulizer Solution in the national volume-based procurement in March 2024, which led to an overall decline in sales volume. The revenues generated from the field of anti-infection totaled RMB 2.46 million, representing a year-on-year increase of 9.69%, mainly driven by improved sales of Meropenem for Injection, which benefited from stable and normalized volume-based procurement and favorable end-user supply-demand dynamics.

② APIs and intermediates

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sales revenues of RMB2,025 million from APIs and intermediates segment, representing a year-on-year decrease of approximately 2.63%. Within this segment, the price of 7-ACA showed a stable upward trend, while sales revenue of Meropenem API declined, mainly due to price reductions and intensified market competition.

③ Health care products and OTC drugs

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB 697 million from health care products and OTC segment, representing a year-on-year increase of approximately 53.91%. This segment leveraged new media platforms such as Rednote, Douyin, and WeChat to create high-quality content that effectively engages users. Through influencer endorsements, health education content, and livestream e-commerce, the Company successfully conveyed its brand values and drove sales growth across all channels.

(2) Livzon Group (excluding Livzon MAB)

As at the End of the Reporting Period, the Company directly and indirectly held 45.96% equity interest in Livzon Group (000513.SZ, 01513.HK). During the Reporting Period, Livzon Group (excluding Livzon MAB) realized revenues of RMB11,766 million, representing a year-on-year decrease of approximately 6.03%; and realized a net profit of approximately RMB1,064 million attributable to shareholders of the Company.

During the Reporting Period, the revenues of Livzon Group were mainly affected by the following factors:

1. In the chemical pharmaceuticals segment, the sales revenue of key product Ilaprazole Sodium for Injection declined due to price reductions following national medical insurance negotiations. Additionally, Voriconazole for Injection, which was selected in the eighth round of national volume-based procurement, and Rabeprazole Sodium Enteric-Coated Capsules, listed in the ninth round, both experienced year-on-year revenue declines after the relevant centralized VBP policies came into effect.

2. In the traditional Chinese medicine formulation segment, sales revenue from Antiviral Granules declined year-on-year in 2024. This was primarily due to a high base in 2023, when demand surged amid the COVID-19 outbreak and prolonged flu season. In contrast, Shenqi Fuzheng Injection benefited from the expanded reimbursement coverage for cancer indications, leading to year-on-year growth.

(3) Livzon MAB

As at the End of the Reporting Period, the equity interest held by the Company in Livzon MAB was 54.52%, and the amount affecting the Company's net profit attributable to the parent company for the current period was approximately RMB -291 million, representing a year-on-year

reduction in losses of RMB 318 million. This improvement was primarily due to the high base of losses in 2023, which resulted from the write-off of V-01 COVID-19 vaccine inventory, as well as ongoing efforts in 2024 to streamline operations, reduce costs, and improve efficiency at Livzon Mab, leading to an improvement in its operating performance and a reduction in losses.

(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	15,619,480,306.89	16,646,350,349.72	-6.17
Operating costs	5,827,852,690.99	6,298,465,671.11	-7.47
Selling expenses	3,922,967,960.40	4,434,442,281.05	-11.53
Administrative expenses	911,595,557.28	930,481,615.70	-2.03
Financial expenses	-301,975,435.84	-404,841,133.45	N/A
R&D expenses	1,435,351,627.65	1,661,757,980.90	-13.62
Net cash flow from operating activities	3,636,320,913.57	3,928,909,609.73	-7.45
Net cash flow from investing activities	-1,154,006,895.66	-877,424,336.85	N/A
Net cash flow from financing activities	-3,036,022,692.95	-1,927,493,522.28	N/A

Reasons for changes in net cash flow from investing activities: The change was primarily due to an increase in the purchase of large-denomination certificates of deposit during the reporting period.

Reasons for changes in net cash flow from financing activities: Mainly due to an increase in bank loan repayments and in payments for share repurchases during the reporting period.

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 RMB15,619 million, representing a year-on-year decrease of 6.17%; the operating costs totaled RMB5,828 million, representing a year-on-year decrease of 7.47%.

(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	15,491,570,954.72	5,719,874,077.11	63.08	-6.24	-7.84	Increased by 0.64 percentage

Industry						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	7,722,120,846.51	1,646,641,104.07	78.68	-11.39	-10.45	Decreased by 0.22 percentage points
Chemical APIs and intermediates	4,997,076,424.10	3,227,910,022.70	35.40	-0.96	-3.59	Increased by 1.76 percentage points
Traditional Chinese medicine	1,472,476,401.37	364,112,878.22	75.27	-18.44	-36.78	Increased by 7.17 percentage points
Diagnostic reagents and equipment	718,428,253.32	259,860,292.34	63.83	9.02	1.46	Increased by 2.70 percentage points
Health care products	376,684,348.02	98,168,472.49	73.94	92.32	37.02	Increased by 10.52 percentage points
Biologics	170,894,744.45	107,637,053.53	37.02	102.42	4.92	Increased by 58.53 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	12,850,309,609.36	4,097,266,564.80	68.12	-7.80	-8.37	Increased by 0.20 percentage points
Overseas	2,641,261,345.36	1,622,607,512.31	38.57	2.23	-6.46	Increased by 5.71 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	9,886,588,239.56	2,115,728,042.18	78.60	-11.89	-22.29	Increased by 2.87 percentage points
Direct sales	5,604,982,715.16	3,604,146,034.93	35.70	5.73	3.46	Increased by 1.41 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 RMB15,492 million, representing a year-on-year decrease of RMB1,030 million or 6.24%.

The Company was affected by multiple factors such as price reductions under volume-based procurement and global de-stocking of APIs, resulting in a slight overall decline in revenues from

principal businesses. Chemical pharmaceuticals achieved revenues of RMB7,722 million, representing a decrease of 11.39% year-on-year. Among them, the sales revenues in the field of gonadorelin hormone amounted to RMB 2,812 million, increasing by 1.64% year-on-year; the sales revenues in the field of gastroenterology reached RMB 2,567 million, dropping by 11.60% year-on-year; the sales revenues in the field of respiratory reached RMB 1,097 million, dropping by 36.98% year-on-year; the sales revenues of psychiatry products were RMB 606 million, a year-on-year increase of 0.63%; the sales revenues in the field of anti-infection was RMB 418 million, dropping by 18.15% year-on-year. Chemical APIs and intermediates achieved revenues of RMB 4,997 million, a year-on-year decrease of 0.96%. Traditional Chinese Medicine achieved revenues of RMB1,472 million, a year-on-year decrease of 18.44%. Diagnostic reagents and equipment achieved revenues of RMB 718 million, a year-on-year increase of 9.02%. Health care products achieved revenues of RMB 377 million, a year-on-year increase of 92.32%. Biological products achieved revenues of RMB 171 million, a year-on-year increase of 102.42%.

(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 Inventor（%）
Leuprorelin Acetate Microspheres for Injection	Ten thousand boxes	222.19	222.09	0.00	19.24	19.26	-
7-ACA (including D-7ACA)	Ton	3,109.57	3,084.24	31.40	3.24	-0.78	416.87
Ilaprazole sodium for injection	Ten thousand boxes	1,431.18	1,771.60	199.98	-23.84	-2.69	-63.02
Ilaprazole Enteric-Coated Tablets	Ten thousand boxes	1,853.55	1,912.53	178.23	-6.55	-2.89	-25.39
Shenqi Fuzheng Injection	Ten thousand bottles/ Ten thousand bags	1,123.79	1,155.05	44.85	7.72	14.73	-41.24

Explanations on production and sales

In 2024, The fluctuation in the inventory of 7-ACA (including D-7ACA) and Ilaprazole Enteric-Coated Tablets was mainly influenced by the supply-demand relationship at the end-user markets. The inventory of Shenqi Fuzheng Injection decreased due to increased production and sales, driven by the lifting of restrictions on the types of cancers on the Medical Insurance Catalogue.

(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 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 (%)
Pharmaceutical manufacturing Industry	Costs of materials	3,097,639,305.86	53.15	3,814,984,465.46	60.57	-18.80
	Labor costs	893,347,195.69	15.33	869,230,688.54	13.80	2.77
	Manufacturing costs	1,122,352,983.54	19.26	1,496,213,350.61	23.76	-24.99
	Depreciation	474,266,001.50	8.14	456,623,740.32	7.25	3.86
	Others	237,014,107.79	4.07	-339,777,290.85	-5.39	N/A
	Subtotal	5,824,619,594.38	99.94	6,297,274,954.09	99.98	-7.51
Service industry	Costs of materials	457,897.80	0.01	126,265.53	0.00	262.65
	Labor costs	2,231,501.36	0.04	933,523.43	0.01	139.04
	Manufacturing costs	402,904.86	0.01	91,122.96	0.00	342.16
	Depreciation	140,792.59	0.00	39,805.10	0.00	253.70
	Subtotal	3,233,096.61	0.06	1,190,717.02	0.02	171.53
Total	Costs of materials	3,098,097,203.66	53.16	3,815,110,730.99	60.57	-18.79
	Labor costs	895,578,697.05	15.37	870,164,211.97	13.82	2.92
	Manufacturing costs	1,122,755,888.40	19.27	1,496,304,473.57	23.76	-24.96
	Depreciation	474,406,794.09	8.14	456,663,545.42	7.25	3.89
	Others	237,014,107.79	4.07	-339,777,290.85	-5.39	N/A
	Subtotal	5,827,852,690.99	100.00	6,298,465,671.11	100.00	-7.47
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	62,422,644.05	1.07	58,832,542.11	0.93	6.10
	Labor costs	13,469,499.90	0.23	10,675,288.60	0.17	26.17
	Manufacturing costs	14,318,940.08	0.25	10,085,408.48	0.16	41.98
	Depreciation	4,068,599.69	0.07	4,035,742.61	0.06	0.81
	Others	3,888,788.78	0.07	-11,985,081.17	-0.19	N/A
	Subtotal	98,168,472.49	1.68	71,643,900.63	1.14	37.02
Pharmaceutical Products	Costs of materials	3,008,112,021.71	51.62	3,738,329,801.68	59.35	-19.53
	Labor costs	874,828,979.60	15.01	856,996,739.54	13.61	2.08
	Manufacturing costs	1,050,183,299.30	18.02	1,422,660,060.12	22.59	-26.18

	Depreciation	469,031,468.12	8.05	449,880,221.02	7.14	4.26
	Others	216,316,739.27	3.71	-334,520,121.42	-5.31	N/A
	Subtotal	5,618,472,508.01	96.41	6,133,346,700.94	97.38	-8.39

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:** While supply prices have seen a certain increase, the growth rate is significantly lower than overall market fluctuations. **Astragalus:** Although the raw material prices and processing costs have risen, the presence of inventory from existing cultivation bases has ensured relatively stable supply, with supply prices remaining roughly the same as the same period last 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 overall supply of the main raw medicinal herbs used in Anti-Viral Granules became abundant as inventories gradually recovered and market demand declined, resulting in an oversupply and price drop for the majority of herb varieties. However, Acori graminei Rhizoma experienced tight supply and rising prices. Sichuan Guangda strategically stockpiled Acori graminei Rhizoma, ensuring stable supply and price.	Tendering procurement	Stimulated by strong demand in the earlier period, the planting area of medicinal herbs used in Anti-Viral Granules expanded significantly in 2024. Most herbs were in adequate supply, and coupled with the overall downturn in the medicinal herb market, prices declined to some extent. In light of the overall market downturn, Sichuan Guangda carried out planned procurement based on production needs, resulting in a lower annual average purchase price. Although the price of Acori graminei Rhizoma continued to rise due to supply-demand imbalance, with the support of strategic stock and adjustments in subsequent procurement strategies, its purchase price remained relatively stable and controllable.

(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

In September 2024, Shanghai Frontier, the company's controlled subsidiaries transferred its 40% equity interest in Guangzhou Respiratory Drug Engineering Technology Co., Ltd. for a transaction price of RMB10.49 million. As a result of this transaction, Shanghai Frontier no longer holds any equity interest in Guangzhou Respiratory Drug Engineering Technology Co., Ltd.

(7). Major customers of sales and major suppliers

A. Major customers of sales

√Applicable □N/A

Sales to the top 5 customers were RMB 1,332 million, representing 8.53% of the total annual sales; of which the sales to related parties were RMB0 million, representing 0.00% of the total annual sales.

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

B. Information on major suppliers

√Applicable □ N/A

Purchases from top 5 suppliers were RMB 784 million, representing 20.84% of the total annual purchase cost, of which the purchases from related parties were RMB 272 million, representing 7.23% of the total annual purchase cost.

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

3. Expenses

√Applicable □ N/A

Unit: Yuan

Item	2024	2023	YOY Change (%)	Explanations
Selling expenses	3,922,967,960.40	4,434,442,281.05	-11.53	No material change
Administrative expenses	911,595,557.28	930,481,615.70	-2.03	No material change

Financial expenses	-301,975,435.84	-404,841,133.45	N/A	No material change
R&D expenses	1,435,351,627.65	1,661,757,980.90	-13.62	No material change

4. Investment in R&D

(1). Investment in R&D

√Applicable □ N/A

Unit: Yuan

Current expensed R&D expenditure	1,385,072,254.90
Current capitalized R&D expenditure	146,927,115.53
Total R&D expenditure	1,531,999,370.43
Total amount R&D expenditure as a percentage of Revenues (%)	9.81
Ratio of capitalized R&D expenditure (%)	9.59

(2). R&D Staff

√Applicable □ N/A

Number of R&D staff	1,670
Proportion of R&D staff to the total employees (%)	11.63
Education background of R&D staff	
Education composition	Number
PhD	58
Postgraduate	459
Bachelor	742
Junior college graduate	278
High school and below	133
Age composition of R&D staff	
Age composition	Number
Under 30 years old (exclusive)	665
30-40 years old (including 30 years old, excluding 40 years old)	730
40-50 years old (including 40 years old, excluding 50 years old)	222
50-60 years old (including 50 years old, excluding 60 years old)	49
Over 60 years old	4

(3). Explanations

□Applicable √ N/A

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

□Applicable √ N/A

5. Cash flows

√Applicable □ N/A

Unit: Yuan

Item	2024	2023	YOY Change (%)	Explanations
Net cash flow from operating activities	3,636,320,913.57	3,928,909,609.73	-7.45	No material change
Net cash flow from investing activities	-1,154,006,895.66	-877,424,336.85	N/A	Mainly due to an increase in the purchase of large-denomination certificates of deposit during the reporting period.
Net cash flow from financing activities	-3,036,022,692.95	-1,927,493,522.28	N/A	Mainly due to an increase in bank loan repayments and payments for share repurchases during the period

(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	64,371,470.73	1.80%	Mainly due to changes in the profit or loss of invested associates.	No
Gains or losses from changes in fair value	-17,495,836.34	-0.49%	Mainly due to market value fluctuations of securities investments held.	No
Losses of credit impairment	-7,262,094.01	-0.20%	Mainly due to expected credit losses on accounts receivable.	No
Impairment loss of assets	-293,144,305.71	-8.20%	Mainly due to inventory write-downs and impairment provisions related to the termination of R&D projects	No
Non-operating income	7,784,838.89	0.22%	Mainly due to inventory write-downs and impairment provisions related to the termination of R&D projects	No
Non-operating expenses	49,181,919.67	1.38%	Mainly due to donation expenses.	No
Other income	191,273,169.08	5.35%	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
Assets held-for-sale	54,029,237.68	0.15	-	-	N/A	Mainly due to the signing of a contract for the transfer of land use rights and above-ground buildings by a wholly-owned subsidiary, Health Pharmaceutical.
Non-current assets due within one year	556,410,803.22	1.56	406,376,425.44	1.12	36.92	Mainly due to the reclassification of large certificates of deposit and time deposits maturing within one

						year.
Other current assets	159,087,536.76	0.45	77,402,185.01	0.21	105.53	Mainly due to the increase in the prepayment of corporate income tax during the Period.
Other non-current assets	1,273,057,844.54	3.56	957,224,255.77	2.63	32.99	Mainly due to new cash management business.
Financial liabilities held for trading	9,046,554.29	0.03	86,817.12	0.00	10,320.24	Mainly due to changes in forward foreign exchange contracts
Taxes payable	263,380,339.80	0.74	410,202,854.09	1.13	-35.79	Mainly due to the decrease in corporate income tax payable.
Non-current liabilities due within one year	395,975,991.36	1.11	718,564,144.31	1.98	-44.89	Mainly due to the repayment of long-term borrowings due within one year.
Other current liabilities	11,841,940.51	0.03	51,087,001.83	0.14	-76.82	Mainly due to a decrease in estimated refund payables
Other current liabilities	-	-	90,000,000.00	0.25	N/A	Mainly due to the completion of the new factory relocation by Sichuan Guangda, a wholly-owned subsidiary of the Livzon group, and the transfer the compensation received for demolition and relocation.
Treasury shares	328,221,279.42	0.92	-	-	N/A	Mainly due to the repurchase of the Company's shares during the Period.
Other comprehensive income	-41,177,547.42	-0.12	-12,246,131.22	0.03	N/A	Mainly due to changes in the fair value of other equity instruments investment.

2. Overseas assets

√Applicable □ N/A

(1) Asset size

Of which: Overseas assets were 55.94 (Unit: 100 million Currency: RMB), representing 15.66% 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	9,331,443.62	Margin for guarantee businesses such as letters of guarantee
Notes receivable	805,827,262.43	Notes pool business and pledge of notes receivable
Total	815,158,706.05	

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

2024 marked a pivotal year for fully implementing the guiding principles of the 20th National Congress of the Communist Party of China, as well as a crucial period for the pharmaceutical industry to seek breakthroughs amidst transformation and advance its modernization agenda.

The government continued to deepen healthcare system reform and released a series of foundational policy documents, further reinforcing the core reform framework of the "three-medical linkage" — integrating medical insurance, healthcare services, and the pharmaceutical sector. These policies have collectively steered the industry toward high-end, intelligent, and green development.

Among them, the following major policies have had a particularly significant impact on the Company:

① Full-Chain Support for Innovative Drug Development

In July 2024, the State Council Executive Meeting approved the Implementation Plan for Full-Chain Support of Innovative Drug Development, emphasizing the need for comprehensive policy support across the entire value chain. The Plan calls for coordinated utilization of policies related to price management, medical insurance reimbursement, commercial insurance, drug allocation and usage, as well as investment and financing. It aims to optimize regulatory review and hospital performance evaluation mechanisms, and to strengthen support for innovative drugs at both central and local government levels — thereby promoting the comprehensive development of innovative pharmaceuticals.

Also in July 2024, the National Medical Products Administration (NMPA) released the Pilot Work Plan for Optimizing the Review and Approval of Clinical Trials for Innovative Drugs (《优化创新药临床试验审评审批试点工作方案》), which aims to streamline clinical trial approval procedures. The Plan explores the establishment of institutional mechanisms to improve both the quality and efficiency of clinical trials, with the goal of significantly shortening the initiation time for innovative drug trials.

② Normalization of Reimbursement List Adjustments and Continued Reform

In November 2024, the National Healthcare Security Administration (NHSA) issued the National Drug Catalog for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2024) (《国家基本医疗保险、工伤保险和生育保险药品目录(2024年)》) for basic medical insurance, work injury insurance, and maternity insurance, which will take effect on January 1, 2025.

In this latest update, 91 drugs were newly added to the list, while 43 were removed, bringing the total number of reimbursable drugs to 3,159. Among the additions, 89 drugs were included through price negotiations or competitive bidding, with an average price reduction of 63%, while 2 drugs selected through national volume-based procurement were directly added to the list. Overall, the scope and structure of the adjustment are largely consistent with those of 2023.

③ Expanded and Optimized Volume-Based Procurement (VBP)

In May 2024, the National Healthcare Security Administration issued Notice No. 8 on Enhancing Regional Coordination and Expanding the Scope and Quality of Volume-Based Procurement in 2024(《关于加强区域协同做好2024年医药集中采购提质扩面的通知》), establishing a new procurement framework. This model is centered on national-level VBP and nationwide alliance procurement led by provincial authorities, supplemented by provincial-level initiatives. The policy aims to optimize provincial-level alliances through “nationwide joint procurement”, expanding alliance coverage and clearly delineating the differences between drugs procured via national VBP and those through nationwide alliance VBP, ensuring that the two mechanisms are complementary.

In December 2024, the National Joint Drug Procurement Office officially announced the preliminary results of the 10th round of National Centralized Drug Procurement. This round introduced a new “1.8× price cap + reactivation” mechanism, intensifying market competition. It recorded the highest number of bidding products and participating enterprises in the history of volume-based procurement.

④Advancing Drug Pricing Mechanisms and Governance

At the beginning of 2024, the National Healthcare Security Work Conference called for the advancement of special governance initiatives targeting the pricing of drugs listed on public procurement platforms, and for the exploration of new drug pricing formation mechanisms. Throughout the year, key initiatives were launched, including mechanisms for setting initial prices

of newly approved chemical drugs, governance of listed prices for four-sameness drugs, online drug price comparison campaigns, price corrections for injectable three-sameness drugs, and multi-batch price risk management. These efforts targeted different stages of the drug life cycle with tailored, categorized pricing policies—accelerating the establishment of a unified national pharmaceutical market and eliminating unfair or discriminatory high pricing practices.

⑤ Strengthened Compliance and Regulatory Oversight in the Pharmaceutical Industry

In May 2024, the National Health Commission, together with other relevant authorities, jointly issued the Key Tasks for Rectifying Unethical Practices in Pharmaceutical Procurement and Medical Services (《关于印发2024年纠正医药购销领域和医疗服务中不正之风工作要点的通知》). The document explicitly prioritizes rectifying major issues across the pharmaceutical value chain—including manufacturing, distribution, sales, usage, and reimbursement—highlighting the government's firm commitment to strengthening compliance and regulatory oversight within the industry.

In October 2024, the State Administration for Market Regulation released the Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery (Draft for Public Comment), providing pharmaceutical companies with clear, specific, and actionable guidance for establishing robust compliance systems. This guideline is closely aligned with the Administrative Measures for Medical Representatives (Draft for Public Comment), which delineates the boundaries of compliant academic promotion activities. Violations may result in penalties such as disqualification from awards or restrictions on participation in procurement activities.

⑥ Inheritance and Innovative Development of Traditional Chinese Medicine

In April 2024, the government introduced new policies to support the inheritance and innovative development of Traditional Chinese Medicine (TCM). These policies encourage TCM enterprises to conduct secondary development of classical prescriptions, with eligible projects receiving financial support for scientific research. The government also promoted the standardization of TCM by formulating a series of diagnostic and treatment guidelines and quality standards, aiming to enhance the consistency and professionalism of TCM services.

In parallel, the policies support the internationalization of TCM, encouraging enterprises to expand into overseas markets and strengthen international exchanges and cooperation.

⑦ Category-C Drug List Ushers in a New Era of Reimbursement Reform

In December 2024, the National Healthcare Security Work Conference outlined plans to explore diversified payment mechanisms for innovative drugs. The agenda called for promoting the timely inclusion of innovative drugs under inclusive commercial health insurance coverage and for studying the establishment of a Category-C drug list, aiming to guide commercial insurance funds toward supporting the R&D of innovative drugs and medical devices.

As a major initiative in deepening healthcare reimbursement reform, the introduction of the Category-C drug list provides a new reimbursement pathway for highly innovative and clinically valuable drugs that are not yet eligible for inclusion in the basic reimbursement list due to pricing or other constraints. This move not only optimizes the allocation of healthcare resources and addresses payment challenges for high-value innovative therapies, but also contributes to the ongoing improvement and modernization of China's healthcare security system

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. Hedging Strategy to BVP

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 "four-sameness" 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 health care products in areas such as chemical pharmaceuticals, biologics, chemical active pharmaceutical ingredients (APIs), TCM, and health care products. Basic information on the market niches in which the Company operates are as follows:

Chemical pharmaceuticals: In recent years, influenced by policies regarding medical insurance payment control, volume-based procurement and consistency evaluation, chemical pharmaceuticals have recorded a slower growth in revenues and profit. The market of chemical pharmaceuticals is relatively competitive as there are many domestic manufacturers. However, innovative drugs and high-barrier formulations will become an industry trend and an important source of profits thanks to low competitive pressure and continuous support from national policies. The Company's chemical pharmaceuticals cover many therapeutic fields with competitive strengths in product varieties, sales channels, end user groups and brand awareness. In the future, the Company will speed up research and development, introduce new technologies, and accelerate the product structure optimization and strategic planning to cope with the increasingly fierce market competition.

Biologics: Biologics include monoclonal antibodies, vaccines, recombinant therapeutic proteins and other biological therapies. Compared with chemical drugs, the development of biopharmaceuticals began relatively late on a global scale, with large-scale industrialization only taking off in the past four decades. However, due to the safety, efficacy, and other clinical needs met by biologics that chemical pharmaceuticals could not satisfy, the biologics industry has grown rapidly in recent years, especially in emerging markets such as China, where the biologics industry is growing at a much faster rate than the general pharmaceutical industry. China's biologics market is still in a period of unstable segment structure, continued increase in unmet clinical needs, more frequent technology iteration, and rapid growth of emerging segments such as monoclonal antibodies. LivzonBio is the primary biopharmaceutical R&D platform of the Company and principally engages in the R&D of innovative biopharmaceuticals such as antibody drugs, recombinant protein drugs and recombinant protein vaccines, with products covering a wide range of fields such as autoimmune diseases and

vaccines.

Chemical APIs: At present, the Company has the following chemical APIs: cephalosporin series, statin series, and carbapenem series among others. Restricted by heavy investment, long construction period, high technical threshold and strict environmental protection requirements, the bulk API market in China is relatively concentrated. However, overcapacity causes fierce competition. To align with the evolving competitive landscape, the Company continues to deepen its transformation and upgrading efforts, progressively advancing from bulk APIs to high-end, specialty APIs, from non-regulated markets to regulated markets, and from a domestic-oriented focus to a global market presence. Since October 2020, the Company has focused on building a research and development platform in synthetic biology with AI integrated to promote green, low-carbon transformation of the industry, to give more added value to pharmaceutical intermediates and APIs, and to accelerate integration into the global industrial chain and value chain.

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: As China's healthcare industry develops gradually, in vitro diagnostic reagents industry is seeing a bigger market but remains in primary stage compared with developed countries such as European countries and America. With more product varieties and more advanced technologies, in vitro diagnostic reagents are used in more scenarios, from traditional hospital laboratories to third-party medical diagnostic institutions, physical examination centers, families, and other primary healthcare institutions. More application scenarios make the demand for different kinds of in vitro diagnostic reagents fully released, promoting rapid development of the industry. 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 hold big market shares in China.

Health care products: Driven by increasing public awareness of wellness, aging, consumption upgrading and promotion of direct sales, health care industry has developed rapidly in recent years. However, due to low technical threshold and high gross profit, the domestic market is highly competitive with serious product homogeneity issues and low market concentration. The Company's well-known health care foods brands such as "Taita" (太太),"Jingxin" (静心) and "Eagle's" (鹰牌) deeply rooted in people's minds and have high market awareness. Faced with intense market competition; while staying committed to traditional pharmaceutical chain channels, the Company also actively expands online channels through strategic cooperation with new social e-commerce sales platforms to drive 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, hysteromyoma, breast cancer, etc.	Yes	No	2010.12.23-2030.12.23	No	No	Yes
Chemical pharmaceuticals	Gastroenterology	Ilaprazole Enteric-Coated Tablets	Chemical drugs Class 1.1	Duodenal ulcer and reflux esophagitis	Yes	No	2006.03.24-2026.03.24	No	No	Yes
Chemical pharmaceuticals	Gastroenterology	Ilaprazole Sodium for Injection	Chemical drugs Class 2	Peptic ulcer bleeding, and prevention of stress ulcer bleeding in severe patients	Yes	No	2018.08.10-2038.08.10	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; the auxiliary treatment of patients with lung or gastric cancer who suffer from the above indications.	Yes	No	2005.04.13-2025.04.13	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
Ilaprazole Enteric-Coated Tablets	Not included	Included
Ilaprazole Sodium for Injection	Not included	Included
Shenqi Fuzheng 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	RMB903.86	256.92	Ten thousand boxes
Ilaprazole Enteric-Coated Tablets (6 tablets)	RMB70.51-78.34	1,304.41	Ten thousand boxes
Ilaprazole Enteric-Coated Tablets (10 tablets)	RMB156.30	108.99	Ten thousand boxes
Ilaprazole Sodium for Injection	RMB63.00	1,473.67	Ten thousand boxes
Shenqi Fuzheng Injection	RMB90.63-113.20	568.77	Ten thousand bottles

Explanations

√Applicable □N/A

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

② The information disclosed is the bid-winning price of the issuer province and newly implemented winning prices during the Reporting Period.

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	281,223.72	79,006.48	71.91	1.64	-6.79	2.54	-
Gastroenterology	256,652.87	20,924.41	91.85	-11.60	-37.18	3.32	77.37%
Respiratory	109,714.02	27,808.50	74.65	-36.98	-19.24	-5.57	81.49%
Psychiatry	60,607.03	3,332.14	94.50	0.63	-0.37	0.06	76.98%
Anti-infection	41,778.86	17,761.03	57.49	-18.15	-8.90	-4.32	49.90%

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 2023 Annual Report.

③ The gross profit margin data of products in the field of the respiratory comes from that of “respiratory system category” in 2023 Annual Report of Tianjin Tianyao Pharmaceuticals Co., Ltd.

④ The gross profit margin data of products in the psychiatric field comes from that of “psychiatric category” in Nhwa Pharmaceutical's 2023 Annual Report.

⑤ The gross profit margin data of products in the field of the anti-infection comes from that of “anti-infection category” in 2023 Annual Report of Tianjin Tianyao Pharmaceuticals Co., Ltd.

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

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

√Applicable □N/A

During the Reporting Period, the total R&D investment of the Company was up to RMB1,532 million, accounting for 9.81% of its total revenues. The Company adheres to an innovation-driven development strategy, advancing the development and commercialization of innovative technologies and products 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 steadily expanding and strengthening its presence in additional fields such as pain management, cardiovascular and cerebrovascular diseases, and metabolic disorders, among which the progress of main products is as follows:

1) Respiratory diseases

Project Name	Registration Classification	Indications	R&D Stages				
			Preclinical	Phase I	Phase II	BE Phase III / BE	NDA Submitted
Pixavir Marboxil Capsules	Chemical Drugs Class 1	Influenza A & B					
TSLP TSLP mAb	Therapeutic biological products Class 1	Asthma, COPD					
IL-4R IL-4R mAb	Therapeutic biological products Class 1	Asthma, COPD					
MABA MABA Inhalation Solution	Chemical Drugs Class 1	COPD					
GSNOR GSNOR Inhibitor	Chemical Drugs Class 1	Asthma					
PREP PREP Inhibitor	Chemical Drugs Class 1	COPD					
ICS Next-generation ICS	Chemical Drugs Class 1	Asthma, COPD					
PDE4 PDE4 Inhibitor	Chemical Drugs Class 1	Asthma, COPD					
β-lactamase Inhibitor	Chemical Drugs Class 1	HAP/VAP					
Pixavir Marboxil Dry Suspension	Chemical Drugs Class 1	Influenza A & B					

2) Other disease areas

Therapeutic Area	Project Name	Registration Classification	Indication	R&D Stages
				Preclinical / Phase I / Phase II / Phase III / BE / NDA/ANDA/BLA Submitted
Gastroen-terology	JP-1366 Tablets	IND has been declared as Chemical Drugs Class 1	Reflux esophagitis	
	JP-1366 for Injection	Chemical Drugs Class 2	Peptic ulcer hemorrhage	
Pain Management	Meloxicam Nanocrystal Injection	Chemical Drugs Class 3	Pain relief/ Analgesia	
	Nav 1.8 Inhibitor	Chemical Drugs Class 1	Acute pain	
Psychiatry and Neurology	Aripiprazole Microspheres for Injection	Chemical Drugs Class 2	Schizophrenia	
	Aripiprazole for Injection (Microcrystalline)	Chemical Drugs Class 4	Schizophrenia	
	Paliperidone palmitate Injection (Microcrystalline)	Chemical Drugs Class 4	Schizophrenia	
	NS-041 Tablets	Chemical Drugs Class 1	Epilepsy	
			Depression	
Reproduction	Recombinant Human Follitropin Alfa Solution for Injection	Therapeutic biological products Class 3	Ovulation induction	
	Triptorelin Acetate Microspheres for Injection (1M)	Chemical Drugs Class 2	Central precocious puberty	
	Fadanafil Tablets	Chemical Drugs Class 1	Benign prostatic hyperplasia (BPH-LUTS)	
	Alarelin Acetate Microspheres for Injection	Chemical Drugs Class 2	Endometriosis	
Anti-infection	SG1001Tablets	Chemical Drugs Class 1	Invasive fungal infections	
Cardiovascular	H001 Capsules	Chemical Drugs Class 1	Prevention of VTE after major orthopedic surgery	
Metabolism	Semaglutide Injection	Therapeutic biological products Class 3	Type 2 diabetes	
			Weight management	
Autoimmune	Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody injection	Therapeutic biological products Class 1	Psoriasis	
			Ankylosing spondylitis	
Oncology	Leuprorelin Acetate Microspheres for Injection (3M)	Chemical Drugs Class 4	Prostate cancer, breast cancer	
	Alarelin Acetate Microspheres for Injection	Chemical Drugs Class 2	Prostate cancer, breast cancer	

(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	Used for patients aged 12 years and above with simple acute influenza A and B infection but without complications	Yes	No	Filed application for launching
JKN2304	JKN2304 （MABA）	Chemical drugs Class 1	Intended for the relief (rescue) and maintenance treatment of bronchospasm caused by COPD, including chronic bronchitis and emphysema.	Yes	No	Phase II Clinical Trials
JKN2401	JKN2401（TSLP mAb）	Therapeutic biological products Class 1	1. Moderate and severe COPD; 2.Asthma	Yes	No	Phase II Clinical Trials
JKN2402	JKN2402（IL-4R mAb）	Therapeutic biological products Class 1	For the treatment of asthma, COPD, and other respiratory diseases	Yes	No	Phase II Clinical Trials
LZM012	Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection	Therapeutic biological products Class 1	1. Psoriasis; 2. Ankylosing spondylitis	Yes	No	Phase III Clinical Trials (Both indications)
Semaglutide Injection	Semaglutide Injection	Therapeutic biological products Class 3.3	1. Type 2 diabetes. 2. Chronic weight management in adults with BMI ≥30 kg/m² (obese) or ≥27 kg/m² (overweight) with at least one weight-related comorbidity (e.g., hypertension, dyslipidemia, fatty liver, OSA).	Yes	No	1. Filed application for launching 2. Phase III Clinical Trials
Triptorelin Acetate Microspheres for Injection	Triptorelin Acetate Microspheres for Injection	Chemical drugs Class2	Central precocious puberty	Yes	No	Phase III Clinical Trials
NS-041 Tablets	NS-041 Tablets	Chemical drugs Class 1	1. Epilepsy; 2. Depression	Yes	No	1. Phase I Clinical Trials 2.Preclinical
Recombinant Human Follitropin Alfa Solution for Injection	Recombinant Human Follitropin Alfa Solution for Injection	Therapeutic biological products Class 3	(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	Yes	No	Filed application for launching

			to stimulate the development of multiple follicles. (3) Patients with severe luteinizing hormone (LH) and follicle-stimulating hormone (FSH) deficiency, defined as endogenous serum LH levels <1.2 IU/L. In such cases, combined use of LH and FSH is recommended to stimulate follicular development.			

(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 Capsules	Chemical drugs Class 1	Application for market launch	Used for patients aged 12 years and above with simple acute influenza A and B infection but without complications
Meloxicam Nanocrystal Injection	Chemical drugs Class 3	Application for market launch	For the treatment of moderate to severe pain in adults. Can be used alone or in combination with analgesics other than NSAIDs.
Polymyxin B Sulfate for Injection	Chemical drugs Class 3	Application for market launch	For the treatment of urinary tract infections, meningitis, and bloodstream infections caused by Pseudomonas aeruginosa, as well as localized eye and conjunctival infections caused by the same pathogen.
Semaglutide Injection	Therapeutic biological products Class 3.3	Application for market launch	Indicated for blood glucose control in adults with type 2 diabetes, who have inadequate glycemic control on diet and exercise plus metformin and/or sulfonylureas. Also used to reduce the risk of major cardiovascular events (cardiovascular death, nonfatal myocardial infarction, or nonfatal stroke) in adults with type 2 diabetes and established cardiovascular disease.
Teicoplanin for Injection	Chemical drugs Class 4	Application for market launch	For the treatment of serious infections caused by Gram-positive bacteria.
JKN2306 Tablets (Nav1.8 Inhibitor)	Chemical drugs Class 1	IND Submitted	For the treatment of acute pain.
JKN2403 Tablets (PREP Inhibitor)	Chemical drugs Class 1	IND Submitted	For the treatment of moderate to severe chronic obstructive pulmonary disease (COPD).
JKN2303 Inhalation Solution（Pulsatilla chinensisB4）	Traditional Chinese Medicine Class 1.2	IND Submitted	COPD

JP-1366 for Injection	Chemical Drugs Class 2.2 & 2.4	Application for Clinical trials	For the treatment of bleeding caused by peptic ulcers.

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

Name of drug	Registration Category	Indications
JKN2403 Tablets (PREP Inhibitor)	Chemical drugs Class 1	For the treatment of moderate to severe chronic obstructive pulmonary disease (COPD).
JP-1366 Tablets	IND has been declared as Chemical drugs Class 1	Treatment of reflux esophagitis.
Semaglutide Injection	Therapeutic biological product (Class 3.3)	Weight management

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

Name of drug	Registration classification	Indications
Salmeterol Xinafoate-Fluticasone Propionate Powder for Inhalation	Chemical drugs Class 4	Indicated as a combination therapy (bronchodilator and inhaled corticosteroid) for the regular treatment of reversible obstructive airway diseases, including asthma in both adults and children
Fluticasone Propionate Inhalation Suspension	Chemical drugs Class 4	For the treatment of mild to moderate acute asthma exacerbations in children and adolescents aged 4 to 16 years.
Voriconazole for Oral Suspension	Chemical drugs Class 4	This product is a broad-spectrum triazole antifungal agent, indicated for the treatment of the following fungal infections in adults and pediatric patients aged 2 years and above: 1.Invasive aspergillosis; 2.Candidemia in non-neutropenic patients; 3.Severe invasive infections caused by fluconazole-resistant Candida species, including Candida krusei; 4.Severe infections caused by Scedosporium and Fusarium species. This product is primarily intended for the treatment of progressive, potentially life-threatening fungal infections. It is also indicated for the prophylaxis of invasive fungal infections in high-risk patients undergoing allogeneic hematopoietic stem cell transplantation (HSCT).
Triptorelin Acetate Microspheres for Injection	Chemical drugs Class 2.4	Endometriosis
Cetrorelix Acetate for Injection (USA)	ANDA	To prevent premature ovulation in patients undergoing controlled ovarian stimulation
Lurasidone Hydrochloride Tablets	Chemical drugs Class 4	Schizophrenia
Rabeprazole Sodium Enteric-coated Tablets	Chemical drugs Class 4	Indicated for the treatment of the following conditions: 1.Active duodenal ulcer 2.Benign active gastric ulcer 3.Symptomatic erosive or ulcerative gastroesophageal reflux disease (GORD)

		4. Eradication of Helicobacter pylori in patients with duodenal ulcer, when used in combination with appropriate antibiotics Maintenance therapy for erosive or ulcerative GORD The efficacy of treatment durations exceeding 12 months has not been evaluated.
Tedizolid Phosphate for Injection	Chemical drugs Class 4	Indicated for the treatment of acute bacterial skin and skin structure infections
Magnesium Sulfate，Sodium Sulfate and Potassium Sulfate Concentrate Oral Solution	Chemical drugs Class 4	This product is indicated for use in adults for bowel cleansing prior to any procedure that requires a clean bowel, such as procedures involving bowel visualization, including endoscopy, radiologic examination, or surgical intervention.
Leuprorelin Acetate Microspheres for Injection(Consistency Evaluation)	Chemical drugs	(1) Endometriosis (2) Uterine fibroids accompanied by symptoms such as menorrhagia, lower abdominal pain, back pain, and anemia, to reduce fibroid size and/or relieve symptoms (3) Estrogen receptor-positive premenopausal breast cancer (4) Prostate cancer (5) Central precocious puberty
Perospirone Hydrochloride Tablets (8mg) (Consistency Evaluation)	Chemical drugs	Schizophrenia
Bismuth Potassium Citrate Granules (Consistency Evaluation)	Chemical drugs	Prescription use: For the treatment of gastric and duodenal ulcers, chronic superficial gastritis, and in cases of Helicobacter pylori infection. Over-the-counter (OTC) use: For the treatment of chronic gastritis and to relieve symptoms caused by excess stomach acid, such as stomach pain, heartburn, and acid reflux.

(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 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 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 forming the project through the technical and economic feasibility studies.

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

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

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 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.

③The purchase price of the purchased external technology or formula is recognized as development expenditures, and subsequent research and development expenditures are accounted for in accordance with ① and ② above.

④The 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.

⑤Where 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	593,700.00	14.34	13.00	26.80
Kelun Pharma	195,259.58	9.10	8.48	0.46
CR Double-Crane	82,259.15	8.05	6.98	31.75
Humanwell Healthcare (Group)	154,131.26	6.28	9.04	8.91
North China Pharmaceutical	117,254.58	11.59	22.06	74.65
Average R&D expenditures in the same industry		228,520.91		
Proportion of R&D expenditures to revenues during the Reporting Period (%)		9.81		
Proportion of R&D expenditures to net assets during the Reporting Period (%)		6.55		
Ratio of capitalized R&D expenditures during the Reporting Period (%)		9.59		

Notes: 1. The data regarding comparable companies listed above are from each company's 2023 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	11,295.65	1,474.23	9,821.42	0.72	66.51
JKN2304（MABA）	4,871.73	4,871.73	-	0.31	217.91
JKN2401（TSLP mAb）	4,456.31	4,456.31	-	0.29	-
JKN2402（IL-4R mAb）	3,033.11	3,033.11	-	0.19	-
LZM012（IL-17 A/F）	6,339.73	6,339.73	-	0.41	-12.42
Semaglutide Injection	4,828.86	3,096.85	1,732.01	0.31	-43.03

Triptorelin Acetate Microspheres for Injection	3,929.29	3,929.29	-	0.25	145.73
NS-041 Tablets	3,927.92	3,927.92	-	0.25	-
Recombinant Human Follitropin Alfa Solution for Injection	3,874.76	3,874.76	-	0.25	35.80

Notes: The main reason for the quite significant YoY change in our R&D expenditure is that our R&D projects were in different R&D stages during the Reporting Period, and certain projects mentioned above were acquired by the company during the current 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	303,854.26	77.46
Employee compensation	65,017.53	16.57
Entertainment and travel expenses	9,135.61	2.33
Business meeting expenses	7,138.22	1.82
Others	7,151.17	1.82
Total	392,296.80	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	971,223.74	23.46
Kelun Pharma	444,971.84	20.74
CR Double-Crane	268,458.44	26.26
Humanwell Healthcare (Group)	439,779.88	17.93
North China Pharmaceutica	165,521.31	16.36
Total selling expenses of the Company during the Reporting Period		392,296.80
Proportion of selling expenses to revenues during the Reporting Period (%)		25.12

Note: The data regarding comparable companies listed above are from each company's 2023 annual report.

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

√Applicable □N/A

During the Reporting Period, affected by the inclusion of certain products in the volume-based procurement list and the company's ongoing refined management by the marketing team to reduce costs and improve efficiency, the Company's selling expenses were RMB 3,922.9680 million, accounting for 25.12 % of revenues, representing a year-on-year decrease of 11.53 %.

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 our development plans as follow:

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	New establishment	109.53	100.00%	Yes	N/A	Own funds	N/A	Long term	Capital contribution completed	-	-0.08	No	-	-
JOINCARE PHARMA PHILIPPINES INC.	Trading	No	New establishment	147.07	100.00%	Yes	N/A	Own funds	N/A	Long term	PHP 7,701,852.72 contributed (RMB984,960)	-	-14.93	No	-	-
Joincare Pharma Netherlands B.V.	Trading	No	New establishment	1.57	100.00%	Yes	N/A	Own funds	N/A	Long term	Capital contribution completed	-	-41.01	No	-	-
Jiaozuo Joincare	Manufacturing	No	Capital injection	6,000.00	100.00%	Yes	N/A	Own funds	N/A	Long term	Capital contribution completed	-	28,124.94	No	-	-
Livzon Bio	Manufacturing	No	Capital injection	100,000	54.52%	Yes	N/A	Own funds	Livzon Group,YF Pharmab Limited、Hainan Lishengjuyuan Investment Partnership (Limited Partnership)	Long term	Livzon Group contributed RMB 677.94 million	-	-29,092.15	No	Please see Note 1 for details	Please see Note 1 for details
LIAN International Holding LTD.	Investments	Yes	New establishment	35.11	45.96%	Yes	N/A	Own funds	N/A	Long term	Capital contribution completed	-	-0.15	No	-	-
LIAN SGP HOLDING PTE. LTD.	Investments	Yes	New establishment	22,822.72	45.96%	Yes	N/A	Own funds	N/A	Long term	USD 17 million contributed (RMB 119,375,712)	-	0.07	No	-	-
PT Livzon Pharma Indonesia	Manufacturing	No	New establishment	48,272.72	36.77%	Yes	N/A	Own funds	PT GLOBAL CHEMINDO MEGATRADING	Long term	IDR 261,216 million contributed (RMB 119,375,712)	-	-4.89	No	Please see Note 2 for details	Please see Note 2 for details
Total	/	/	/	177,388.72	/	/	/	/	/	/	/	-	-1,028.19	/	/	/

Note 1: For details, please refer to the Announcement on the Capital Increase of the Holding Sub-Subsidiary –LivzonBio (Lin 2023-128) disclosed by the Company on 18 November 2023;

Note 2: For details, please refer to the "Livzon Pharmaceutical Group Inc. Announcement on External Investment" disclosed on July 30, 2024 (Announcement No. 2024-045).

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	169,789,671.64	-5,244,566.75	-33,916,959.65	-	-	-	-	130,628,145.24
Funds	607,179,874.94	50,041.19	-49,870,930.59	-	-	44,294,464.96	-	513,064,520.58
Derivatives	3,136,735.29	-2,837,067.27	-	-	-	-	-	299,668.02
Others	458,076,280.73	-504,506.34	-5,652,310.01	-	1,390,000,000.00	1,370,000,000.00	-	471,919,464.38
Total	1,238,182,562.60	-8,536,099.17	-89,440,200.25	-	1,390,000,000.00	1,414,294,464.96	-	1,115,911,798.22

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	6,379,788.80	1,398,947.20	-	-	-	438,543.92	7,778,736.00	Financial assets held for trading
Fund	206001	Penghua Fund	150,000.00	Own funds	937,588.47	50,041.19	-	-	-	-	987,629.66	Financial assets held for trading
Share	000963	Huadong Medicine	39,851.86	Own funds	13,665,713.52	-2,261,138.32	-	-	-	306,539.16	11,404,575.20	Financial assets held for trading

Share	BEAM(US)	Beam Therapeutics, Inc.	31,117,151.47	Own funds	58,193,014.16	-4,382,375.63	-	-	-	-	53,810,638.53	Financial assets held for trading
Share	ELTX(US)	Elicio Therapeutics, Inc.	35,363,302.05	Own funds	7,820,060.93	-	-2,966,639.59	-	-	-	4,853,421.34	Other equity instruments investment
Share	CARM(US)	Carisma Therapeutics, Inc.	38,807,266.00	Own funds	14,907,045.58	-	-12,738,308.10	-	-	-	2,168,737.48	Other equity instruments investment
Share	LLAI （LME）	LungLife Ai, Inc.	58,837,745.24	Own funds	5,604,762.15	-	-4,565,044.21	-	-	-	1,039,717.94	Other equity instruments investment
Share	02480	Luzhu Biotech-B	30,000,000.00	Own funds	63,219,286.50	-	-13,646,967.75	-	-	-	49,572,318.75	Other equity instruments investment
Total	/	/	198,558,964.26	/	170,727,260.11	-5,194,525.56	-33,916,959.65	-	-	745,083.08	131,615,774.90	/

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 RMB 512 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	182,785.80	304.99	-1,179.68	0.00	147,245.67	147,904.20	-874.69	-0.04
Total	182,785.80	304.99	-1,179.68	0.00	147,245.67	147,904.20	-874.69	-0.04
Explanation as to whether there has been a material change in the accounting policy and accounting principles for the Company's derivatives during the Reporting Period as compared with the previous reporting period	No material change							
Explanation of actual gain or loss during the Reporting Period	The gain or loss realized during the Reporting Period was RMB 1.0057 million.							
Explanation of hedging effect	The company's foreign exchange derivative transactions are conducted around the actual foreign exchange receipts and payments of the company. Adhering to the principle of exchange rate neutrality and based on specific operational activities, the company aims to mitigate adverse effects caused by significant exchange rate fluctuations and avoid foreign exchange market risks.							
Source of funds for derivatives investment	Own funds							
Risk analysis of derivatives position held during the Reporting Period and explanation of control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	To effectively manage the uncertainty of exchange rate fluctuations on assets denominated in foreign currency of the Company, foreign exchange forward contracts and other financial derivatives are employed to lock relevant exchange rates for the purpose of hedging. The Company has formulated the *Management System for Financial Derivatives Trading* (《金融衍生品交易业务管理制度》) in relation to the operation and control of foreign exchange derivatives: 1. Market risk: the uncertainty of exchange rate fluctuations in the foreign exchange market has led to higher market risk in foreign exchange forward business. Control measures: The Company's foreign exchange forward business is entered into for hedging exchange rate risk associated with assets denominated in US dollar and lock the future exchange settlement price of such assets. It is designed to be used as a hedging instrument. Such foreign exchange derivatives shall not be used for speculative trading. The principle of prudence and conservation shall be observed so as to effectively prevent market risk. 2. Operational risk: operational risk arises from imperfect internal process, improper operation, system failure and other factors. Control measures: The Company has formulated the corresponding management measures, clearly defined the responsibilities of all parties, improved the review and approval process and established supervisory mechanism, so as to effectively reduce operational risk. 3. Legal risk: The Company's foreign exchange forward business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: In addition to strengthening the knowledge of laws and regulations and market rules in the Company's responsible department, the Company's legal department shall also strictly review various business contracts, agreements and other documents, specify the rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's investment and operation in derivatives have met the requirements of applicable laws and regulations as well as the Company's internal systems.							

	In order to manage the uncertainty risk caused by price fluctuations of bulk commodities on the purchase cost of raw materials of the Company, financial derivatives such as commodity futures contracts are employed to hedge raw materials. The Company has formulated the *Internal Control System for Commodity Futures Hedging Business* (《商品期货套期保值业务内部控制制度》) to standardize the management and risk control of commodity futures derivatives: 1. Market risk: the uncertainty of price changes of bulk commodities has led to greater market risk in futures business. Control measures: The Company's futures hedging business shall not carry out speculative trading, the operation principle of prudence and conservation shall be observed, the number of hedging transactions shall be strictly limited, such that it does not exceed the actual number of spot transactions, and the futures position shall not exceed the spot volume for hedging purpose. 2. Operational risk: operational risk arises from imperfect internal process, improper operation, system failure and other factors. Control measures: The Company has formulated the corresponding management system, clearly defined the division of responsibilities and approval process, and established an improved supervisory mechanism, so as to effectively reduce operational risk through risk control of business process, decision-making process and transaction process. 3. Legal risk: The Company's commodity futures hedging business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: In addition to strengthening the knowledge of laws and regulations and market rules in the Company's responsible department, the Company's legal department shall also strictly review various business contracts, agreements and other documents, specify the rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's investment and operation in derivatives have met the requirements of applicable laws and regulations as well as the Company's internal systems.
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 RMB-12.3831 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)	3 April 2024
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	48,566.35	40,366.15	28,463.67	8,994.92	8,102.45
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	193,328.59	135,093.52	86,493.04	27,163.06	27,243.49
Xinxiang Haibin	Industry	Manufacturing and sale of pharmaceutical intermediates and APIs (excluding proprietary Chinese medicine or TCM decoction pieces) (excluding hazardous chemicals)	17,000	52,789.58	39,874.89	52,694.48	7,051.33	6,473.51
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	155,511.92	113,330.65	60,187.02	24,314.45	20,958.67
Health Pharmaceutical	Industry	Production and sale of self-produced dietary supplements, TCM decoction pieces, and drug products	HKD7,317	15,851.28	12,225.80	11,996.44	2,798.93	2,100.20
Shanghai Frontier	Industry	R&D of new pharmaceutical products, dietary supplements, medical devices, diagnostic reagents, and pharmaceutical intermediates, and provision of relevant technical consulting, technical services and technology transfer	5,000	24,973.50	16,927.95	12,576.94	6,389.98	5,678.67
Jiaozuo Joincare	Industry	R&D, production and sale of pharmaceuticals, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products	76,000	211,544.61	156,400.00	151,197.61	32,900.22	28,124.94
Topsino	Commerce	Investment and trading	HKD89,693	235,821.44	182,466.72	0.00	24,747.01	24,072.95

Livzon Group	Industry	Drug R&D, production, manufacturing and sale	92,632	2,445,582.57	1,490,574.66	1,181,233.89	284,440.03	230,448.50

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

2. For business conditions of Livzon Group, please refer to the 2024 Annual Report of Livzon Pharmaceutical Group Inc.

(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, patient-centered, 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

Against the backdrop of a rapidly evolving global economy and intense market competition, 2025 marks a pivotal year in Joincare’s development journey. Staying true to its innovation-driven strategy, Joincare actively embraces change and explores new pathways for growth. With AI technologies as a key engine, the Company is advancing full-chain intelligent upgrades, laying a

solid foundation for high-quality, sustainable development. The main focus of work for each business segment of the Company is as follows:

1. R&D Center

Research and development is the source of vitality for the Company and the core driving force behind its sustainable growth. Joincare continues to deepen its focus on innovative drug development, concentrating on its core therapeutic strengths—respiratory diseases, anti-infectives, gastroenterology, assisted reproduction, and Psychiatry. The Company is committed to consolidating and expanding its industry leadership by building a differentiated product pipeline. First, Joincare concentrates its efforts and resources on key products with strong competitive advantages and market potential; Priority is given to advancing core projects such as Pixavir Marboxil, JKN2401 (anti-TSLP monoclonal antibody), JKN2403 (PREP inhibitor), recombinant anti-human IL-17A/F humanized monoclonal antibody injection, and JP-1366 tablets.

Second, AI is deeply integrated into the R&D process, with extensive application across key stages such as target identification and validation, compound design, and clinical trial optimization. The Company actively explores and applies two core approaches: CADD (Computer-Aided Drug Design) and AIDD (AI-Driven Drug Discovery).

Third, the Company advances innovative R&D through a dual-track approach of in-house development and business development (BD), strengthening its innovative drug pipeline while further accelerating overseas drug registration and international market expansion.

2. Production Center

The Company remains committed to advancing intelligent manufacturing, systematically promoting the standardization of production processes and upgrading equipment to achieve automation, precision, and full traceability throughout the production cycle—ensuring consistent and reliable product quality. It adheres strictly to safety production protocols, implementing clear accountability systems, strengthening employee training, and raising safety awareness. At the same time, the Company maintains a strong focus on product quality by improving its quality management system and ensuring rigorous standards at every stage. With a focus on cost reduction and efficiency improvement, the Company optimizes production processes, enhances equipment utilization, and utilizes AI tools to collect and analyze operational data — significantly improving overall manufacturing performance. The Company also upholds a philosophy of green and sustainable development. It continuously raises environmental standards, strengthens monitoring of environmental indicators, and implements concrete energy-saving and emission-reduction measures across operations. In addition, the Company actively promotes international certification of its products to ensure that all exports fully comply with global standards such as ICH and PIC/S—laying a solid foundation for expanding into international markets.

3. Sales Center

The Company outlines key initiatives in prescription drug marketing are outlined as follows: First, the Company continues to deepen its sales network and optimize team structure, with a focus on expanding into secondary and tertiary hospitals and strengthening strategic cooperation with key hospitals and major pharmaceutical distributors. By leveraging AI-BI systems to analyze sales data, the Company builds dynamic forecasting models that support the sales team in adjusting strategies in a timely manner and optimizing team configuration. Second, the Company is committed to enhancing compliance management by conducting regular training and culture-building initiatives, upgrading risk alert and response mechanisms, and reinforcing sales accountability and evaluation systems. These measures aim to strengthen sales risk control and ensure steady, compliant business growth. Third, AI-driven digital marketing is being actively explored to enable precision marketing

and build stronger connections between physicians and patients, fostering collaborative care communities. Fourth, the Company continues to promote evidence-based marketing by strengthening post-marketing and real-world studies for key products. These efforts aim to improve long-term competitiveness in crowded markets and reinforce full lifecycle management of its pharmaceutical products.

In the marketing and promotion of APIs and intermediates, the Company adheres to the principle of giving equal importance to both international and domestic markets. In the international market, the Company continues to deepen cooperation with global strategic clients, cultivating specialized market segments while actively expanding its customer base and maintaining strong partnerships. By fully leveraging its brand advantages, the Company seeks to build long-term, stable, and mutually beneficial cooperation models with strategic partners. At the same time, close collaboration with world-class international enterprises helps to further strengthen the Company's brand reputation in global markets. The Company also closely monitors exchange rate fluctuations and global market dynamics, adjusting sales strategies in a timely and flexible manner. In the domestic market, the Company remains attuned to industry trends and actively captures opportunities arising from national volume-based procurement and other market-driven reforms. It seeks to explore new breakthroughs by expanding its customer base and entering new market segments, thereby improving market coverage. Efforts are also made to optimize both cost and product quality to ensure steady and sustainable growth.

n the marketing of health care and OTC products, the Company centers its strategy around brand building and user engagement. A integrated framework has been established to support digital marketing execution and to strengthen online–offline synergy for sales growth.

Offline, the Company continues to promote organizational restructuring and reform to support channel expansion. Meanwhile, it actively develops online channels and advances digital marketing efforts, including participation in major promotional campaigns to stimulate sales.

In content marketing, the Company has expanded collaborations with KOLs (Key Opinion Leaders) to broaden audience reach beyond niche groups. It continues to optimize closed-loop engagement across multiple digital channels and has introduced both self-broadcasting and influencer livestreaming to enhance marketing efficiency.

In brand marketing and development, the Company works closely with offline retail chains to build a strong in-store activation system. Innovative marketing tools are used to stimulate product movement at the terminal level, while the brand's professional positioning is further enhanced through collaborations with official channels. Co-branded campaigns are also launched during key marketing seasons to increase brand visibility and drive sales. In user operations, the Company focuses on improving overall user experience and building a structured service system that delivers both professionalism and empathy. Under the new growth model, the Company is also optimizing core business processes, supporting organizational realignment, and investing in talent development to enhance business agility and execution.

4. Functions and strategies

The company's key initiatives across functional areas are as follows:

①Continuously strengthening and improving the corporate governance system, with a focus on building robust frameworks for internal control, risk management, and compliance. Efforts are being made to fully implement lean management practices to reduce costs and enhance efficiency.

②Enhancing talent development and institutional systems, with the implementation of a dual OKR and KPI-based performance management system. Targets are dynamically tracked and adjusted on

a quarterly basis, and all departments are aligned to support R&D, manufacturing, and sales functions.

③Focusing on value creation by enhancing capital operation capabilities, improving market value management systems, and increasing investor returns. These efforts aim to strengthen the company's image in the capital market.

④Promoting corporate culture, optimizing the work environment and infrastructure, and reinforcing internal communication to boost cohesion and team alignment.

⑤Actively fulfilling corporate social responsibilities by improving the ESG management system, enhancing overall competitiveness, and striving to create long-term value for shareholders and society, thereby achieving the goal of 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. It will actively strengthen new product R&D and innovation and constantly improve its core competitive strengths. Meanwhile, the Company actively engages in the access to the national reimbursement drug list and negotiation, and continue to increase the coverage of hospitals and sales, to realize the objective of "price for quantity", so as to reduce the impact of price adjustment on the Company's steady growth. Moreover, the volume-based drug procurement is becoming a regular practice. In response to the potential impact of national volume-based procurement on the Company's performance, Joincare remains committed to strengthening innovation by continuously developing high-value-added innovative drugs that address urgent clinical needs. The Company will further explore and cultivate existing products with strong market potential and technological barriers, while actively advancing post-marketing re-evaluation and consistency evaluation of key products. By continuously optimizing its product portfolio and proactively exploring international markets, the Company strives to enhance its core competitiveness and ensure stable and sustainable business growth.

2. Market risk

With advancement of supply-side structural reform in the pharmaceutical manufacturing industry and two invoice policy in circulation domain, pharmaceutical market structure is deeply changed. With the gradual standardization and centralization of the market, competition in the pharmaceutical

industry becomes increasingly fierce. Affected by increasingly stricter drug regulation, policy-based drug price reduction, price cutting during bidding, medical insurance premium control, and minimum procurement commitment of the pharmaceutical industry in current stage, bid winning price of drugs will be further lowered, competition among enterprises in the industry will be intensified, and price war will occur frequently, thus the Company will be at the risk of drug price reduction.

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

3. Risk of safety and environmental protection

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

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

4. Risk in price and supply of raw materials

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

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

5. Risk of Quality Control

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

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

6. Risk of R&D for new drugs

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

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

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

(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

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 5 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 know and participate 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 performed management and 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 never 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 14 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 Board of the Company comprises a total of 9 directors, including 4 independent directors who are legal, financial and medical industries professionals and provide constructive advice for the effective, standard governance and decision-making on major policies of the Company. Besides,

five special committees are set up under the Board of the Company, namely the Audit Committee, the Remuneration Committee, the Strategy Committee, the Nomination Committee, and the Corporate Social Responsibility 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 the legality, scientificity, and correctness of decisions made by the Board.

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. Supervisors and the Supervisory Committee

During the Reporting Period, the Company held 12 meetings of the Supervisory Committee for review of the periodic reports, option exercise, adjustments to the projects of raised funds, and other matters of the Company. The Supervisory Committee of the Company is comprised of three supervisors, including one employee's representative. During the Reporting Period, the Supervisory Committee of the Company performed its duties in accordance with the law, supervised the duty performance of directors and senior management of the Company, carried out regular inspections on the financial position of the Company, and focused on significant investments of the Company, fully protecting the interests of the Company and all shareholders.

5. 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 2024. Based on the result of performance assessment, the performance bonus and remuneration of senior management in 2024 were determined and submitted to the Board of the Company for review and resolution.

6. 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 satisfied to the maximum extent the information needs of investors for the sustainable and healthy development of the Company.

7. 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.

8. 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.

9. 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. General Meetings

Meeting session	Date of meeting	Query index of the designated website for publishing the resolution	Disclosure date	Meeting resolution
2024 First Extraordinary General Meeting	2024-01-18	www.sse.com.cn	2024-01-19	The Resolution on Change of Certain Projects Invested with Proceeds was considered and approved. See the Announcement on Resolutions of 2024 First Extraordinary General Meeting (Lin 2024-008) for details.
2024 Second Extraordinary General Meeting	2024-04-24	www.sse.com.cn	2024-04-25	The proposal on the Election of Ms. Li Nan as a supervisor of the Company and the proposal regarding the delay of certain investment projects funded by Fundraising were considered and approved. See the Announcement on Resolutions of 2024 Second Extraordinary General Meeting (Lin 2024-033) for details.
2023 Annual General Meeting	2024-06-07	www.sse.com.cn	2024-06-08	Nine (9) resolutions were considered and approved, including the 2023 Annual Work Report of the Supervisory Committee, 2023 Annual Work Report of the Board of Directors and 2023 Annual Financial Final Accounts Report, etc. See the Announcement on Resolutions of 2023 Annual General Meeting (Lin 2024-054) for details.
2024 Third Extraordinary General Meeting	2024-08-27	www.sse.com.cn	2024-08-28	The proposal on the Re-election of the Members of the Board of Directors and the Election of Non-independent Directors for the Ninth Session of the Board of Directors of the Company, the proposal on the Re-election of the Members of the Board of Directors and the Election of Independent Directors for the Ninth Session of the Board of Directors of the Company and the proposal on the re-election of the members of the supervisory committee and the election of supervisors for the ninth session of the supervisory committee of the company were considered and approved. See the Announcement on Resolutions of 2024 Third Extraordinary General Meeting (Lin 2024-078) for details.

2024 Fourth Extraordinary General Meeting	2024-09-23	www.sse.com.cn	2024-09-24	The Resolution on Plan for the Repurchase of Shares of the Company by Means of Centralized Bidding Transactions, Resolution on the Authorization to be Granted by the General Meeting to Handle Matters Related to the Repurchase of Shares and Resolution on the Transfer of Land Use Rights and the Respective Ground Building by Its Wholly-owned Subsidiary, Involving the Transfer of Fundraising Investment Project were considered and approved. See the Announcement on Resolutions of 2024 Fourth Extraordinary General Meeting (Lin 2024-094) for details.
2024 Fifth Extraordinary General Meeting	2024-11-25	www.sse.com.cn	2024-11-26	Resolution on Livzon Group Providing a Three-Year Continuous Financing Guarantee for Its Holding Subsidiary LivzonBio and the Company Providing a Counter-Guarantee, Resolution on the Change of the Company's Registered Capital and Resolution on Amending Certain Provisions of the Articles of Association were considered and approved. See the Announcement on Resolutions of 2024 Fifth Extraordinary General Meeting (Lin 2024-121) for details.

Holders of preferred shares with resumed voting rights requesting to hold extraordinary general meeting

□ Applicable √ N/A

Explanations of General Meetings

□ Applicable √ N/A

IV. Information on directors, supervisors and senior management

(I) Changes in shareholding and remuneration of current directors, supervisors, 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 (RMB Ten thousand)	Receive any remuneration from any related party of the Company or not
Zhu Baoguo	Chairman	Male	63	2024-08-27	2027-08-27					335.09	No
Liu Guangxia	Vice Chairman	Female	56	2024-08-27	2027-08-27					457.63	No
Lin Nanqi	Director, President	Male	43	2024-08-27	2027-08-27	1,291,040	1,291,040	0		361.43	Yes
Qiu Qingfeng	Director, Vice President, Chief Financial Officer	Male	54	2024-08-27	2027-08-27	717,409	717,409	0		266.01	Yes

Xing Zhiwei	Director, Vice President,	Male	39	2024-08-27	2027-08-27					202.39	No
Yin Xiaoxing	Independent Director	Male	58	2024-08-27	2027-08-27					0.00	No
Huo Jing	Independent Director	Female	49	2024-08-27	2027-08-27					12.00	No
Qin Yezhi	Independent Director	Male	51	2024-08-27	2027-08-27					12.00	No
Peng Juan	Independent Director	Female	61	2024-08-27	2027-08-27					12.00	No
Yu Xiaoyun	Chairman of the Supervisory Committee	Male	57	2024-08-27	2027-08-27					70.85	No
Peng Jinhua	Supervisor	Female	63	2024-08-27	2027-08-27	38,043	38,043	0		4.80	No
Li Nan	Supervisor	Female	44	2024-08-27	2027-08-27	230,096	230,096	0		3.28	Yes
Zhang Leiming	Vice President	Male	42	2024-08-27	2027-08-27					276.01	No
Du Yanmei	Vice President	Female	37	2024-10-24	2027-08-27					400.83	No
Tang Tingke	Vice President	Male	39	2024-11-26	2027-08-27					153.29	No
Zhu Yifan	Board Secretary	Male	37	2024-09-27	2027-08-27					168.10	No
Yu Xiong（resigned）	Director, President	Male	64	2021-08-28	2024-08-27	980,000	980,000	0		391.77	No
Zhao Fengguang（resigned）	Vice President, Board Secretary	Male	50	2024-08-27	2024-12-30	768,000	768,000	0		196.01	No
Total	/	/	/	/	/	4,024,588	4,024,588	0	/	3,323.50	/

Notes: Mr. Zhu Baoguo serves as the chairman of Livzon Group, a controlled subsidiary of the Company; and Mr. Lin Nanqi, Mr. Qiu Qingfeng and Mr. Yu Xiong（resigned）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 2024 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 workshop manager, production director, and 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 chairman of Jiaozuo Joincare Pharmaceutical Industry 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, as well as an executive director of Shenzhen Taitai Pharmaceutical Co., Ltd.* (深圳太太药业有限公司). He is currently a director and president of the Company, being 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, and the Chairman of the Preclinical Pharmacology Professional Committee of New Drugs 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.
Huo Jing	Female, born in 1976, with a bachelor's degree. She is a member of All China Lawyers Association and Tencent Guangdong Real Estate Think Tank. She was a specially invited lawyer by chinacourt.org, 9ask.cn, 66law.cn, Southern Metropolis Daily, and Shenzhen Evening News. Since 2007, she has been the lawyer and partner of Guangdong Sun Law Firm. She was a member of Real Estate Specialized Committee of Shenzhen Lawyers Association, and served successively as permanent legal adviser to many companies, fully responsible for the review of corporate legal affairs, drafting and amendment of economic contracts, and issuance of legal opinions, with extensive litigation experience for various types of cases. She is currently an independent director of the Company. Ms. Huo Jing has extensive experience in corporate legal affairs, compliance management, and legal risk control.
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, 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), and Shanghai Sunmi Technology Group Co., Ltd. Ms. Peng Juan has extensive experience in digital finance, green finance, marketing audit, and corporate governance.

Yu Xiaoyun	Male, born in 1968, with a bachelor's degree, and an MBA degree from University of Greenwich. He is a senior engineer and high-level professional talent of Shenzhen. He worked for Henan Institute of Traditional Chinese Medicine. From December 1992 to date, he has served successively as technical manager of the Company, government affairs manager of Institute of Traditional Chinese Medicine, and vice president of the Institute. He is currently the adviser of the Institute and chairman of the Supervisory Committee of the Company, and also a managing director of China Healthcare Association. Mr. Yu Xiaoyun has extensive experience in the research and development of health care products and traditional Chinese medicine formulations.
Peng Jinhua	Female, born in 1962, with a college degree. She served as technical data processor at State-owned 272nd Plant of Ministry of Nuclear Industry and accountant of the staff hospital of the Plant, teacher of Hengyang Radio & TV University, and finance manager of Shenzhen New Era Industrial City Industrial Co., Ltd. She joined the Company in March 1994, and served successively as finance supervisor, manager of planning and finance department, manager of finance department, manager of tax department, administration manager, and general manager assistant. She is currently a supervisor of the Company. Ms. Peng Jinhua has extensive experience in financial management, tax management, and administrative management.
Li Nan	Female, born in 1980, holds a bachelor's degree in Economics. She served as an assistant to the President of Joincare Pharmaceutical Group Industry Co., Ltd. She currently serves as the executive deputy general manager of Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司), the controlling shareholder of the Company and a Supervisor of the Company. Ms. Li Nan has extensive experience in accounting, auditing, and corporate management.
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 Health Care 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 2, 2024, the Supervisory Committee of the Company received a resignation letter from Supervisor Mr. Xing Zhiwei, who applied to resign from his position due to a job transfer. On the same day, the Company convened the 30th meeting of the eighth Supervisory Committee, where the proposal to nominate Ms. Li Nan as a candidate for Supervisor was reviewed and approved, and subsequently submitted to the General Meeting of Shareholders for consideration. On April 24, 2024, the Company held its second extraordinary General Meeting of Shareholders for 2024, at which the above proposal was approved. Ms. Li Nan's term commenced upon approval by the General Meeting of Shareholders and will last until the expiration of the eighth Supervisory Committee's term.

2. On April 25, 2024, the Company convened the 39th meeting of the eighth Board of Directors, where the proposal to appoint Mr. Lin Nanqi as Executive Vice President was reviewed and approved. Mr. Lin Nanqi will be responsible for overseeing the Company's international business and R&D efforts to support its transformation into an internationally innovative pharmaceutical company. His term commenced upon approval by the Board and will last until the expiration of the eighth Board of Directors's term.

3. On April 25, 2024, during the 39th meeting of the eighth Board of Directors, the proposal to appoint Mr. Xing Zhiwei as Vice President was reviewed and approved. Mr. Xing Zhiwei will be responsible for overseeing the Company's production management. His term commenced upon approval by the Board and will last until the expiration of the eighth Board of Directors' term.

4. On August 6, 2024, the Company convened the 42nd meeting of the Eighth Board of Directors, where it reviewed and approved, item by item, the "Proposal on the Re-election of the Board of Directors and the Election of Non-Independent Directors for the Ninth Board of Directors of the Company" and the "Proposal on the Re-election of the Board of Directors and the Election of Independent Directors for the Ninth Board of Directors of the Company." The Board agreed to nominate Mr. Zhu Baoguo, Ms. Liu Guangxia, Mr. Lin Nanqi, Mr. Qiu Qingfeng, and Mr. Xing Zhiwei as candidates for non-independent directors of the Ninth Board of Directors of the Company and approved the nomination of Ms. Huo Jing, Ms. Peng Juan, Mr. Yin Xiaoxing, and Mr. Qin Yezhi as candidates for independent directors of the Ninth Board of Directors of the Company.

Meanwhile, the Company convened the 33rd meeting of the Eighth Board of Supervisors, where it reviewed and approved, item by item, the "Proposal on the Re-election of the Board of Supervisors and the Election of Supervisors for the Ninth Board of Supervisors of the Company." The Board agreed to nominate Ms. Peng Jinhua and Ms. Li Nan as candidates for supervisors of the Ninth Board of Supervisors of the Company. On the same day, the Company held an employee representative meeting to review and approve the "Proposal on the Election of the Employee Representative Supervisor for the Ninth Board of Supervisors of the Company." After a vote by the attending employee representatives, Mr. Yu Xiaoyun was elected as the employee representative supervisor of the Ninth Board of Supervisors of the Company.

5. On August 27, 2024, the Company convened the third extraordinary general meeting of shareholders in 2024, where it reviewed and approved the "Proposal on the Re-election of the Board of Directors and the Election of Non-Independent Directors for the Ninth Board of Directors of the Company," the "Proposal on the Re-election of the Board of Directors and the Election of Independent Directors for the Ninth Board of Directors of the Company," and the "Proposal on the Re-election of the Board of Supervisors and the Election of Supervisors for the Ninth Board of Supervisors of the Company," among other related proposals. On the same day, the Company also

held the first meeting of the Ninth Board of Directors and the first meeting of the Ninth Board of Supervisors. With this, the re-election of the Ninth Board of Directors, Board of Supervisors, and senior management was successfully completed. For further details, please refer to the Company's related announcement (Lin 2024-081).

6. On September 27, 2024, the Company received a resignation letter from Board Secretary Mr. Zhao Fengguang, who applied to resign from his position due to a job adjustment. On the same day, the Company convened the fourth meeting of the ninth Board of Directors, where the proposal to appoint Mr. Zhu Yifan as Board Secretary was reviewed and approved. Following the nomination by the Chairman and review by the Board Nomination Committee, Mr. Zhu Yifan was appointed as the Board Secretary, with his term commencing upon Board approval and lasting until the expiration of the ninth Board of Directors' term.

7. On October 24, 2024, the Company convened the fifth meeting of the ninth Board of Directors, where the proposal to appoint Ms. Du Yanmei as Vice President was reviewed and approved. Ms. Du Yanmei will be fully responsible for the sales management of the Company's healthcare and OTC products. Her term commenced upon Board approval and will last until the expiration of the ninth Board of Directors' term.

8. On November 26, 2024, the Company convened the sixth meeting of the ninth Board of Directors, where the proposal to appoint Mr. Tang Tingke as Vice President was reviewed and approved. Mr. Tang Tingke will be responsible for overseeing the Company's Business Development (BD) activities. His term commenced upon Board approval and will last until the expiration of the ninth Board of Directors' term.

9. On December 30, 2024, the Company received a written resignation letter from Vice President Mr. Zhao Fengguang, who applied to resign from his position due to a job adjustment. His resignation took effect upon submission to the Board. Following his resignation, Mr. Zhao Fengguang continues to hold other positions within the Company.

(II) Posts held by current directors, supervisors, 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, Secretary General	December 2012	/
	The Paradise International Foundation	Executive Director	April 2015	/
	China Entrepreneur Club	Council Member	April 2017	/

	Central China Management Company Limited	Independent Director	May 2021	October 2024
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	/
Huo Jing	Guangdong Sun Law Firm	Lawyer, Partner	June 2007	/
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	Antai College of Economics and Management of Shanghai Jiao Tong University	Associate Professor of Department of Accounting, Doctoral Supervisor	September 1997	December 2024
	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 Key Laboratory of New Drug Research and Clinical Pharmacy	Director	September 2014	August 2024
	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	/
Yu Xiaoyun	Shenzhen Science and Technology Innovation Commission	Review Expert	November 2022	/
Peng Jinhua	Shenzhen Nanbei Shengying Industrial Development Co., Ltd.	Director	July 2017	/
	Shenzhen Xinfengfan Technology Development Co., Ltd.	Supervisor	August 2005	/
Li Nan	Shenzhen Baiyeyuan Investment Co., Ltd.	Executive Deputy General Manager	January 2018	/
Description of employment in other offices	Not applicable			

(III) Remuneration of directors, supervisors and senior management

√Applicable □N/A

Decision-making procedure regarding remuneration of directors, supervisors and senior management	The emolument of chairman and vice chairman of the Company shall follow the Resolutions of the 2018 Second Extraordinary General Meeting of the Company, which is RMB3.25 million per year, with the individual income tax withheld and remitted by the Company in accordance with the relevant provisions of the tax laws. On 29 March 2022 and 18 May 2022, the Company convened the ninth meeting of the eighth session of the Board of Directors and the 2021 Annual General Meeting, respectively, at which the Resolution on Adjusting the Emolument of Independent Directors of the

	Company(《关于调整公司独立董事津贴的议案》) was considered and approved, the emolument of each independent director shall be adjusted to RMB10,000 (before tax) from RMB9,000 (before tax) per month, with the individual income tax withheld and remitted by the Company in accordance with the relevant provisions of the tax laws. On 10 August 2021 and 28 August 2021, the Company convened the 39th meeting of the seventh session of the Supervisory Committee and the 2021 Third Extraordinary General Meeting, respectively, at which Resolution on Adjusting the Emolument of the Supervisors of the Company(《关于调整公司监事津贴的议案》) was considered and approved, the emolument of each supervisor shall be adjusted to RMB4,000 (before tax) per month from RMB3,000 (before tax) per month, with the individual income tax withheld and remitted by the Company in accordance with the relevant provisions of the tax laws. During the Reporting Period, the remuneration received by supervisors is the wage based on the wage system of the Company plus the emolument paid to them. The remuneration of senior management of the Company shall follow the resolution of the 52nd meeting of the 6th session of the Board of the Company. The annual basic remuneration of the president, vice president and other senior management members during the term of office is RMB2.60 million, RMB1.35 million and RMB1.20 million, respectively. At the 39th meeting of the 8th Session of Board of Directors, the company reviewed and approved the proposal "Proposal on Confirming the Annual Base Salary of the Executive Vice President." The Board confirmed that the annual base salary of the Executive Vice President is set at RMB 2 million. In addition to the basic remuneration, pursuant to the regulations such as the Management Policy on the Remuneration and Performance Assessment of Senior Management (《高级管理人员薪酬及绩效考核管理制度》), individual assessment shall be performed and performance-based bonuses shall be paid according to the assessment result. In case of holding concurrent positions, the highest remuneration among all positions shall prevail. For the Company's directors who serve concurrently as a senior management member of the Company, the remuneration received by them is equal to the wage paid according to their position as a senior management member, and no directors' emoluments are paid by the Company. On April 7, 2025, the Remuneration Committee under the Board of the Company convened the 3rd meeting of the 9th session of the Board, at which the Resolution on the Proposal on the compensation of the Company's senior management for the year 2024 (《关于 2024 年度公司高级管理人员薪酬的议案》) was considered and approved. It was agreed that the Company, pursuant to the regulations such as the Management Policy on the Remuneration and Performance Assessment of Senior Management, determined the 2024 annual performance assessment result and annual remuneration of senior management based on the completion of business objectives of the Company and work objectives of the senior management in 2024. On April 7, 2025, the Board of the Company convened the 8th meeting of the 9th session of the Board, at which the Resolution on Remuneration Distribution of Senior Management for the year 2024 was considered and approved. Except for fulfilling the job responsibilities of being directors, supervisors and senior management of the Company, other remuneration paid for positions held in subsidiaries shall be implemented according to the relevant remuneration system of the corresponding subsidiaries.
Whether directors abstaining from discussions on their remuneration at the Board	Yes
Details of suggestions on remuneration matters relating to directors, supervisors and senior management by the Remuneration Committee or special meetings of independent directors	Please refer to "Decision-making procedure regarding remuneration of directors, supervisors and senior management" mentioned above

Basis for determining remuneration of directors, supervisors and 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 2024. Based on the result of performance assessment, the performance bonus and remuneration of senior management in 2024 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, supervisors and senior management	As at the date of the Report, remuneration of directors, supervisors and senior management has been fully paid.
Total remuneration paid to all directors, supervisors and senior management as of the end of the Reporting Period	RMB 33.235 million

(IV) Changes in directors, supervisors and senior management

√Applicable □N/A

Name	Position	Change	Reason for change
Xing Zhiwei	Supervisor	Resigned	Adjustment of work
Li Nan	Supervisor	Elected	Election by the General Meeting of Shareholders
Yu Xiong	Director, President	Departed	Expiration of tenure
Xing Zhiwei	Director	Elected	Election by the General Meeting of Shareholders
Lin Nanqi	President	Appointed	Appointment by the Board
Xing Zhiwei	Vice President	Appointed	Appointment by the Board
Zhu Yifan	Board Secretary	Appointed	Appointment by the Board
Du Yanmei	Vice President	Appointed	Appointment by the Board
Tang Tingke	Vice President	Appointed	Appointment by the Board
Zhao Fengguang	Vice President, Board Secretary	Departed	Adjustment of work

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

□Applicable √N/A

(VI) Others

□Applicable √N/A

V. Board meetings held during the Reporting Period

Meeting session	Date of meeting	Meeting resolution
37th Meeting of the 8th Session of the Board	2024-01-29	Considered and approved the Resolution on the Signing of the Long-term Loan Agreement between the Company and International Finance Corporation and the Resolution on the 2023 Annual Performance Assessment Result and Remuneration Distribution of Senior Management of the Company, See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 37th Meeting of the 8th Session of the Board (Lin 2024-010) disclosed on January 30, 2024 for details.
38th Meeting of the 8th Session of the Board	2024-04-02	Considered and approved 24 proposals, including the 2023 Annual Work Report of the President, the 2023 Annual Work Report of the Board of Directors, the 2023 Final Account Report, the 2023 Annual Profit Distribution Plan, the 2023 Annual Report of Joincare Pharmaceutical Group Industry Co., Ltd. (Full Text and Summary) and considered the Audit Report for the 2022 Internal Control of the Company. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 38th Meeting of the 8th Session of the Board (Lin 2024-017) disclosed on April 3, 2024 for details.

39th Meeting of the 8th Session of the Board	2024-04-25	Considered and approved 7 proposals, including the proposal on the appointment of Mr. Lin Nanqi as the Executive Vice President of the Company, the proposal on the appointment of Mr. Xing Zhiwei as the Vice President of the Company, the proposal on confirming the annual base salary of the Executive Vice President, the 2023 First Quarterly Report of Joincare Pharmaceutical Group Industry Co., Ltd and Proposal on Providing Entrusted Loans to the Company's Holding Subsidiary Jiaozuo Jianfeng. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 39th Meeting of the 8th Session of the Board (Lin 2024-035) disclosed on April 26, 2024 for details.
40th Meeting of the 8th Session of the Board	2024-05-17	Considered and approved the Proposal on Livzon Group Providing Financing Guarantee for Its Holding Subsidiary Lijian (Guangdong) Animal Health Co., Ltd. and the Company Providing Counter-Guarantee and the Proposal on Convening the 2023 Annual General Meeting of the Company. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 40th Meeting of the 8th Session of the Board (Lin 2024-048) disclosed on May 18, 2024 for details.
41st Meeting of the 8th Session of the Board	2024-07-18	Considered and approved the Proposal on Adjusting the Exercise Price of the Company's 2022 Stock Option Incentive Plan. See the Announcement on Adjusting the Exercise Price of the Company's 2022 Stock Option Incentive Plan (Lin 2024-062) disclosed on July 19, 2024 for details.
42nd Meeting of the 8th Session of the Board	2024-08-06	Considered and approved the Proposal on the Re-election of the Board of Directors and the Election of Non-Independent Directors for the Ninth Board of Directors, the Proposal on the Re-election of the Board of Directors and the Election of Independent Directors for the Ninth Board of Directors, the Proposal on Formulating the Management Rules for Shares Held by Directors, Supervisors, and Senior Management and Their Changes and the Proposal on Convening the Third Extraordinary General Meeting of Shareholders in 2024. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 42nd Meeting of the 8th Session of the Board (Lin 2024-068) disclosed on August 7, 2024 for details.
43rd Meeting of the 8th Session of the Board	2024-08-23	Considered and approved the 2024 Interim Report of Joincare Pharmaceutical Group Industry Co., Ltd. and its Summary, the Special Report of Joincare Pharmaceutical Group Industry Co., Ltd. on Deposit and Actual Use of Proceeds for the Half of 2024 and the Proposal on the Semi-Annual Assessment Report of the 2024 “Quality Improvement, Efficiency Enhancement, and Return Optimization” Action Plan. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 43rd Meeting of the 8th Session of the Board (Lin 2024-074) disclosed on August 24, 2024 for details.
1st Meeting of the 9th Session of the Board	2024-08-27	Considered and approved 8 proposals, including Proposal on Electing the Chairman and Vice Chairman of the Ninth Board of Directors, the Proposal on Appointing Senior Management of the Ninth Board of Directors and Proposal on Renaming the Board of Directors' Social Responsibility Committee to the Sustainable Development Committee. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 1st Meeting of the 9th Session of the Board (Lin 2024-080) disclosed on August 28, 2024 for details.
2nd Meeting of the 9th Session of the Board	2024-09-02	Considered and approved the Proposal on the Share Repurchase Plan via Centralized Bidding, the Proposal to Authorize the Shareholders' Meeting to Handle Specific Matters Related to the Share Repurchase and Proposal on Convening the Fourth Extraordinary General Meeting of Shareholders in 2024. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2nd Meeting of the 9th Session of the Board (Lin 2024-084) disclosed on September 3, 2024 for details.
3rd Meeting of the 9th Session of the Board	2024-09-10	Considered and approved the Resolution on the Transfer of Land Use Rights and Above-Ground Buildings by a Wholly-Owned Subsidiary, Involving the Transfer of Fundraising Investment Projects. See the Announcement on the Transfer of Land Use Rights and Above-Ground Buildings by a Wholly-Owned Subsidiary, Involving the Transfer of Fundraising Investment Projects (Lin 2024-089) disclosed on September 1, 2024 for details.
4th Meeting of the 9th Session of the Board	2024-09-27	Considered and approved the Proposal on the Appointment of Mr. Zhu Yifan as the Board Secretary, the Proposal on the Cancellation of Certain Stock Options under the 2022 Stock Option Incentive Plan and Resolution on Livzon Group Providing a Three-Year Continuous Financing Guarantee for Its Holding Subsidiary LivzonBio and the Company Providing a Counter-Guarantee. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 4th Meeting of the 9th Session of the Board (Lin 2024-098) disclosed on September 28, 2024 for details.
5th Meeting of the 9th Session of the Board	2024-10-24	Considered and approved the Proposal on the Appointment of Ms. Du Yanmei as Vice President of the Company, the 2024 Third Quarterly Report of Joincare Pharmaceutical Group Industry Co., Ltd., and the Resolution on the Change of the Company's

		Registered Capital. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 5th Meeting of the 9th Session of the Board (Lin 2024-111) disclosed on October 25, 2024 for details.
6th Meeting of the 9th Session of the Board	2024-11-26	Considered and approved the Proposal on the Appointment of Mr. Tang Tingke as Vice President of the Company. See the Joincare Pharmaceutical Industry Group Co., Ltd. Announcement on Appointment of Vice President of the Company (Lin 2024-122) for details.
7th Meeting of the 9th Session of the Board	2024-12-30	Considered and approved the Proposal on the Conclusion of Certain Fundraising Investment Projects and the Use of Surplus Raised Funds for Other Fundraising Investment Projects. See the Joincare Pharmaceutical Industry Group Co., Ltd. Announcement on the Conclusion of Certain Fundraising Investment Projects and the Use of Surplus Raised Funds for Other Fundraising Investment Projects (Lin 2024-131) disclosed on December 31, 2024 for details.

VI. 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	14	14	10	0	0	No	6
Liu Guangxia	No	14	14	10	0	0	No	6
Lin Nanqi	No	14	14	10	0	0	No	6
Yu Xiong (Departed)	No	7	7	5	0	0	No	4
Qiu Qingfeng	No	14	14	10	0	0	No	6
Xing Zhiwei	No	7	7	5	0	0	No	2
Yin Xiaoxing	Yes	14	14	10	0	0	No	6
Huo Jing	Yes	14	14	10	0	0	No	6
Qin Yezhi	Yes	14	14	10	0	0	No	6
Peng Juan	Yes	14	14	10	0	0	No	6

Statement on absence from two consecutive meetings

□Applicable √N/A

Board meetings held during the year	14
In which: On-site meetings	4
Meetings held through electronic means	10
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

VII. 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, Huo Jing
Remuneration Committee	Qin Yezhi, Huo Jing, Peng Juan
Strategy and Risk Management Committee	Zhu Baoguo, Lin Nanqi, Qin Yezhi, Yin Xiaoxing, Huo Jing
Sustainable Development Committee	Zhu Baoguo, Xing Zhiwei, Peng Juan

(2). 8 meetings were held by the Audit Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
2024-01-29	Considered the 2023 Annual Financial Statements of Joincare Pharmaceutical Group Industry Co., Ltd. (Unaudited)	Approved
2024-03-15	Considered the Draft Audit Opinions for the 2023 Annual Financial Statements of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Draft Audit Opinions for the 2023 Internal Control of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2024-04-02	Considered the 2023 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 2023 from Grant Thornton	Approved
	Consider the 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 2024	Approved
	Considered the Proposal on Daily Connected Transactions between the Controlling Subsidiaries Jiaozuo Joincare and Jinguan Electric Power	Approved
	Considered the 2023 Report on Performance of Duties of the Audit Committee of the Board of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Complaint Reporting and Whistleblower Protection Policy of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Report on the Board Audit Committee's Fulfillment of Supervisory Responsibilities Over the Annual Auditor for 2023 of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2024-04-25	Considered the 2024 Q1 Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2024-08-23	Considered the 2024 Interim Report of Joincare Pharmaceutical Group Industry Co., Ltd. (Full Text and Summary)	Approved
2024-08-27	Considered the Proposal on Formulating the Tax Policy of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on Amending the Complaint Reporting and Whistleblower Protection Policy of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on Electing the Chairperson of the Audit Committee of the 9th Session of the Board	Approved
2024-10-24	Considered the 2024 Q3 Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2024-11-25	Considered the 2024 Financial Statements and Internal Control Audit Proposal of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved

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

Date of meeting	Content	Important opinion and suggestion
2024-01-29	Considered the Proposal on the 2023 Annual Performance Assessment Result and Remuneration Distribution of Senior Management of the Company	Approved
2024-04-25	Considered the Proposal on Confirming the Annual Base Salary of the Executive Vice President	Approved
	Considered the Proposal on the Cancellation of Certain Share Options Granted under the 2022 Share Options Incentive Scheme	Approved
2024-08-27	Considered the Proposal on Electing the Chairperson of the Remuneration and Appraisal Committee of the 9th Session of the Board	Approved

2024-09-27	Considered the Proposal on Canceling Certain Granted but Unexercised Stock Options of the 2022 Share Options Incentive Scheme	Approved

(4). 6 meetings were held by the Nomination Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
2024-04-25	Considered the Proposal on the Appointment of Mr. Lin Nanqi as Executive Vice President of the Company	Approved
	Considered the Proposal on the Appointment of Mr. Xing Zhiwei as Vice President of the Company	Approved
2024-08-06	Considered the Proposal on the Re-election of the Board of Directors and the Election of Non-Independent Directors for the 9th Session of the Board	Approved
	Considered the Proposal on the Re-election of the Board of Directors and the Election of Independent Directors for the 9th Session of the Board	Approved
2024-08-27	Considered the Proposal on the Appointment of Senior Management for the 9th Session of the Board	Approved
	Considered the Proposal on the Amendment of the Diversity Policy for Board Members of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on the Election of the Chairperson of the Nomination Committee for the 9th Session of the Board	Approved
2024-09-27	Considered the Proposal on the Appointment of Mr. Zhu Yifan as Board Secretary of the Company	Approved
2024-10-24	Considered the Proposal on the Nomination of Ms. Du Yanmei as Vice President of the Company	Approved
2024-11-26	Considered the Proposal on the Nomination of Mr. Tang Tingke as Vice President of the Company	Approved

(5). 2 meetings were held by the Strategy and Risk Management Committee during the Reporting Period

Date of meeting	Content	Important opinion and suggestion
2024-01-29	Considered the Proposal on the Signing of Long-term Loan Agreement between the Company and International Finance Corporation	Approved
2024-08-27	Considered the Proposal on the Appointment of the Head and Deputy Head of the Investment Review Committee	Approved
	Considered the Proposal on Renaming the Board Strategy Committee to the Board Strategy and Risk Management Committee	Approved
	Considered the Proposal on the Amendment of the Comprehensive Risk Management System of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved

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

Date of meeting	Content	Important opinion and suggestion
2024-04-02	Considered the 2023 Corporate Social Responsibility Report of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2024-08-27	Considered the Proposal on Renaming the Board Social Responsibility Committee to the Board Sustainable Development Committee	Approved
	Considered the Proposal on Amending the EHS Management Policy of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on Amending the Diversity, Equality and Inclusiveness Policy of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on Amending the Climate Change Management System of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on Amending the Code of Conduct for Suppliers of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on Amending the Code of Labor and Employment and Conduct Ethics of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
	Considered the Proposal on Amending the Responsible Marketing Policy of Joincare Pharmaceutical Group Industry Co., Ltd.	Approved
2024-10-24	Considered the Proposal on the Establishment of the Sustainable Development	Approved

	Working Group for 2024 of Joincare Pharmaceutical Group Industry Co., Ltd.	

(7). Affairs subject to objection

□Applicable √N/A

VIII. Statement on risks of the Company identified by the Board of Supervisors

□Applicable √N/A

The Supervisory Committee had no objection to the matters under their supervision within the reporting period.

IX. Employees of the parent company and major subsidiaries

(I) Employees

Number of active employees of the parent company	1,124
Number of active employees of major subsidiaries	13,226
Total number of employees	14,350
Number of retired employees for whom the parent company and major subsidiaries need to pay certain expenses	664
Profession	
Breakdown	Number
Production staff	8,179
Sales staff	2,680
Technical staff	2,177
Financial staff	254
Administrative staff	1,060
Total	14,350
Education background	
Education background	Number
PhD	62
Postgraduate	711
Undergraduate	4,208
Junior college diploma	4,195
Others	5,174
Total	14,350

(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

This year, the Company continued to deepen its talent development efforts by establishing a multi-tiered and categorized training system. By integrating diverse online and offline learning formats, the Company comprehensively enhanced employees' overall competence and professional skills. Various training programs, including new employee onboarding, job-specific training, and advanced master's and doctoral degree programs, were organized to promote individual growth and

team collaboration. Additionally, employees were encouraged to participate in external training programs relevant to their work, fostering skill enhancement and team integration.

To support the Company's long-term strategic development, the training management model was continuously optimized to expand coverage and improve training effectiveness. A digital training platform was developed to facilitate the seamless integration of online and offline training, offering flexible learning modules. A comprehensive learning archive management system was also implemented to ensure a fully tracked and evaluated training process. Furthermore, the Company tailored personalized talent development plans based on job requirements, conducted regular high-potential talent development programs, and built a strong talent pipeline to support future business growth.

Through these initiatives, the Company has been steadily improving its talent pipeline, providing employees with comprehensive learning and development opportunities. By cultivating a high-caliber talent pool aligned with the Company’s growth needs, a solid foundation has been established to ensure sustainable corporate development.

(IV) Outsourced workers

□Applicable √N/A

X. 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 majority of shareholders, 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 2023

On 7 June 2024, the Company convened the 2023 Annual General Meeting, at which the Company's Profit Distribution Plan for 2023 was considered and approved: a cash dividend of RMB1.80 (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 2023, 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 2024

Based on the audit conducted by Grant Thornton, as of 31 December 2024, the undistributed profit in the parent company statement of the Company amounted to RMB2,635.7051 million. Pursuant to the resolution of the Company's Board of Directors, the Company plans to distribute cash dividends for the fiscal year 2024, based on the total number of shares for dividend distribution, which is defined by the total shares of Company on the equity registration date designated by the annual profit distribution plan. The Company plans to distribute cash dividend of RMB 2.00 (tax inclusive) for every 10 shares of 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)	2.00
Number of shares to be converted into share capital for every ten shares (share)	0
Amount of cash dividend (tax inclusive)	365,890,677.20
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement during the year of distribution	1,386,570,192.56
Percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	26.39
Amount of repurchase of shares under cash offer included in cash dividend	0
Total amount of dividend (tax inclusive)	365,890,677.20
Total amount of dividend as a percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	26.39

Note: The Company proposes to distribute cash dividend of RMB 2.00 (tax inclusive) for every 10 shares to all shareholders of the Company. The cash dividends proposed to be distributed for 2024 will be RMB365,890,677.20 (tax inclusive) based on the total share capital of 1,829,453,386 shares as of 7 April 2025. The final and actual total

distribution amount is calculated based on the total shares entitled to participate in the profit distribution on the equity registration date for the implementation of profit distribution.

(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)	1,040,036,289.56
Total Share Repurchase and Cancellation Amount for the Past Three Fiscal Years (2)	1,422,536,973.30
Total of Cash Dividends and Share Repurchase & Cancellation for the Past Three Fiscal Years (3) = (1) + (2)	2,462,573,262.86
Average Annual Net Profit for the Past Three Fiscal Years (4)	1,444,042,349.52
Cash Dividend Payout Ratio for the Past Three Fiscal Years (%) (5) = (3) / (4)	170.53
Net Profit Attributable to Ordinary Shareholders of the Listed Company in the Latest Fiscal Year (Consolidated Financial Statements)	1,386,570,192.56
Undistributed Profits at Year-End in the Latest Fiscal Year (Parent Company Financial Statements)	2,635,705,118.80

XI 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
From January 1, 2024, to March 31, 2024, a total of 1,110,957 shares were released for public trading upon the exercise of stock options. As of March 31, 2024, the cumulative number of shares listed and circulated under the first exercise period of the 2022 Share Options Incentive Scheme of the Company amounted to 4,611,846 shares.	For further details, please refer to the "Announcement on the Self-Exercise Results and Share Listing under the 2022 Share Options Incentive Scheme of the Company for the First Quarter of 2024" (Lin 2024-030) disclosed by the Company on April 13, 2024.
On April 25, 2024, the Company convened the 39th meeting of the 8th Session of the Board and the 31st meeting of the 8th Session Board of Supervisors, at which the “Proposal on the Cancellation of Certain Stock Options under the 2022 Share Options Incentive Scheme was reviewed and approved. Considering that 15 initially granted incentive recipients and 7 reserved grant incentive recipients under the 2022 Share Options Incentive Scheme were no longer eligible for the incentive due to resignation or retirement, a total of 1.12 million unexercised stock options previously granted to them were canceled. Additionally, as the Company's 2023 performance did not meet the corporate-level performance assessment criteria, a total of 16.314 million stock options from the second exercise period of the initially granted options and the first exercise period of the reserved grant options for all active incentive recipients were canceled. In total, 17.434 million stock options were canceled in this round. Upon review and confirmation by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the cancellation procedures for the aforementioned stock options were completed on May 16, 2024.	For further details, please refer to the Announcement on the Cancellation of Certain Stock Options under the 2022 Share Options Incentive Scheme (Lin 2024-039), disclosed on April 26, 2024 and Announcement on the Completion of the Cancellation of Certain Granted but Unexercised Stock Options under the 2022 Stock Option Incentive Scheme (Lin 2024-047) disclosed on May 17, 2024.
From April 1, 2024, to June 30, 2024, a total of 7,384,573 shares were exercised. As of June 30, 2024, the cumulative number of shares listed and circulated under the first	For further details, please refer to the "Announcement on the Self-Exercise Results and Share Listing under the 2022 Share Options Incentive Scheme of the Company for the Second

exercise period of the Company's 2022 Stock Option Incentive Scheme amounted to 11,996,419 shares.	Quarter of 2024" (Lin 2024-058) disclosed by the Company on July 2, 2024.
On July 18, 2024, the Company convened the 41st meeting of the 8th Session of Board and the 32nd meeting of the 8th Session of Board of Supervisors, at which the Proposal on Adjusting the Exercise Price of the 2022 Stock Option Incentive Scheme was reviewed and approved. Due to profit distribution, the exercise price of the 2022 Stock Option Incentive Scheme was adjusted to RMB 10.88 per option.	For further details, please refer to the "Announcement on Adjusting the Exercise Price of the 2022 Stock Option Incentive Scheme " (Lin 2024-062), disclosed by the Company on July 19, 2024.
The lock-up period for the Phase I Share Ownership Scheme of Medium to Long-term Business Partners expired on August 3, 2024.	For further details, please refer to the Indicative Announcement on the Expiration of the Lock-up Period for the Phase I Share Ownership Scheme of Medium to Long-term Business Partners (Lin 2024-064), disclosed by the Company on August 3, 2024.
On September 27, 2024, the Company convened the 4th meeting of the 9th Session of Board and the 4th meeting of the 9th Session Board of Supervisors, at which the "Proposal on the Cancellation of Certain Stock Options under the 2022 Stock Option Incentive Scheme" was reviewed and approved. It was agreed that a total of 6,654,498 unexercised stock options from the first exercise period of the initial grant under the 2022 Stock Option Incentive Scheme would be canceled. Upon review and confirmation by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the cancellation procedures for the aforementioned stock options were completed on October 23, 2024.	For further details, please refer to the Announcement on the Cancellation of Certain Granted but Unexercised Stock Options under the 2022 Stock Option Incentive Scheme (Lin 2024-100) disclosed on September 28, 2024 and Announcement on the Completion of the Cancellation of Certain Granted but Unexercised Stock Options under the 2022 Stock Option Incentive Scheme (Lin 2024-109), disclosed on October 24, 2024.
From July 1, 2024, to September 30, 2024, a total of 181,083 shares were exercised. As of September 30, 2024, the cumulative number of shares listed and circulated under the first exercise period of the Company's 2022 Stock Option Incentive Scheme amounted to 12,177,502 shares.	For further details, please refer to the Announcement on the Self-Exercise Results and Share Listing under the 2022 Share Options Incentive Scheme of the Company for the Third Quarter of 2024" (Lin 2024-104) disclosed by the Company on October 9, 2024.

(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	80	0	32	0	10.88	24.00	11.27
Qiu Qingfeng	Director, Vice President, Chief Financial Officer	60	0	24	0	10.88	18.00	11.27
Zhang Leiming	Vice President	45	0	18	0	10.88	13.50	11.27
Du Yanmei	Vice President	40	0	16	9.40	11.06	12.00	11.27
Tang Tingke	Vice President	20	0	8	4.00	11.06	6.00	11.27
Zhu Yifan	Board Secretary	14	0	0	0	10.88	7.00	11.27
Total	/	259	0	98	13.40	/	80.50	/

(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 2024 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 2024. 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.

XII. 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 2024. 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 2024 of Joincare Pharmaceutical Industry Group Co., Ltd. disclosed by the Company on 8 April 2025 for details.

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

XIII. Management and control of subsidiaries during the Reporting Period

√Applicable □N/A

The Company formulated relevant subsidiary management rules, such as the Detailed Rules for Standardized Operation and Management of Subsidiaries, to strengthen internal control of wholly-owned and majority-owned subsidiaries by specifying their governance structure, the management of the Board, the general meetings and the Supervisory Committee, special transactions, legal person's authorization and relevant issues, to improve the Company's overall operating efficiency and risk control capability. 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 relevant laws and regulations. First, it provided guidance for the subsidiaries as to how to improve the corporate governance structure, and how to revise and improve the Articles of Association and other relevant systems in accordance with relevant laws and regulations; second, through internal training such as training on connected transactions, the Company urged subsidiaries to report to the Company on connected transactions, external guarantee and other major matters; third, the Company updated the internal control manual and related materials, to improve the internal control system, and strengthen implementation and enhance the effectiveness of internal control.

XIV. 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 2024. 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 2024, and issued a standard internal control audit report with unqualified opinion. See the Risk Management and Internal Control Audit Report 2024 of Joincare Pharmaceutical Industry Group Co., Ltd. disclosed by the Company on 8 April 2025 for details.

Disclosure of internal control auditor's report: Yes

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

XV. 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 2024, 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: From 2021, in addition to the inquiry into publicly available information, the Company would, before selecting and engaging an audit institution, consult the records of integrity of the audit institution and relevant certified public accountants to be engaged in the securities and futures market as maintained by Shenzhen Securities Regulatory Bureau, to fully learn about its practicing experience, professional competence and integrity.

XVI. Others

□Applicable √N/A

Chapter 5 Environmental and Corporate Social Responsibility

I. Environmental information

If the environment protection mechanism was established	Yes
Amount of funds invested in environment protection during the Reporting Period (Unit: RMB0'000)	10,066.54

(I) Environmental issues of companies and their major subsidiaries belonging to key pollutant discharging units as announced by the environmental protection department

√ Applicable □ N/A

1. Pollution discharge information

√ Applicable □ N/A

i Jiaozuo Joincare

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Joincare	Chemical oxygen demand	Continuous	1	Master outlet in sewage treatment workshop	118.5	220	841.341	942.001	Nil
	Ammonia nitrogen	Continuous			14.586	35	103.391	105.069	Nil

ii Taitai Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Taitai Pharmaceutical	Chemical oxygen demand	Intermittent	1	Master outlet in sewage treatment workshop	28.587	345	0.247339	19.34	Nil
	Biochemical oxygen demand				6.525	150	0.052442	/	Nil
	Suspended solids				4.25	250	0.036598	/	Nil
	pH value				8.112	6～9	/	/	Nil

iii Haibin Pharma

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Haibin Pharma	Chemical oxygen demand	Intermittent	1	Master outlet in sewage treatment workshop	21.8	500	1.3411	41.65	Nil
	Ammonia nitrogen				0.4735	45	0.0288	3.7485	Nil
	Total nitrogen				2.925	70	0.1894	5.831	Nil
	Total volatile organic compounds		1	Discharge outlet of process exhaust gas	0.175	100	0.01129	7.914	Nil
	Non-methane hydrocarbon		1	Discharge outlet of exhaust gas in sewage station	7.2	60	0.3796	4.284	Nil

iv Xinxiang Haibin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Xinxiang Haibin	Chemical oxygen demand	Continuous	1	Master outlet in sewage treatment workshop	84.134	220	10.576	11.595	Nil
	Ammonia nitrogen				5.932	35	0.772	1.539	Nil

v Fuzhou Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/ （mg/m^3）	Pollutant discharge standards implemented (mg/L) / （mg/m^3）	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Fuzhou Fuxing	Chemical oxygen demand （COD）	Intermittent	1	The northwest side of the factory	15.68	100	19.39	102.19	Nil
	Ammonia nitrogen				0.186	15	0.23	10.22	Nil
	SO_2	Organized	1	RTO	3.59	200	0.61	2.6	Nil
	NO_x		1	RTO	5.11	200	0.87	2.6	Nil
	VOCs		7	RTO, fermentation workshop, environmentally friendly sewage station, regulating pool, Workshop 2 (East), Workshop 2 (West), QC department	4.32	60	7.60	30.19	Nil

Note: The discharge concentration represents the actual discharge concentration to the environment, and the standards implemented represent the standards for discharge to the environment by Jiangyin Sewage Treatment Plant（江阴污水处理厂）(i.e. COD ≤ 100 mg/L, ammonia nitrogen ≤ 15 mg/L), and the agreed standard for wastewater discharge from Fuzhou Fuxing to Jiangyin Sewage Treatment Plant（江阴污水处理厂）shall be the standards for discharge to the environment by Jiangyin Sewage Treatment Plant（江阴污水处理厂） (i.e. COD ≤ 500 mg/L, ammonia nitrogen ≤60 mg/L, total phosphorus ≤ 8 mg/L, total nitrogen ≤ 70 mg/L, SS ≤ 400 mg/L). For the discharge of non-methane total hydrocarbons, particulate matter, sulfur dioxide, and nitrogen oxides, the adopted standard was the standard limits stipulated in the Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》)(GB 37823-2019).

vi Livzon Xinbeijiang

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Xinbeijiang	Chemical oxygen demand	Intermittent	1	Sewage treatment workshop	61.3	240	45.474	213.6	Nil
	Ammonia nitrogen				4.34	70	3.22	24.5	Nil

Note: The discharge concentration represents the concentration of discharge into Qingyuan Henghe Sewage Treatment Plant （清远横荷污水处理厂）, while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD ≤ 240 mg/L, ammonia nitrogen ≤ 70 mg/L. The data was obtained from Qingyuan Environmental Protection Bureau. The boiler waste gas follows the Emission Standard of Air Pollutants for Boilers (《锅炉大气污染物排放标准》) (DB 44/765-2019); the waste gas emission from the workshops follows the Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB 37823-2019) and the Emission Standards for Odor Pollutants (《恶臭污染物排放标准》) (GB 14554-93).

vii Livzon Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/(mg/m^3)	Pollutant discharge standards implemented (mg/L)/(mg/m^3)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Hecheng	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	60	192	13.2571	26.28	Nil
	Ammonia nitrogen (NH_3-N)				2.32	40	0.5144	5.48	Nil
	Sulfur dioxide	Organized continuous emission	3	Boiler room	2.144	50	0.071	3.2946	Nil
	Nitrogen oxide		3	Boiler room	59	150	0.8874	15.3503	Nil
	Smoke and dust		3	Boiler room	1.46	20	0.023	/	Nil
	Hydrogen chloride		7	Workshop	0.48	100	0.259	/	Nil
	Non-methane hydrocarbon		7	Workshop	12.79	60	7.2818	14.6716	Nil
	Non-methane hydrocarbon		1	RTO	7.1857	60	0.9668		Nil
	Nitrogen oxide		1	RTO	35	200	4.823	15.3503	Nil
	Sulfur dioxide		1	RTO	4	200	0.538	3.2946	Nil

Notes: 1. The discharge concentration of pollutants in waste water represents the average concentration by online monitoring from the master discharge outlet by the company into South District Sewage Treatment Plant, while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD ≤192mg/L, ammonia nitrogen ≤40mg/L.

2. The discharge concentration of pollutants in the discharge outlet of waste gas represents the average concentration detected by a qualified third party engaged, of which the boiler exhaust adopted the Emission Standard of Air Pollutants for Boilers (《锅炉大气污染物排放标准》)(DB 44/765-2019) of Guangdong Province. The workshop and wastewater treatment station emission complied with the Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB 37823-2019).

viii Gutian Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/ (mg/m^3)	Pollutant discharge standards implemented (mg/L) / (mg/m^3)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Gutian Fuxing	Chemical oxygen demand	Continuous	1	Southeastern part of the factory zone	44.7	120	9.26	108	Nil
	Ammonia nitrogen				8.4	35	1.74	31.5	Nil
	Non-methane hydrocarbons	Organized continuous emission	6	Northwestern part of the factory zone	16.87	100	3.366	/	Nil
	Nitrogen oxides				196.07	400	7.1	25.52	Nil
	Sulfur dioxide			Northeastern part of the factory zone	39.51	400	1.43	25.52	Nil
	Particulate matter				8.15	80	1.85	5.104	Nil

Note: Wastewater discharge follows the Discharge Standard of Water Pollutants for Pharmaceutical Industry Fermentation Products Category (《发酵类制药工业水污染物排放标准》) (GB21903-2008). The discharge concentration represents the concentration of ultimate discharge into the environment, while the discharge standards stipulated in the pollutant discharge license are COD ≤ 120 mg/L, ammonia nitrogen ≤ 35 mg/L. The boiler emission follows the pollutant discharge standard in Schedule 2 of Emission Standard of Air Pollutants for Boiler (《锅炉大气污染物排放标准》) (GB 13271-2014). The limits of non-methane hydrocarbon detection results refer to Emission Standard of Volatile Organic Compounds for Industrial Enterprises (《工业企业挥发性有机物排放标准》) (DB35/1782-2018).

ix Livzon Limin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Limin	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	9.8905	110	4.4246	Nil	Nil
	Ammonia nitrogen				0.2115	15	0.0946	Nil	Nil

Note: The production process of Limin Factory is required to comply with the Water Pollution Prevention and Control Law of the PRC (《中华人民共和国水污染防治法》), the Air Pollution Prevention and Control Law of the PRC (《中华人民共和国大气污染防治法》), the Solid Waste Pollution Prevention and Control Law of the PRC (《中华人民共和国固体废物污染环境防治法》), the Integrated Wastewater Discharge Standard of the PRC National Standard (《中华人民共和国国家标准污水综合排放标准》) (GB 8978-1996), the Emission Standard of Air Pollutants for Boiler (《锅炉大气污染物排放标准》) (GB 13271-2014), the Measures for Pollutant Discharge Permitting Administration (Trial Implementation) (《排污许可管理办法（试行）》) and other laws, regulations and industry standards. The wastewater of Limin Factory was discharged into Shaoguan Second Sewage Treatment Plant（韶关市第二污水处理厂）and the standard adopted for pollutant discharge represented the standard stipulated in the pollutant discharge license of the company, i.e. COD ≤ 110 mg/L, ammonia nitrogen ≤ 15 mg/L, while the data detected by third party inspection firm was adopted as the discharge concentration.

x Livzon Pharmaceutical Factory

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Pharmaceutical Factory	Chemical oxygen demand	Intermittent	1	Sewage treatment station	18.88	120	2.55	Nil	Nil
	Ammonia nitrogen		1	Sewage treatment station	0.15	20	0.02	Nil	Nil

Note: The pollutant concentration at wastewater discharge outlets is based on the average values obtained from testing conducted by qualified third-party agencies.

The emission of air pollutants complies with the following standards: Table 2 of the Emission Standard for Odor Pollutants (《恶臭污染物排放标准》) (GB 14554-93); Table 2 and Appendix C of the Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB 37823-2019); Table 3 and Table 2 of the Boiler Air Pollutant Emission Standard (《锅炉大气污染物排放标准》) (DB44/765-2019) for special emission limits and gas-fired boiler limits, respectively; and the second period fugitive emission limits of the Air Pollutant Emission Limits (《大气污染物排放限值》) (DB44/27—2001).

The discharge of water pollutants complies with Table 2 of the Water Pollutant Emission Standard for Mixed Formulation Pharmaceutical Industry(《混装制剂类制药工业水污染物排放标准》) (GB 21908-2008) for new enterprises, 200% of the limits in the same table, as well as Table 2 of the Water Pollutant Emission Standard for Biotechnology Pharmaceutical Industry(《生物工程类制药工业水污染物排放标准》) (GB 21907-2008) for new enterprises and 200% of the limits therein.

xi Ningxia Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L) / (mg/m^3)	Pollutant discharge standards implemented (mg/L) / (mg/m^3)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Ningxia Pharmaceutical	Chemical oxygen demand	Continuous	1	Sewage treatment workshop on the north side of the factory zone	103	200	123.73	无	Nil
	Ammonia nitrogen				0.8	25	0.85	无	Nil
	Sulfur dioxide		1	Boiler workshop on the north side of factory zone	82	200	81.52	156.816	Nil
	Nitrogen oxide				128	200	125.78	156.816	Nil

	Particulate matter				4.3	30	4.67	23.522	Nil
	Volatile organic compounds		9	4 outlets for fermentation, 3 outlets for refinery and 2 outlets for sewage	15	100	19.17	79.535	Nil

Notes: The company's discharge concentration of wastewater represents the concentration of ultimate discharge to the environmental protection control center of Ningxia Xin'an Technology Co., Ltd. (宁夏新安科技有限公司) ("Xin'an Company") ,which is COD ≤ 200 mg/m³, ammonia nitrogen ≤ 25 mg/m³, the standard adopted for discharge was the standard stipulated in the pollutant discharge license of the company (protocol standard) and the amount of discharge was calculated by the amount received by Xin'an Company. In respect of the total amount of approved discharge, since Ningxia Pharma adopted indirect discharge, the local government of Ningxia cancelled the limitation of total discharge of chemical oxygen demand and ammonia nitrogen of all indirect discharge enterprises, and the total amount index was directly allocated to sewage treatment plants in the pharmaceutical industrial park established by the government after the renewal of the pollution discharge license. The air emission concentration of boilers represents the self-monitoring average concentration throughout the year, the standard adopted for discharge was the emission limits of coal-fired boilers in Schedule 3 of Emission Standard of Air Pollutants for Boiler (《锅炉大气污染物排放标准》) (GB 13271-2014) (sulfur dioxide ≤ 200 mg/m³, nitrogen oxides ≤ 200 mg/m³, particulate matter ≤ 30 mg/m³) and Standard for Pollution Control on Hazardous Waste Incineration (《危险废物焚烧污染物控制标准》) (GB18484-2020), and the amount of sulfur dioxide, nitrogen oxides, and particulate matter was calculated by the amount indicated by online monitoring. The concentration of volatile organic compounds represents the concentration of ultimate discharge to the environment (self-monitoring concentration), the adopted standard was the standard limits stipulated in Schedule I of the Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB 37823-2019) and the amount of discharge was calculated by the amount of waste gas emissions and the discharge concentration recorded by the monitoring report.

xii Jiaozuo Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Hecheng	Chemical oxygen demand	Continuous	1	Master outlet in industrial wastewater workshop	85.62	220	7.74	60.8	Nil
	Ammonia nitrogen				4.57	35	0.271	8.8	Nil

Note: The discharge concentration and the total amount of discharge represent the concentration and total amount of ultimate discharge into the downstream sewage treatment plant, and the source is online monitoring data. Replacement of hazardous waste signs and labels in pipelines follows the latest Technical Specification for Setting Identification Signs of Hazardous Waste (《危险废物识别标志设置技术规范》).

xiii Shanghai Livzon

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/(mg/m³)	Pollutant discharge standards implemented (mg/L)/(mg/m³)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Shanghai Livzon	Chemical oxygen demand	Intermittent	1	Master outlet in the park	52.25	500	7.37	6.1738	Nil
	Ammonia nitrogen				8.43	40	1.19	0.8747	Nil
	Volatile organic compounds	Organized intermittent discharge	8	No.1, 2, 3, 4, 7, 8, 9 and 10 outlets on the roof	4.373	60	0.46	0.88325	Nil

Note: The discharge concentration was the average of monthly third-party monitoring data, and the amount of discharge was the cumulative sum of monthly discharge. The discharge of VOCs and particulate matter were in accordance with the Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB 37823- 2019), and the discharge of COD and ammonia nitrogen were implemented in accordance with the Integrated Wastewater Discharge Standard (《污水综合排放标准》) (DB 31/199-2018). Air pollutants discharge follows Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放

标准》) (DB31/310005-2021), Integrate Emission Standards of Air Pollutants (《大气污染物综合排放标准》) (DB31/933-2015) and Emission Standards for Odor Pollutants (《恶臭（异味）污染物排放标准》) (DB31/1025-2016). Water pollutant discharge follows the Discharge Standard of Pollutants for Bio-Pharmaceutical Industry (《生物制药行业污染物排放标准》) (DB31/373-2010). Shanghai Livzon was among other key pollutant discharge units, but not among the key pollutant discharge units of water environment and atmospheric environment.

xiv Livzon MAB

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon MAB	Chemical oxygen demand	Intermittent	1	Sewage treatment station	18.88	120	1.19	Nil	Nil
	Ammonia nitrogen		1	Sewage treatment station	0.15	20	0.0096	Nil	Nil

Note: The discharge concentration of pollutants in the wastewater discharge outlet represents the average concentration detected by a qualified third party engaged, by implementing the strictest of water pollutant discharge concentration limits for newly-built enterprises of the Discharge Standard of Water Pollutants for Pharmaceutical Industry Mixing/ Compounding and Formulation Category (《混装制剂类制药工业水污染物排放标准》) (GB 21908-2008), water pollutant discharge concentration limits for newly-built enterprises of the Discharge Standards of Water Pollutants for Pharmaceutical Industry Bio-pharmaceutical Category (《生物工程类制药工业水污染物排放标准》) (GB 21907- 2008), or the level 1 of phase II standard of Discharge Limits of Water Pollutants (《水污染物排放限值》) (DB 44/26- 2001) of Guangdong Province.

2. Construction and operation of pollution preventive facilities

√ Applicable □ N/A

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Jiaozuo Joincare	Exhaust gas: In accordance with the principle of classified and categorized collection and treatment, the Company adopted treatment processes such as spray absorption, alkali absorption, adsorption/desorption, RCO, RTO, and bag-type dust collection for exhaust gas treatment. A total of 18 discharge outlets were constructed, with self-monitoring conducted throughout the year. All discharge outlets ensured stable and compliant emissions. Wastewater: The primary treatment process of "regulating pool + hydrolysis acidification pool + UASB + (CASS + air flotation)/ modified A/O + secondary settling tank + coagulating sedimentation" was adopted. Standard wastewater outlets were set up, and an online automatic monitoring system was installed at the outlets for real-time monitoring of COD, ammonia nitrogen, total nitrogen, pH, fluoride, and flow. Each wastewater treatment process section remained in stable operation, ensuring that all wastewater control factor indicators met the required discharge standards.
Taitai Pharmaceutical	The first-level activated carbon adsorption was increased for quality inspection exhaust gas on the basis of the original spray; UV modulation was replaced by the second-level activated carbon adsorption for injection molding exhaust gas.
Haibin Pharma	No new pollution preventive facility was set up, and all pollution preventive facilities functioned properly and ensured up-to-standard discharge.
Xinxiang Haibin	Wastewater: On one hand, the Company reduced wastewater generation through technological upgrades, directing clean steam condensate into the circulating water pool to reduce tap water consumption. On the other hand, reagent trials were conducted in reaction tanks, including reagent screening, orthogonal testing of reagent ratios, dosage adjustments, and the introduction of new reagent suppliers. These measures ensured the stable operation of the advanced wastewater treatment process and compliance with discharge standards. Exhaust gas: The third-stage biochemical settling tank was enclosed for exhaust gas collection and treatment. A spray tower was added for dust removal from low-

	concentration exhaust gas. A spray tower was also added in the F13 wastewater treatment area. The ceramic heat storage bodies and Pall rings of the RTO facility were replaced. These improvements achieved ultra-low exhaust gas emissions while enhancing the plant environment. Solid waste: The Company produces a diverse range of products, resulting in complex hazardous and solid waste compositions, posing significant treatment challenges. To reduce hazardous waste generation, multiple trials were conducted to separate previously mixed wastewater for individual treatment. Some wastewater was directly fed into an evaporation kettle for concentration, followed by targeted mixed treatment based on experimental results. This comprehensive approach reduced hazardous waste generation by 40%.
Fuzhou Fuxing	The company strictly complies with the "Three Simultaneous" system of environmental protection by collecting and treating "Three Wastes (wastewater, waste gas and solid waste)" according to requirements, and employs an advanced wastewater treatment process known as "Regulating pool + Hydrolysis acidification tank + Sequencing Batch Reactor Activated Sludge Process (SBR) and Cyclic Activated Sludge System (CASS) + Air float". After the wastewater from production has gone through the above treatment process, all indicators are stable and satisfy the discharge standard. After meeting the discharge standards, the wastewater is discharged to Jiangyin Sewage Treatment Plant operated by Fujian Huadong Water Treatment Co., Ltd. (福建华东水务有限公司) via sewage pipe network at the industrial park area for further treatment. The VOCs and other waste gas generated in the workshops are collected through waste gas pipelines to the RTO for treatment, while the waste gas from the Fenton pool and regulating pool is treated by secondary alkaline spray process. The removal rate of COD and ammonia nitrogen reaches 96.29% and 92.63% respectively. In 2024, the COD concentration was 6,196.14 mg/L, and the ammonia nitrogen concentration was 243.99 mg/L; the COD concentration and ammonia nitrogen concentration discharged into Jiangyin Sewage Treatment Plant (江阴污水厂) were 225.23mg/L and 17.81mg/L, respectively. The removal rates of COD and ammonia nitrogen reached 96.36% and 92.70%, respectively.
Livzon Xinbeijiang	The "Three Wastes" were collected and treated effectively in strict compliance with the "Three Simultaneous" system. The sewage treatment facilities with an investment amount of over RMB30 million have a designed processing capacity of 3,000 t/d and adopt the treatment process of "Pre-treatment + Aerobic pool + Hydrolysis acidification tank + SBR + Catalytic oxidation + Air float". The effluent water quality constantly met the standard; the COD concentration of the influent water in the regulating pool was about 1,900 mg/L, and the actual COD concentration discharged after treatment was about 80 mg/L (the discharge standard is ≤240mg/L), and the COD treatment efficiency reached 95%. The waste gas emitted from sewage treatment was treated using a biological deodorization box + 3-level high-efficiency sodium hypochlorite and lye spray + 1-level alkali spray treatment process; the waste gas emission constantly met the standard. For the organic waste gas, the refining workshop adopts the most advanced RTO treatment process, which conveys the waste gas to the RTO furnace chamber at about 800º C for high-temperature oxidation and completely decomposes the volatile organic gases into CO2 and water. In 2024, the RTO quench tower was replaced to prevent unorganized emission of waste gas treated by the RTO. The inlet chamber separator of the RTO was also repaired to reduce gas leakage through the RTO inlet and outlet valves, ensuring that the waste gas meets the discharge standards. As the original MVR3-effect evaporator had many perforations in the evaporator tubes, leading to a decrease in evaporation efficiency, the MVR3-effect evaporator was replaced in June to improve MVR evaporation efficiency.
Livzon Hecheng	The "Three Wastes" were treated in a centralized and effective manner by the company in strict compliance with the "Three Simultaneous" system and the maintenance and management of pollution prevention & treatment facilities were enhanced to ensure that pollutant discharge was stable and in compliance with the required standard. For wastewater, the treatment process of "pre-treatment of drainage from the production process + hydrolytic acidification + Upflow Anaerobic Sludge Bed (UASB) + advanced oxidation + Cyclic Activated Sludge System (CASS) process + air floatation/ ozonation advanced treatment + MBR" was adopted. Treated sewage was discharged into Zhuhai Leaguer Environmental Protection Co., Ltd. (珠海力合环保有限公司) (water purification plant in the South District) through the municipal sewage pipeline network. The waste gas was treated by spray tower, activated carbon adsorption, condensation, liquid nitrogen cryogenic, RTO and other comprehensive

	treatment technologies to ensure all kinds of pollutants were effectively treated and discharged in compliance with the standards.
Gutian Fuxing	At the same time when the enterprise started production, the "Three Wastes" were collected and treated effectively in accordance with the requirements of the "Three Simultaneous" system of environmental protection. This involves a designed sewage treatment capacity of 1,200 t/d, adoption of the advanced "Anaerobic-Oxic activated sludge process (A/O) + SBR + nitrogen removal by denitrification + Fenton decolorizing + air flotation" wastewater treatment process, 6,000m3 of effective reservoir capacity of the treatment system and more than 20 sets of treatment equipment with 350KW installed capacity to improve the water treatment process, thus ensuring that all wastewater treatment indicators are stable and satisfy the discharge standard. The COD concentration and ammonia nitrogen of untreated wastewater were 2,000 mg/L and 400 mg/L respectively; the COD concentration and ammonia nitrogen were lowered to 44.7 mg/L and 8.4 mg/L after treatment, with the removal rate as high as 97.8%. Treated sewage that reaches the grade II discharge standard is directly discharged into Minjiang River. The hazardous waste of the company is entrusted to qualified companies for compliant disposal according to the requirements of environmental impact assessment and acceptance inspection opinions. Two 4-tonne coal-fired boilers and one 10-tonne coal-fired boiler were eliminated and one 12-tonne biomass-fired special boiler was replaced. The boiler exhaust treatment facilities were upgraded, with the high-efficiency waste gas treatment facility of "SNCR denitrification + cyclone dust removal + dry desulfurization + bag dust removal + wet desulfurization" adopted. VOCs adopted the recycling process of "sealed collection + spray absorption + low-temperature condensation + activated carbon adsorption", and volatile organic compounds are collected and recycled from unorganized emissions and then discharged in an organized manner through exhaust pipes, so as to reduce the emission of unorganized exhaust pollutants.
Livzon Limin	The "Three Simultaneous" system was strictly implemented by the company for the treatment of "Three Wastes" by collecting and treating the "Three Wastes" effectively. The original sewage treatment plant with an investment amount of over RMB13 million has a designed processing capacity of 1,500 t/d and adopts the treatment process of "Pre-treatment + Hydrolysis acidification tank + Facultative tank + Aerobic pool + Secondary sedimentation", and the sewage after treatment was discharged into Shaoguan Second Sewage Treatment Plant（韶关市第二污水处理厂） through the municipal pipeline network. The key pollution indicators are chemical oxygen demand and ammonia nitrogen; the concentrations at water inlets were 322.25mg/L and 1.55 mg/L respectively in 2024, while the average discharge concentrations at water outlets were 9.8905mg/L and 0.2115mg/L respectively, far lower than the relevant limits stipulated in the pollutant discharge license and the removal rates reached 96.93% and 86.35% respectively. In respect of waste gas treatment, biomass boilers were all replaced by gas boilers. The technical transformation project of the R&D center has installed waste gas treatment facilities such as activated carbon adsorption and acid mist spray tower. The key pollution indicators are sulfur dioxide, nitrogen oxides and particulate matter. The emission concentrations were 0 mg/m³, 75.51 mg/m³ and 1.7788 mg/m³ respectively in 2024, far lower than the relevant limits stipulated in the pollutant discharge license. In respect of control of noise pollution, investment was made to construct noise segregation wall to reduce noise pollution. Noise at the east fence was 66.4db before renovation and 57.7db after renovation, and at the west fence was 62.7db before renovation and 54.3db after renovation. General industrial waste disposal from January to December 2024: 426 tons, and hazardous waste disposal was 3.97 tons.
Livzon Pharmaceutical Factory	The "Three Wastes" were collected and treated effectively by the Pharmaceutical Factory. For wastewater: an investment of over RMB10 million was made for phase I and phase II sewage treatment station with a designed processing capacity of 1,000 t/d, which adopted the CASS process for phase I and the A/O process for phase II. The indicator of treated wastewater was approximately 50% of the emission limit and the sewage after treatment was discharged into sewage treatment plants through the municipal pipeline network. For waste gas: the company used purchased steam instead of self-produced steam from the boilers, greatly reducing air emissions (sulfur dioxide, nitrogen oxides). The waste gas of the wastewater treatment stations is treated by the biological deodorization tower, which is a combined odor treatment equipment, divided into three areas: biochemical area, physicochemical area and adsorption area. The biological deodorization in biochemical area mainly uses microorganisms to deodorize, and the odorous substances are transformed through the physiological

	metabolism of microorganisms, so that the target pollutants are effectively decomposed and removed to achieve the purpose of waste gas treatment.
Ningxia Pharmaceutical	Through strict enforcement of the "Three Simultaneous" system by the company, the "Three Wastes" were collected and treated effectively. The designed total processing capacity of sewage treatment was 7,500 m^3 /d, and the actual total treatment amount was 3,600 m^3 /d. After the treated sewage had reached the standard stipulated on the pollutant discharge licence, it would be discharged into Xin'an Company through the sewage pipeline network in the industrial park. Waste gas treatment: waste gas from refining workshops was adopted the treatment process of "sodium hypochlorite spray + water spray + two-way superoxide water spray + micro-nano bubble spray"; waste water treatment tank odor was adopted the treatment process of "three-level spray absorption (level 1: alkaline water spray absorption + level 2: sodium hypochlorite spray absorption + level 3: sulfuric acid spray absorption); 1 set of RTO (regenerative thermal oxidizer) waste gas treatment facility adopts incineration method; boiler exhaust gas was adopted the treatment process of "bag dust removal + double alkali desulfurization + alkaline water spraying and demisting". General solid waste such as slag was entrusted to qualified companies for landfill disposal; phenylalanine slag was outsourced for recycling disposal; and spent activated carbon generated from Lovastatin (洛伐他汀) and Mevastatin (美伐他汀) and other products was outsourced for recycling disposal. The hazardous wastes were entrusted to qualified units for disposal. In 2024, the following pollution prevention measures were mostly completed: 1. exhaust gas recovery and treatment for the primary settling tank in the sewage treatment workshop: mainly re-sealing the water-sealed groove of the primary settling tank cover, and adding a new air blower with a treatment capacity of 10,000 m^3/h on top of the original collection and treatment capacity of 3,000 m^3/h; 2. added exhaust gas collection equipment in the sludge pressing room: mainly adding the DN200~600 fiberglass exhaust gas collection pipes with a length of approximately 100 meters, and a new air blower with a capacity of 35,000 m^3/h to collect and treat the exhaust gas; 3. completed the construction of environmental protection "Three Simultaneous" exhaust gas collection and treatment facilities for the tryptophan project and demeclocycline hydrochloride project; 4. set up dike for the tryptophan mother liquor storage tank and phenylalanine concentrate storage tank. 5. Completed the exhaust gas collection system for the tryptophan acidification tank area. 6. Completed the exhaust gas collection system for the newly added filter press equipment area in the phenylalanine refining workshop. 7. Implemented exhaust gas collection and treatment for the acidification tank in the mycophenolic acid refining workshop.
Jiaozuo Hecheng	The "Three Wastes" were collected and treated effectively by the company in strict compliance with the "Three Simultaneous" system. The designed sewage treatment capacity was 3,000 t/d, the treatment process of "hydrolytic acidification pool + UASB + aerobic pool + materialized treatment" was adopted, the treated sewage would be discharged into the sewage treatment plant of Xiuwu Branch of Kangda Water Co., Ltd. (康达环保水务有限公司修武分公司) through the municipal pipeline network. The sewage treatment facilities were under normal operation with compliant discharge. In 2024, an operation and maintenance contract in relation to online continuous monitoring system for water quality was signed with Jiaozuo Lansheng Environmental Technology Service Co., Ltd. (焦作市蓝晟环保技术服务有限公司). For waste gas: In 2024, high and low concentration exhaust gasses in the workshop were treated separately to reduce the load on active carbon treatment and improve efficiency. The process for treating high concentration exhaust gasses was "spray + activated carbon + spray + RTO incineration" and "-20°Ccondensation + dichloride module + spray + activated carbon + spray + RTO incineration", while the process for treating low concentration exhaust gasses was "two-stage spray + RTO incineration. Biogas pipelines were added in the RTO to increase biogas as fuel for the RTO, while achieving linkage switching with the original natural gas pipelines to reduce natural gas consumption. Solid waste and hazardous waste would be temporarily stored in the hazardous waste station constructed in compliance with the requirements of "Three Protections" (protection against leaks, erosion and rain) according to the requirements under the Guidelines for Standardized Management of Hazardous Waste in Henan Province (Trial Implementation) (《河南省危险废物规范化管理工作指南(试行)》) and then handed over to a qualified unit for unified disposal. In 2024, the company entered into hazardous waste disposal contracts with qualified units, including a Hazardous Waste Disposal Contract for Waste Filter Paper with Qinyang BBMG Jidong Environmental Protection Technology Co., Ltd. (沁阳金隅冀东环保科技有限公司); a Hazardous Waste Disposal Contract for Distillation Residue, Laboratory

	Waste Liquid, and Waste Activated Carbon with Sanmenxia Zhongdan Environmental Protection Technology Co., Ltd.* (三门峡中丹环保科技有限公司); and a Hazardous Waste Disposal Contract for Waste Mineral Oil with Henan Jiaxiang New Energy Technology Co., Ltd.* (河南嘉祥新能源科技有限公司). In January 2024, a Self-Monitoring and Automatic Monitoring Equipment Comparison Contract was signed with Henan Chenjie Inspection Technology Co., Ltd. (河南晨颉检验技术有限公司) to regularly monitor the company's discharge outlets.
Shanghai Livzon	The company designed and built a sewage treatment station with a processing capacity of 200 m^3/d in 2018. The company's wastewater was treated by such sewage treatment station and then entered the park's sewage treatment station for secondary treatment, and finally discharged into the municipal pipeline network. The company had the hazardous waste station in compliance with the requirements of "Three Preventions" to store hazardous waste and appointed a qualified company for compliant disposal. The company's main discharge outlets were treated with activated carbon adsorption and filtration, and the activated carbon was replaced every half a year to ensure that the air emission met the standards. In January 2022, the company demolished the solid preparation workshop on the third floor and transformed it into a microsphere workshop, and there is no particulate matter emission from the No.5 and No.6 discharge outlets accordingly. In order to meet the regulatory requirements under the new environmental impact assessment (at least one emission reduction measure to be replaced with a new one), the 4# exhaust stack was upgraded in March 2023, upgrading the secondary activated carbon adsorption equipment and the monitoring platform processing equipment. In October 2024, noise monitoring around the factory boundary near the cooling towers revealed levels that exceeded environmental standards. The actual noise level was approximately 65 dB, while the regulatory limits are below 60 dB during the day and below 50 dB at night. The primary noise-sensitive area was identified near the eastern side of the facility, adjacent to three cooling towers on the second floor. Remedial measure: An L-shaped noise barrier was installed at this location, with a height of 4 meters and a length of 25 meters, to effectively absorb and block noise at the identified sensitive point.
Livzon MAB	The "Three Simultaneous" system was strictly implemented by Livzon MAB for the treatment of "Three Wastes" by collecting and treating the "Three Wastes" effectively. For wastewater (relying on the wastewater treatment of Pharmaceutical Factory in the park): an investment of over RMB10 million was made for phase I and phase II sewage treatment station with designed processing capacity of 1,000 t/d, which adopted the CASS process for phase I and the A/O process for phase II, and the sewage after treatment was discharged into sewage treatment plants through the municipal pipeline network. For waste gas: currently, the company uses purchased steam and takes the boilers as backups, greatly reducing air emissions. The waste gas of the wastewater treatment stations is treated by a combination of first-level spray towers, Ultra Violet (UV) photoionization equipment and second-level spray towers.

3. Environmental impact assessment of construction projects and other environmental protection administrative licensing

√Applicable □N/A

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Jiaozuo Joincare	Jiaozuo Joincare was listed in the mandatory clean production directories for key industries in 2023. The transformation of all clean production projects was completed in February 2024. The expert review was passed on March 21, 2024, and the acceptance by the competent environmental protection authority was completed on March 31, 2024. On February 8, 2024, the approval was obtained for the notification commitment-based review application of the Environmental Impact Report Form for the Joincare High-end API and Intermediate R&D Laboratory Project. Jiaozuo Joincare incorporated its new projects into the pollutant discharge permit management system and completed the re-application for the pollutant discharge permit on February 22, 2024.

	On June 24, 2024, the Environmental Impact Report approval was obtained for Phase I of the Jiaozuo Joincare High-end API Project. On the same day, approval was obtained for the inter-provincial transfer of hazardous waste. On August 5, 2024, the Environmental Impact Report Form approval was obtained for the Jiaozuo Joincare Production Water Supply Supporting Project.
Taitai Pharmaceutical	The Environmental Impact Report for new products is currently under preparation and review.
Haibin Pharma	No environmental impact assessment project was required in 2024. With strict enforcement of the "Three Simultaneous" system during the production process and the implementation of environmental protection measures as required by the environmental impact assessment, the environmental protection facilities have been functioning properly. In 2024, two changes to the pollutant discharge permit were applied for and approved.
Xinxiang Haibin	In 2024, the environmental impact assessment for the Penem series APIs was successfully completed and accepted, and Xinxiang Haibin has reapplied for the pollutant discharge permit.
Fuzhou Fuxing	The Environmental Impact Report on the Phase III High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司三阶段高端抗生素项目环境影响报告书》) was approved on 23 August 2021. The Environmental Impact Report on the Phase IV High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司四阶段高端抗生素项目环境影响报告书》) was approved on 12 October 2022. In March 2023, the second phase, the third phase, the second stage and the third stage of environmental inspection have been completed. The company strictly implements the "Three Simultaneous" system and takes environmental protection measures required for environmental assessment, with the environmental protection facilities under normal operation. Approval was granted for the application of a new national pollutant discharge license on 27 December 2017 and the renewal of the national pollutant discharge license was completed in December 2020. The company has been discharging pollutants in strict compliance with the licensing and administrative requirements. The re-application for the pollutant discharge license was completed in October 2023 with a validity period from 8 October 2023 to 7 October 2028.
Livzon Xinbeijiang	The Environmental Impact Report on Current Status of Projects of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (《丽珠集团新北江制药股份有限公司项目现状环境影响报告书》) was approved and filed on 6 December 2016; with strict enforcement of the "Three Simultaneous" system and implementation of the environmental protection measures required under the environmental impact assessment, the environmental protection facilities have been functioning properly. The first application for a new national discharge permit was applied on 29 December 2017, and the renewal of the discharge permit was processed on 11 November 2024, with a validity period until 10 November 2029. The basic procedures of changing the discharge permit for the new plant in Shijiao was completed on 15 November 2023 and is valid until 14 November 2028.
Livzon Hecheng	The Environmental Impact Assessment Report on Current Status of the Product Structure and Production Capacity Adjustment Project of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司产品结构及产能调整项目现状环境影响评价报告》) was approved in December 2016. In 2021, the environmental impact assessment for expansion of 14 new products including paliperidone palmitate (棕榈酸帕利哌酮), aripiprazole (阿立哌唑), bismuth potassium citrate (枸橼酸铋钾), i.e. the Environmental Impact Assessment Report on Technological Renovation and Expansion Project of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司技改扩建项目环境影响评价报告》), passed the expert review, and obtained approval on 20 January 2022. On 28 February 2024, the approval of the environmental impact assessment on technological renovation and expansion of 8 products including loratadine (氯雷他定), potassium sulfate (硫酸钾), glycine salt (甘铵盐), fluoroalkene (弗雷烯烃), fluralaner (氟雷肟酸), lurasidone (鲁拉西酮) and vonoprazan fumarate (富马酸伏诺拉生) was obtained. The company strictly enforced the "Three

	Simultaneous" system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities. In 2023, it was awarded the Green Factory by the Ministry of Industry and Information Technology. In March 2022, the revision and filing of the emergency plan for environmental emergencies was completed.
Gutian Fuxing	The company passed the environmental impact assessment on 30 June 1999 and the inspection and acceptance upon completion of construction carried out by Environmental Protection Bureau of Fujian Province on 5 June 2000. The company re-prepared its post-environmental impact assessment report in 2019 and passed the inspection and acceptance carried out by experts on 11 June 2019. The company strictly enforced the "Three Simultaneous" system and implemented the environmental protection measures as required under environmental impact assessment, with normal operation of the environmental protection facilities. In September 2022, the clean production passed the on-site inspection and acceptance of the Ecology and Environment Bureau, and in October 2022, it obtained the inspection and acceptance opinions of the Ningde Environmental Protection Science Research Institute. The existing pollutant discharge license was applied on 14 August 2024 with a validity period from 14 August 2024 to 13 August 2029. Due to the ongoing upgrades of fermentation exhaust, refining exhaust, and environmental treatment systems, Gutian Fuxing is in the process of applying for a modification of its pollutant discharge permit.
Livzon Limin	The company strictly enforced the "Three Simultaneous" system and implemented various environmental protection measures under the requirements of the environmental impact assessment, ensuring normal operation of the environmental protection facilities. The Environmental Impact Report on the Technological Reform Project for the R&D Center of Livzon Group Limin Pharmaceutical Manufacturing Factory (《丽珠集团利民制药厂研发中心技改项目环 境影响报告表》) was approved on 6 December 2019. A review expert meeting was held on 24 April 2021, and independent review was completed. The Environmental Impact Report for Workshop II of Small-capacity Injection (《小容量注射剂二车间项目环境影响报告表》) was approved on 23 November 2020. On 15 September 2021, a review expert meeting was held, and independent review was completed. It was recognized as a green enterprise in the environmental credit rating by Shaoguan Municipal Ecology and Environment Bureau consecutively from 2019 to 2022. In September 2022, Limin Pharmaceutical Manufacturing Factory passed the on-site review on clean production by the expert group. In the future, it will continue to explore the potential of energy conservation and emission reduction, establish and improve the clean production mechanism and continuously enhance the level of clean production. The national pollutant discharge license was renewed on 22 December 2023 with a validity period from 22 October 2021 to 21 October 2026. The Environmental Impact Assessment Report on Current Status of Livzon Group Limin Pharmaceutical Manufacturing Factory (《丽珠集团利民制药厂现状环境影响评价报告》) was approved by expert review on 28 December 2023. In August 2024, Livzon Limin updated its Emergency Response Plan for Environmental Incidents, which is valid through August 2027.
Livzon Pharmaceutical Factory	On September 29, 2024, Livzon Pharmaceutical Factory re-applied for its pollutant discharge permit, which is valid from September 29, 2024, to September 28, 2029. In November 2024, the factory passed its cleaner production audit. Moving forward, the Company will continue to explore potential for energy conservation and emission reduction, establish and refine its clean production mechanisms, and continuously enhance the level of clean production.
Ningxia Pharmaceutical	The renewal application for the discharge license was completed in December 2020 and the license is valid until 28 December 2025. The environmental protection inspection for completion of doramectin expansion project was completed in March 2021. In September 2021, expert review and government filing were completed for the environmental impact evaluation of project work upon optimized disposal of the company's solid waste. The company applied to change its pollutant discharge permit and passed the review of the Pingluo Branch of Shizuishan Municipal Ecology and Environment Bureau in December 2021. In December 2022, the company passed the identification of Shizuishan municipal green plant and prepared an environmental impact assessment report on the increase of phenylalanine production capacity (currently under review by experts). The company reported to the national pollution discharge license management information platform (pollution discharge implementation report) and the ecological environment statistics business system (enterprise environment statistics report) quarterly. In 2022, the company also completed the second round of

	rectification of non-compliance under the supervision of central environmental protection authorities, independent acceptance and government acceptance. The company strictly implemented the environmental protection measures as required by environmental assessment, and the environmental protection facilities were in normal operation. In 2023, the company passed the recognition of "Green Factory" at the Ningxia Autonomous Region level, completed the environmental compliance procedures related to the use of phenylalanine mother liquor and concentrated waste liquid of lovastatin as organic fertilizer raw materials, identified the hazardous waste such as sludge and lovastatin slag, completed and accepted for environmental protection of the phenylalanine production capacity increase project (苯丙产能增加项目), fulfilled the project approval and environmental assessment procedures for tryptophan and isoleucine project (色氨酸异亮氨酸项目). In 2024, the company completed the filing for inter-provincial transfer and utilization of solid waste, Handling of environmental "three simultaneous" procedures for the tryptophan, Demeclocycline hydrochloride, and premix projects; Approval process for government project initiation for the Erythromycin thiocyanate project; Revision of emergency response plans for environmental incidents related to new products; Amendments to pollutant discharge permits for new products.
Jiaozuo Hecheng	The Environmental Impact Assessment Report on Current Status of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司现状环境影响评估报告》) was approved and filed on 15 December 2016, the "Three Simultaneous" system was strictly enforced, the environmental protection measures as required by environmental assessment were implemented and the environmental protection facilities were in normal operation. The reapplication for the national pollutant discharge license was completed in May 2024, and the certificate was issued by the Municipal Ecology and Environment Bureau. The environmental protection policies were strictly enforced and various management tasks were implemented. In 2024, a self-inspection was carried out in accordance with the Technical Standards for the Unorganized Emission Control of Air Pollutants of Jiaozuo City (《焦作市大气污染物无组织排放控制技术规范》). In March 2023, the current round of clean production audit work was kicked off, and the final meeting was held on 4 January 2024, completing the clean production audit.
Shanghai Livzon	Shanghai Livzon passed the environmental assessment review of the Leuprorelin Acetate Microspheres for Injection Industrialization Project (《注射用醋酸亮丙瑞林微球产业化项目》) on 11 October 2010, obtained the approval for the Environmental Impact Report on Supporting Engineering and Laboratory Projects of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海丽珠制药有限公司配套工程及实验室项目环境影响报告》) on 10 January 2020, and completed the construction and passed the acceptance inspection in September 2020. The renovation of powder injection workshop 2 had completed in 2022, with the Environmental Impact Statement of Construction Project (《建设项 目环境影响报告表》) filed in October 2022 and the Approval Opinion of Shanghai Pudong New Area Ecological Environment Bureau on the Environmental Impact Statement of the Reconstruction and Expansion Project of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海市浦东新区生态环境局关于上海丽珠制药有限公司改扩 建项目环境影响报告表的审批意见》) obtained in March 2023. The company strictly implements the "Three Simultaneous" system and takes environmental protection measures required for environmental assessment, with the environmental protection facilities under normal operation. The new Pollutant Discharge License was obtained on 30 May 2023 with a validity period until 29 May 2028.
Livzon MAB	The Environmental Impact Assessment Report on the V01 Industrialization Project of Livzon Group Livzon Pharmaceutical Factory (《关于丽珠集团丽珠制药厂 V01 产业化项目环境影响评价报告书》) was approved in April 2021; the Environmental Impact Report Form for the Expansion Preparation Line 3 of the Large-scale Production Capacity Building Project of Recombinant SARS-CoV-2 Fusion Protein Vaccine（重组新型冠状病毒融合蛋白疫苗）was approved in March 2022. The company updated the pollutant discharge permit in September 2023. The company strictly enforced the "Three Simultaneous" system to implement the environmental protection measures as required by environmental assessment.

4. Environmental emergency contingency plan

√ Applicable □ N/A

Name of company or subsidiary	Environmental emergency contingency plan
Jiaozuo Joincare	The Emergency Contingency Plan for Sudden Environmental Incidents of Jiaozuo Joincare was revised in May 2022 and was filed with the Macun Branch of the Ecology and Environment Bureau of Jiaozuo City on May 19, 2022. The Emergency Contingency Plan for Hazardous Waste Environmental Pollution Accidents was revised in February 2024 and was filed with the Macun Branch of the Ecology and Environment Bureau of Jiaozuo City on April 2, 2024.
Taitai Pharmaceutical	The environmental emergency contingency plan of Taitai Pharmaceutical completed review and filing in July 2023.
Haibin Pharma	The Environmental Emergency Contingency Plan was revised and filed (File No. 440308-2024-0005-M) in 2023. Trainings and drills on emergency responses were provided for employees to improve the capability of the Company for dealing with environmental emergencies. In 2024, a total of 4 emergency drills for environmental emergencies were held.
Xinxiang Haibin	The Environmental Emergency Contingency Plan of Xinxiang Haibin Pharmaceutical Co., Ltd. was filed with the Ecology and Environment Bureau on 23 August 2022 (File No. 410771-2022-006-M).
Fuzhou Fuxing	Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司突发环境事件应急预案》) was prepared based on the principles of "Focus on Prevention, Aim at Self-rescue, Centralized Command and Division of Responsibility（预防为主、自救为主、统一指挥、分工负责）", for which filing application was accepted on 15 April 2022 (File No.: 350181-2022-024-M). After environmental emergency incidents occur, immediate, quick, effective and orderly emergency rescue actions will be taken to control and prevent accidents and the spread of contamination, protect the surrounding environment effectively and ensure the personal life and property safety of all employees, the company and the nearby communities. In accordance with the contents and requirements of such plan, the company provides training and drills for its employees to get them well-prepared for environmental emergency incidents, so that rescue actions could be taken in a timely manner and incidents could be controlled effectively in a short period of time in case of any environmental emergency incidents. On December 30, 2024, a comprehensive emergency drill was conducted for a solvent tank area leakage and fire incident.
Livzon Xinbeijiang	Based on the principles of "Focusing on Prevention, On-alert all the time; Management by Classification, Response by Tiers; Cooperation among Departments, Responsibility by Levels; Scientific Prevention and Efficient Disposal", Xinbeijiang Pharma entered into and issued Environmental Emergency Contingency Plan of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (《丽珠集团新北江制药股份有限公司突发环境事件应急预案》), which was verified and filed by the Qingyuan Municipal Ecology and Environment Bureau (File No.: 441802-2021-0162-H). Xinbeijiang Pharma regularly carries out environmental factors and sources of hazards identification training for personnel of each department every year, and regularly conducts drills on various emergency contingency plan. A company-level environmental emergency contingency drill was conducted in June 2024, which certified the operability thereof and enhanced the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks.
Livzon Hecheng	Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司突发环境事件应急预案》) was prepared based on the principles of "Focus on Prevention, Aim at Self-rescue, Centralized Command, and Division of Responsibility（预防为主、自救为主、统一指挥、分工负责）", which has been approved for filing and formally announced with file reference number 440462-2019-001-M. Training on emergency events and disposal measures were held regularly for employees to enable implementation of safety measures in a timely, fast, effective and orderly manner to control and prevent the worsening of condition and pollution when encountering any occurrence of

	environmental emergency cases, so as to alleviate or eliminate the consequences effectively and resume orderly production as soon as possible.
Gutian Fuxing	Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Gutian Fuxing Pharmaceutical Co., Ltd. (《古田福兴医药有限公司突发环境事件应急预案》) was prepared based on the principles of "Focus on Prevention, Aim at Self-rescue, Centralized Command and Division of Responsibility (预防为主、自救为主、 统一指挥、分工负责)". The third amendment of the contingency plan was made in June 2023, which passed expert review and completed filing (File No.: 350922-2023-012-M). According to the plan, the company conducted an emergency drill for sudden ammonia leakage on 15 October 2024, to train the emergency teams to take immediate, quick, effective and orderly emergency rescue actions after the occurrence of environmental emergency incidents, so as to control and prevent accidents and the spread of contamination, protect the surrounding environment effectively and ensure the personal life and property safety of all employees, the company and the nearby communities. In accordance with the contents and requirements of the plan, the company provides training for its employees. The company is well-prepared for environmental emergency incidents, so that rescue actions could be taken in a timely manner and incidents could be controlled effectively in a short period of time in case of any environmental emergency incidents.
Livzon Limin	The principles of occupational health and safety and the environment administrative system were followed, including occupational protection to ensure health, risk control to ensure safety, prevention and control of pollution to protect the environment, and compliance with discipline and law for continuous improvement. Identification of environmental factors was performed seriously and preventive measures were adopted for significant environmental factors, while the governance of the "Three Wastes" was strengthened to enhance the ability of control over the "Three Wastes" and ensure that the discharge of the "Three Wastes" had reached the discharge standards. The Environmental Emergency Contingency Plan of Livzon Group Limin Pharmaceutical Manufacturing Factory (《丽珠集团利民制药厂突发环境事件应急预案》) (File No.: 440203-2021-009-L) was prepared in accordance with the criteria of the environmental management system and the occupational health and safety administrative system. An environmental accident emergency drill was conducted regularly, and a specific drill summary was made. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks. In August 2024, the Emergency Response Plan for Environmental Incidents was updated, with a validity period extending to August 2027.
Livzon Pharmaceutical Factory	Pursuant to relevant provisions, the Environmental Emergency Contingency Plan of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂突发环境事件应急预案》) was prepared by Pharmaceutical Factory, and has been approved for filing approval and announced, with the filing number 440404-2021-0212-L. The Pharmaceutical Factory conducted a special emergency response drill for hazardous waste leakage on 29 March 2024, to train the emergency response team and enhance the emergency response and execution abilities of the staff, further clarify the responsibilities and tasks of relevant personnel, improve the emergency linkage mechanism, improve the awareness of risk prevention and the ability of self-rescue and mutual rescue. On 13 June 2024, a comprehensive drill for alcohol leakage and fire accidents was conducted in the dangerous goods warehouse in conjunction with the fire department. The drill tested the reliability of the fire water supply system and alarm system of Livzon Industrial Park, as well as the response speed of the main department of the hazardous chemicals warehouse, the volunteer fire brigade, and the emergency command center.
Ningxia Pharmaceutical	The "Environmental Emergency Contingency Plan of Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd." (《丽珠集团(宁夏)制药有限公司突发环境事件应急预案》) was verified, filed and issued in May 2019 (File No.: 640221-2019-005-II). Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, and enhance the responsiveness and coordination of the rescue team in terms of integrated coordination and collaboration capabilities. The Environmental Emergency Contingency Plan was amended in May 2021, and passed expert review and was reviewed by and filed with government environmental

	department in 2021 (File No.: 640221-2021-054-H). The Environmental Emergency Contingency Plan was revised and issued in 2024 (File No.: 640221-2024-072-H).
Jiaozuo Hecheng	In accordance with the relevant provisions and requirements and based on the principles of "Focusing on Prevention, On-alert All the Time; Management by Classification, Response by Tiers, Cooperation among Departments, Responsibility by Levels; Scientific Prevention and Efficient Disposal", the Environmental Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司突发环境事件应急预案》) and the Hazardous Waste Environmental Pollution Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司危险废物环境污染事故应急预案》) were revised in June 2024, and have currently passed expert review and are pending filing. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks.
Shanghai Livzon	In March 2022, the Environmental Emergency Contingency Plan of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海丽珠制药有限公司突发环境事件应急预案》) (File No.: 02-310115-2022-108-L) was filed by the company. The company conducts drills and reviews of the plan every year to improve its emergency response capabilities through regular training on the plan.
Livzon MAB	Pursuant to relevant provisions, the Environmental Emergency Contingency Plan of Livzon MAB (《丽珠单抗突发环境事件应急预案》) was prepared by Livzon MAB in 2022. In June 2024, the company conducted an emergency drill for hazardous waste leakage in the hazardous goods warehouse to enhance emergency response capabilities of staff, so as to alleviate or eliminate the impact of the consequences.

5. Environmental self-monitoring program

√ Applicable □N/A

Name of company or subsidiary	Environmental self-monitoring program
Jiaozuo Joincare	As required by the self-monitoring program for pollutant discharge licenses, Jiaozuo Joincare developed the 2024 self-monitoring program for wastewater and waste gas at the beginning of the year and carried out self-monitoring in accordance with the program. The self-monitoring for wastewater and waste gas for the entire year has been completed as planned.
Taitai Pharmaceutical	Wastewater was monitored once a quarter; boiler exhaust gas and plant boundary noise were monitored once a year; exhaust gases generated from technical process was monitored once half a year; online monitoring facilities of wastewater and boiler exhaust gas were additionally installed and functioning well.
Haibin Pharma	A third party is entrusted to conduct regular monitoring strictly in compliance with the relevant national laws and regulations and local requirements and ensure the accuracy, validity and authenticity of the monitoring data. Online wastewater monitoring equipment was installed and connected to environmental monitoring stations at municipal and district levels in accordance with environmental monitoring technical standards. Data was promptly uploaded on the national monitoring platform.
Xinxiang Haibin	A self-monitoring program was prepared, the annual self-monitoring of exhaust gas, wastewater and soil has been completed throughout the year in accordance with the pollutant discharge license.
Fuzhou Fuxing	According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》) and the Self-monitoring Technology Guidelines for Pollution Sources–Pharmaceutical Industry Fermentation Products Category (《排污单位自行监测技术指南发酵类制药工业》) (HJ 882-2017), the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Fuqing Environment Protection Bureau and Fuzhou Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and

	analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirement of environmental assessment technical standards, which are connected to relevant environmental protection authorities and have passed the inspection and acceptance of the relevant environmental protection authorities. The automated monitoring equipment has been functioning properly and the monitoring information is accurate, valid and authentic. In May and November 2024, the works on leakage detection and repair (LDAR) of volatile organic compounds (VOCs) for the first and second half of the year were completed respectively. Information publicity website: http://wryfb.fjemc.org.cn.
Livzon Xinbeijiang	According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》), the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Qingyuan Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements. The automated monitoring equipment for wastewater (COD, ammonia nitrogen, pH, flow) and waste gas (non-methane hydrocarbons) has been installed in accordance with the requirement of national regulations and environmental assessment technical standards, and the connection between online information and national development platform and Qingyuan municipal platform has been completed. Online monitoring equipment for wastewater and waste gas has passed the inspection and acceptance. The automated monitoring equipment has been functioning properly and the monitoring information is accurate, valid and authentic. In accordance with the requirements of the specification, a qualified third party is hired to conduct LDAR every six months for workshops. Xinbeijiang Pharma entrusts a qualified professional third-party testing company to test the wastewater, waste gas and noise in the plant area every year in accordance with the project and frequency requirements of the self-monitoring program, and the test results in 2024 are up to standard.
Livzon Hecheng	Through self-monitoring, the requirements under the Technical Specification for Application and Issuance of Pollutant Permit Pharmacy Industry–Active Pharmaceutical Ingredient Manufacturing (《排污许可证申请与核发技术规范制药工业－原料药制造》) (HJ858.1-2017) were strictly implemented, and the monitoring and analysis instruments were examined and calibrated in strict compliance with relevant provisions. The automated monitoring equipment was installed in accordance with the requirements of environmental assessment technical standards, while online monitoring equipment for non-methane hydrocarbons, COD, ammonia nitrogen, pH level and total nitrogen were installed and connected with the national development platform as required. In 2024, a third party was entrusted to conduct LDAR inspection, discharge outlet inspection, factory boundary noise monitoring and soil inspection on a regular basis, and the inspection results were all up to the standard.
Gutian Fuxing	According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》), the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Ningde Ecology and Environment Bureau and Ningde Gutian Ecology and Environment Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirements of environmental assessment technical standards, connected to the network of competent environmental protection authorities and passed the acceptance inspection conducted by the competent environmental protection authorities. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In April and October 2024, a qualified third party was engaged to complete the leakage detection and repair (LDAR) work of volatile organic compounds and relevant reports were obtained. Soil and groundwater self-monitoring was completed in November 2024. The monitoring results were recorded in the Qinqing service platform (亲清服务平台). Information publicity website: http://wryfb.fjemc.org.cn.
Livzon Limin	An entity with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. By considering its own specific conditions, the company appointed the inspection party to carry out water pollutant detection monitoring every quarter, boiler waste gas monitoring every month and

	R&D Center VOCs waste gas monitoring every six months, each time the monitoring would be conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data. The online monitoring equipment for COD and ammonia nitrogen in water passed the acceptance inspection and the equipment was put into operation in January 2021, and it will perform monitoring every 2 hours. Data should be completed and filed to the Pollutant Source Sharing Data Platform of the Shaoguan Municipal Ecology and Environment Bureau on a timely basis, and the relevant data would be announced to the public after being reviewed by the Shaoguan Municipal Ecology and Environment Bureau.
Livzon Pharmaceutical Factory	Inspection party with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. By considering its own specific conditions, the company appointed the inspection party to carry out monitoring on wastewater and waste gas every month, each time the monitoring would be conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data. The installation and commissioning of the online sewage monitoring equipment was completed and it was put into use at the beginning of 2021. All test indicators were normal in 2024.
Ningxia Pharmaceutical	The company formulated the self-monitoring program, which was reviewed by and filed with Shizuishan Municipal Ecology and Environment Bureau. Monthly and quarterly monitoring was carried out strictly in accordance with the requirements of the program, which focused primarily on organized air emissions, air emissions from boilers, wastewater, underground water, soil, diffusive environmental air, noise and recycled water TOC at plant boundary. The monitoring results would be announced to the public through the System of National Pollution Sources Monitoring Information Management and Sharing (《全国污染源监测数据管理与共享系统》) and the System of Self-monitoring Information Open Platform for Enterprises in Shizuishan (《石嘴山市企业自行监测信息公开平台系统》). From September 2023, in accordance with the requirements of the Environmental Protection Bureau, the monthly detection of heavy metal pollution factors in the exhaust gas of hazardous waste from boiler incineration has been increased. The leakage detection and repair (LDAR) work of volatile organic compounds was carried out. The automated monitoring equipment passed the inspection and acceptance conducted by the competent environmental protection authority and connected to the network of the competent environmental protection authority. The automated monitoring equipment was sound, and the monitoring data was accurate, valid and authentic. In 2024, in accordance with regulatory requirements, the company conducted self-monitoring on a monthly, quarterly, semi-annual, and annual basis. Except for certain exceeding indicators in groundwater due to regional geological factors, all other parameters met the required standards. All monitoring reports were uploaded to the government regulatory platform for public disclosure. Additionally, the company carried out Leak Detection and Repair (LDAR) work twice, once in the first half and once in the second half of the year, as required, with the corresponding reports also submitted to the government platform.
Jiaozuo Hecheng	According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》), the company implemented and completed the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with relevant competent environmental protection authorities. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods. The monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements. The leakage detection and repair (LDAR) of volatile organic compounds for the first half of 2024 was completed in May 2024, and the second half of testing completed in October 2024. At the request of Livzon Group, the leakage detection of natural gas pipelines was also carried out, and a test report was issued. The inspection of equipment and facilities such as solvent pipes and flanges in the workshop was conducted and maintenance and rectification were carried out on the places where there was leakage. According to the requirements of environmental testing technical specifications, the company has installed online automatic sewage monitoring equipment, and also installed online monitoring equipment for COD, ammonia nitrogen, pH value, flow rate and total nitrogen, which were connected to the Guofa platform (国发平台) as required. The company has installed non-methane hydrocarbon online monitoring equipment for waste gas. The company carried out regular monitoring in strict compliance with the requirements of the established self-monitoring scheme every year, which focused primarily on organized emissions of waste gas, wastewater, diffusive environmental air and noise at plant boundary.

Shanghai Livzon	In accordance with the relevant requirements of the Self-Monitoring Technology Guidelines for Pollution Sources–General Rule (《排污单位自行监测技术指南总则》) (HJ 819-2017) and the pollutant discharge license, the company organized self-monitoring and information disclosure of the pollutants it has discharged, and formulated the self-monitoring program. In 2024, the company monitors main air emission outlets once a month, common discharge outlets once half a year, noise once every quarter and wastewater once a month. The monitoring items and frequency shall meet the requirements of the pollutant discharge license. The other three enterprises in the park and the third-party sewage treatment company in the park enter into an agreement to install an online monitoring comparator at the main discharge outlet for effective monitoring of sewage discharge.
Livzon MAB	The company entrusted an agency with national testing qualifications to carry out monitoring in strict compliance with relevant national laws, regulations and standards. By considering its own specific conditions, the company entrusted the inspection party to carry out monitoring on wastewater and waste gas on a regular basis in accordance with the requirements of the implementation plan of the pollutant discharge permit, and each time the monitoring was conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data.

6. Administrative penalties imposed for environmental issues during the Reporting Period

□ Applicable √ N/A

7. Other environmental information to be disclosed

☐ Applicable √ N/A

(II) Statement on environmental protection measures of companies except for key pollutant discharge units

□ Applicable √ N/A

1. Administrative penalties imposed for environmental issues

□ Applicable √ N/A

2. Refer to other environmental information disclosed by key pollutant discharge units

□ Applicable √ N/A

3. Reason for non-disclosure of other relevant environmental information

□ Applicable √ N/A

(III) Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities

√ Applicable □N/A

Name of company or subsidiary	Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities
Jiaozuo Joincare	In 2023, Jiaozuo Joincare was included in the mandatory cleaner production directory for key industries. By February 2024, all cleaner production projects were completed and upgraded, passing expert review on March 21, 2024, and the final acceptance inspection by the environmental authorities on March 31, 2024. On February 8, 2024, Jiaozuo Joincare received approval from the Jiaozuo Municipal Bureau of Ecology and Environment for the Environmental Impact Report Form for the Joincare High-end API and Intermediate R&D Laboratory Project (Approval No. Jiaohuan Chengshen Ma [2024] No.1), valid until February 7, 2029. On February 22, 2024, Jiaozuo Joincare incorporated the new project into pollutant discharge permit management and obtained the official Pollutant Discharge Permit (Permit No. 91410800775129520A001P), valid until February 21, 2029.

	On June 24, 2024, Jiaozuo Joincare obtained approval from the Jiaozuo Municipal Bureau of Ecology and Environment for the Environmental Impact Assessment of Phase I of the High-end API Project (Approval No. Jiaohuan Shen [2024] No.6), valid until June 23, 2029. On the same day, Jiaozuo Joincare also received approval from the Solid Waste Division of the Henan Provincial Department of Ecology and Environment for the Interprovincial Transfer of Hazardous Waste (Approval No. Yugu Transfer Letter [2024] No.217), valid until December 31, 2024. On August 5, 2024, Jiaozuo Joincare obtained approval from the Jiaozuo Municipal Bureau of Ecology and Environment for the Environmental Impact Report Form for the Production Water Supply Supporting Project (Approval No. Jiaohuan Shen Ma [2024] No.10), valid until August 4, 2029. These regulatory approvals ensure the legality and compliance of the new projects, providing strong support for the company's green development. Additionally, Jiaozuo Joincare completed the 2023 carbon emission verification and the 2024 annual LDAR (Leak Detection and Repair) program.
Taitai Pharmaceutical	1. Carried out the establishment of environmental safety standardization and hazardous waste management in accordance with the requirements of the Municipal Department of Ecology and Environment. 2. Passed the evaluation for the standardized construction of the industrial agglomeration zone.
Haibin Pharma	Conducted LDAR (Leak Detection and Repair) testing and promptly repaired leakage points to reduce unorganized VOC emissions.
Xinxiang Haibin	1.Publicly committed to and fulfilled environmental obligations beyond legal requirements. 2.Voluntarily purchased environmental pollution liability insurance despite not being within the mandatory coverage scope. 3.Declared and paid environmental protection taxes in accordance with regulations. 4.Reduced emissions beyond compliance standards. 5.Participated in and passed national environmental protection certifications.
Joincare Haibin	With the unified steam supply in Pingshan, the boilers have been converted to standby mode, significantly reducing boiler emissions. Established a comprehensive environmental management system in accordance with ISO 14001 and other environmental management standards. Implemented a self-monitoring program and engaged third-party agencies to test wastewater, air emissions, and noise as required. The company also maintains an environmental information bulletin board where monitoring reports are publicly disclosed.
Fuzhou Fuxing	Completed Leak Detection and Repair (LDAR) for volatile organic compounds (VOCs). Conducted self-monitoring of wastewater, air emissions, and noise on a monthly and quarterly basis throughout 2024 as required, with all results meeting emission standards. Entrusted qualified companies with the compliant disposal of hazardous waste to minimize environmental pollution risks. Installed new exhaust gas treatment facilities for acidification tanks and fermentation processes, further improving air pollution control efficiency and reducing emissions. Completed the cleaner production audit report and obtained the evaluation opinion. Installed online monitoring equipment for rainwater, enabling real-time monitoring of discharged rainwater.
Livzon Xinbeijiang	Completed Leak Detection and Repair (LDAR) for volatile organic compounds (VOCs), reducing unorganized VOC emissions. Replaced the MVR three-effect evaporator, improving sugar water evaporation efficiency and reducing electricity consumption for sugar water concentration. Replaced the RTO quench tower and conducted comprehensive maintenance on the RTO system, lowering VOC concentration and reducing VOC emissions. Upgraded the workshop exhaust gas scrubbing tower, enhancing exhaust gas treatment efficiency. Completed self-monitoring for 2024 as required, ensuring compliant discharge of wastewater, air emissions, and noise. Entrusted qualified entities with the lawful and compliant disposal of waste, achieving a 100% compliance disposal rate.
Livzon Hecheng	Completed Leak Detection and Repair (LDAR) for volatile organic compounds (VOCs), reducing unorganized VOC emissions. RTO and other exhaust gas treatment facilities operated stably, ensuring compliant emissions. Installed liquid nitrogen deep cooling and gas permeation

	membrane equipment in the workshop to treat high-concentration VOC tail gas and recover solvents. Added MBR membrane facilities, improving the stability of the wastewater treatment system and ensuring compliant discharge. Entrusted qualified entities with the regular disposal of hazardous waste, achieving a 100% compliance disposal rate. Completed the self-monitoring plan as required, fulfilling environmental responsibilities. Recognized as a Green Factory by the Ministry of Industry and Information Technology (MIIT) in 2023.
Gutian Fuxing	Completed 2024 Leak Detection and Repair (LDAR) for volatile organic compounds (VOCs). Further improved the exhaust gas collection and treatment facilities for the wastewater treatment tank, enhancing treatment efficiency. Replaced high-pressure filter presses in the wastewater treatment workshop to reduce sludge moisture content and overall sludge volume, with all generated sludge entrusted to qualified entities for disposal. Enhanced VOCs collection and recovery systems, reducing unorganized VOC emissions. Installed new exhaust gas treatment facilities in the workshop to conduct deep processing of emissions, lowering pollutant concentrations. Completed third-party testing for wastewater, air emissions, soil, and groundwater in 2024, with all results meeting standards. Completed the construction of a biomass boiler and upgraded boiler flue gas treatment facilities. Entrusted qualified companies with the compliant disposal of hazardous waste to minimize environmental pollution risks.
Livzon Limin	In accordance with the requirements of the pollutant discharge permit, the plant has formulated an annual self-monitoring plan and engaged a third-party environmental testing company for regular monitoring. Through routine maintenance and servicing of wastewater treatment facilities, the plant ensures stable operation of the wastewater treatment system and compliant discharge. Reclaimed water recycling has been implemented to effectively reduce water consumption. Additionally, in 2024, soil and groundwater testing were conducted within the plant premises, with all results meeting regulatory standards. A comprehensive identification and update of environmental factors was carried out, identifying a total of 3,610 environmental factors, including 2,679 general factors and 931 key factors. Furthermore, the plant organized multiple environmental protection training sessions and comprehensive emergency response drills, significantly enhancing the environmental awareness and pollution emergency response capabilities of all departments and workshops.
Livzon Pharmaceutical Factory	In September 2024, Livzon Pharmaceutical Factory reapplied for its pollutant discharge permit, which is valid from September 29, 2024 to September 28, 2029. In 2024, the factory successfully passed the cleaner production acceptance and will continue to explore energy-saving and emission reduction potential, establish and improve its cleaner production mechanism, and continuously enhance cleaner production levels. Additionally, the emergency response plan for environmental incidents was updated. The pharmaceutical factory conducted a hazardous waste leakage emergency response drill, strengthening the emergency response team, enhancing employees' emergency response execution capabilities, clarifying personnel responsibilities, and improving the emergency coordination mechanism. These efforts aim to enhance risk prevention awareness and self-rescue and mutual-aid capabilities. In 2024, Livzon Pharmaceutical Factory also conducted a comprehensive drill in collaboration with the fire department to simulate an alcohol leakage-induced fire accident. The drill tested the reliability of the industrial park's fire water supply system and alarm system while assessing the response speed of the hazardous chemical warehouse management department, the volunteer fire brigade, and the emergency command center. Livzon Pharmaceutical Factory strictly adheres to national laws, regulations, and standards for monitoring. Based on its operational requirements, it entrusts third-party testing agencies to conduct monthly wastewater and air emissions monitoring, ensuring that each test complies with national regulations and that all monitoring data is accurate, valid, and authentic. In 2024, all monitoring indicators remained within normal limits.
Ningxia Pharmaceutical	In 2024, Ningxia Pharmaceutical optimized and upgraded its exhaust gas treatment facilities, thoroughly cleaned and maintained the exhaust gas scrubbing towers to improve treatment efficiency. The company also enhanced the sealing water troughs of the wastewater treatment tank covers and replaced the exhaust gas collection fans, further improving air pollution control. Additionally, upgrades were made to the workshop exhaust outlets, along with improvements to various exhaust gas treatment facilities, enhancing efficiency and reducing emissions. Ningxia Pharmaceutical was recognized as an "Autonomous Region-Level Green Factory", awarded the "Green Label" in the Autonomous Region's Enterprise Environmental Credit Evaluation, and honored as an "Outstanding Enterprise for Pollutant Treatment" in Pingluo County.

	In 2024, the company completed LDAR (Leak Detection and Repair) testing and remediation as required, as well as self-monitoring, environmental statistics, pollutant discharge permit compliance, and standardized reporting of new chemical substance pollution sources. Additionally, the company revised and refiled its Emergency Response Plan for Sudden Environmental Incidents.
Jiaozuo Hecheng	In 2024, the company's "Three Wastes" (waste gas, wastewater, and solid waste) treatment facilities operated stably, ensuring that all waste emissions met regulatory standards. The company optimized workshop exhaust gas treatment facilities, classifying high- and low-concentration exhaust gases for separate treatment to reduce the load on activated carbon treatment and improve exhaust gas treatment efficiency. The RTO system was upgraded with a biogas pipeline, allowing biogas to be used as fuel for RTO operations while enabling interlinked switching with the original natural gas pipeline, thereby reducing natural gas consumption. In May 2024, the company successfully renewed its national pollutant discharge permit and completed the cleaner production audit. The Emergency Response Plan for Sudden Environmental Incidents and the Emergency Response Plan for Hazardous Waste Environmental Pollution Accidents of Jiaozuo Livzon Synthetic Pharmaceutical Co., Ltd. were revised. The company regularly conducts identification of environmental factors and hazardous sources, as well as emergency response drills, to enhance the practicality of emergency plans and improve the professional competence of emergency response personnel, as well as the coordination and responsiveness of the emergency rescue team. The company completed LDAR (Leak Detection and Repair) testing and remediation for volatile organic compounds (VOCs) for the entire year of 2024. In accordance with environmental monitoring technical specifications, the company installed automated online monitoring equipment for wastewater, including COD, ammonia nitrogen, pH, flow rate, and total nitrogen, and successfully integrated the system with the national regulatory platform. Additionally, the company installed online monitoring equipment for total non-methane hydrocarbons in its air emissions monitoring system and strictly adheres to its annual self-monitoring plan, conducting periodic monitoring as required.
Shanghai Livzon	Strictly adhering to the permitted emission standards outlined in the Pollutant Discharge Permit, the company has completed the quarterly pollutant discharge execution report. Additionally, daily supervision of the operation of exhaust gas treatment facilities and wastewater treatment stations has been strengthened, and a third-party agency has been commissioned to conduct monthly monitoring of wastewater and exhaust gas emissions to ensure the effective operation of equipment and compliance with emission standards. Hazardous waste, general solid waste, and highly toxic substances are entrusted to qualified companies for disposal. The exhaust fan of the chimney system has been maintained, and the activated carbon in the chimney system has been replaced to ensure the effective operation of exhaust gas treatment facilities. In 2024, the company strengthened noise control at the plant boundary by constructing sound-absorbing barriers within the facility. After completion, noise levels at the plant boundary were significantly reduced.
Livzon MAB	Wastewater is tested quarterly by a qualified third-party agency in accordance with national laws, regulations, and standards, ensuring strict compliance with monitoring requirements and the accuracy, validity, and authenticity of monitoring data. Throughout 2024, all water quality met discharge standards. Exhaust gas and plant boundary noise are monitored annually by an authorized third-party agency, with reliable monitoring data confirming compliance with emission standards. Hazardous waste is entrusted to a qualified third-party agency for proper disposal. New, modified, and expanded projects undergo environmental impact assessments and acceptance inspections as required by law, with emergency response plans for sudden environmental incidents prepared and duly filed.

(IV) Measures Taken and Effects on Reducing Carbon Emissions During the Reporting Period

Whether to take carbon reduction measures	Yes
Equivalent of carbon emission reduction (unit: ton)	5,122.64
Types of carbon emission reduction measures (e.g. use of clean energy for power generation, use of carbon reduction technologies in production, research and development of new products that contribute to carbon reduction, etc.)	Use of "clean energy for power generation", adopt carbon emission reduction technologies in production" and other measures, as detailed in "Specific descriptions" below.

Specific descriptions
√ Applicable □N/A

Name of company or subsidiary	Measures taken and effects on reducing carbon emissions during the Reporting Period
Jiaozuo Joincare	**4000m³ /d Biogas Treatment Project** The "4000m³ /d Biogas Treatment Project" at Jiaozuo Joincare utilizes biogas generated from the anaerobic section of the industrial wastewater workshop, which is purified and used as fuel for the RTO system. The project was commissioned in January 2024. The anaerobic process of the industrial wastewater workshop generates approximately 3,500m³ of biogas per day, containing 20,000 – 60,000 mg/m³ of hydrogen sulfide and 10,000 mg/m³ of chlorides. Previously, this biogas was directly burned and released through a burner. To enhance energy utilization, a new biogas desulfurization and dechlorination facility with a capacity of 4,000m³ /d was constructed. The purified biogas replaces natural gas as fuel for the RTO system. The total project investment was RMB 1.79 million. Upon completion, the project supplies biogas fuel for two RTO units serving Joincare and Jiaozuo Livzon. The replacement of natural gas with biogas is expected to save approximately RMB 1.507 million in energy costs annually. **Compressed Air Waste Heat Recovery Project in the Power Workshop** The "Compressed Air Waste Heat Recovery Project" at Jiaozuo Joincare recovers heat generated from compressed air, using a heat exchanger to produce hot water for production workshops. The project was commissioned in June 2024. The compressed air system in the power workshop reaches a temperature of approximately 108° C, while the required air supply temperature for workshops is 30° C – 40° C. Cooling the compressed air requires a significant amount of cooling water, leading to heat loss. To recover and utilize the lost heat, the company installed three heat recovery units. The recovered heat is used to generate hot water, replacing the steam heating system previously used for water heating. With this project, steam consumption is reduced by approximately 80 tons per day, leading to annual cost savings of approximately RMB 3.21 million. **Phase I Fan Heat Exchanger Installation Project** The "Phase I Fan Heat Exchanger Installation Project" at Jiaozuo Joincare optimizes waste heat utilization from fans, improving the temperature stability of aeration fans and enhancing the efficiency of the anaerobic system. The project was commissioned in December 2024. Aeration fan temperatures fluctuate significantly due to environmental factors. High outlet temperatures negatively impact the CASS pool's treatment capacity and efficiency. Simultaneously, the anaerobic system processes high-concentration wastewater from the refining workshop, which has a low temperature of 12° C, affecting its biological treatment performance. The installation of a heat exchanger allows waste heat exchange between the aeration system and the anaerobic wastewater, effectively increasing the temperature of high-concentration wastewater while reducing the aeration fan outlet temperature. With this system in operation, steam consumption for heating the anaerobic system is reduced by 180 tons per month. At RMB 100 per ton of steam, this results in a monthly savings of RMB 18,000 and an annual savings of RMB 216,000. **Reclaimed Water Recycling and Utilization Project** The "Reclaimed Water Recycling and Utilization Project" at Jiaozuo Joincare enhances industrial wastewater treatment to meet reuse standards, reducing wastewater discharge and improving water resource efficiency. The project was commissioned in January 2024. This project processes effluent from the three-stage sedimentation tank and acid-washing wastewater from the decolorization section through a combination of sedimentation, filtration, deep impurity removal, and two-stage reverse osmosis purification. The treated water is reused for filter press cleaning in the acidification section and deionized water production. After commissioning in January 2024, the project recycles 1,600m³ of sedimentation tank effluent and 1,400m³ of acid-washing wastewater daily, reducing wastewater discharge by

	3,000m³ per day. The project is expected to generate an annual cost savings of approximately RMB 1.5 million.
Taitai Pharmaceutical	1. Lighting facilities in the park were replaced with LED lamps in response to the call of the municipal government; 2. Employees were organized to learn energy conservation knowledge so as to achieve energy conservation and emission reduction in routine work by turning off lamps and machines timely.
Haibin Pharma	Purchased and utilized green electric-powered to reduce carbon emissions.
Xinxiang Haibin	Purchased electric forklifts to reduce the use of fuel-powered forklifts.
Fuzhou Fuxing	Utilized photovoltaic power generation to reduce electricity consumption. Upgraded the three-phase asynchronous motors and frequency converters of existing fermenters, replacing them with permanent magnet vertical direct-drive motors and an integrated automatic control system, achieving an energy savings rate of approximately 16%, effectively reducing energy consumption. Replaced eight high-energy-consuming, low-efficiency water pumps, selecting high-efficiency, energy-saving pumps and motors based on actual operational needs, achieving an energy savings rate of over 20%. Actively promoted energy conservation and consumption reduction, encouraging employees to turn off lights, air conditioners, and computers when not in use as part of daily workplace habits.
Livzon Xinbeijiang	Utilized photovoltaic power generation to reduce electricity consumption. Replaced the original Roots blower with a magnetic levitation blower, which is more energy-efficient than traditional blowers due to the absence of mechanical friction. Upgraded the existing 8-ton boiler to a new low-nitrogen 3-ton boiler, improving natural gas utilization efficiency and reducing natural gas consumption. Implemented a compressed air waste heat recovery project, using waste heat from air compressors to preheat boiler soft water, replacing the previous steam-based heating method, thereby reducing both steam and natural gas consumption. Installed LED lighting to lower electricity usage and promoted energy-saving and safe electricity use among employees. Encouraged setting air conditioning temperatures no lower than 26° C. Promoted green commuting, encouraging employees to use public transportation for business travel and providing shuttle services for commuting, thereby reducing the use of private vehicles.
Livzon Hecheng	Upgraded the wastewater treatment process from CASS (Cyclic Activated Sludge System) to MBR (Membrane Bioreactor) technology, reducing energy consumption in wastewater treatment, with an estimated annual electricity savings of 700,000 kWh. Replaced the existing boiler with a new model equipped with an additional waste heat recovery system, reducing overall energy consumption through heat recovery. Replaced the Roots blowers in the environmental center's wastewater treatment system with magnetic levitation blowers, achieving an energy savings rate of approximately 30% and reducing annual electricity consumption by 210,000 kWh. Encouraged all employees to conserve electricity, ensuring lights and air conditioning are turned off when not in use, and setting a minimum air conditioning temperature limit. Promoted green commuting, encouraging employees to use public transportation for business travel and providing shuttle services for commuting to reduce private vehicle usage.
Gutian Fuxing	Installed 4 air compressors with a capacity of 130 m^3/min to replace the original air compressor with high power consumption to reduce power consumption; replaced one chiller unit to reduce electricity consumption; replaced a 100 m^3/min air suspension blower and three 55 KW Roots air compressors to reduce power consumption and on-site noise; called on all employees to "save every drop of water, save every kilowatt of electricity", so that the lights are turned off and the equipment is powered off before leaving office.
Livzon Limin	1. Installed an online remote automatic data monitoring system in the boiler room to analyze and judge the instantaneous flow rate monitoring of the flowmeter in the boiler room, checked whether the steam traps and exhaust valves in the factory were in sound condition, and thereby reduced the waste of steam. The average steam loss in the public pipelines of the factory was 15.6%. The steam loss was reduced to 11% via the relevant renovation of steam pipelines and it was expected that 1,242 tons of steam could be saved thereby; 2. The steam pipelines in the animal room of the research and development center were re-insulated and the steam traps were remodeled to prevent the occurrence of long-time steam exhaust due to the failure of water valves; 3. In the first and second traditional Chinese medicine extraction workshops, a total of 23 drainage devices were added to all condensate drainage pipelines with steam heating

	equipment to realize automatic drainage and improve the utilization rate of steam. It was expected that approximately 100 tons of steam could be saved thereby per year; in the first and second traditional Chinese medicine extraction workshops, the cooling method of purified water circulation system was changed from cooling by drinking water to cooling by recycled chilled water in order to reduce the consumption of drinking water. It was expected that the consumption of water could be thereby reduced by approximately 3,000 tons per year; 4. In the first traditional Chinese medicine extraction workshop, the existing n-butanol recovery SOP was improved and refined and the powder collection amount of Panax Notoginsenosides-XST was enhanced with an aim to reduce the unit consumption of n-butanol. Based on a production of 20 batches per year, approximately RMB24,800 could be saved per year.
Livzon Pharmaceutical Factory	Upgraded the boiler system with low-nitrogen technology to reduce nitrogen oxide emissions. Modified the compressor system to recover and reuse compression heat in the form of hot water, which is used in the hot water circulation system, replacing the previous steam-based heating method. The energy recovery efficiency can reach up to 90%, saving approximately 210 tons of steam annually. Implemented a high-efficiency central cooling station control system, ensuring optimal resource allocation while maintaining product quality and production safety. This system optimizes the energy efficiency of the central air conditioning system, leading to an annual electricity savings of approximately 900,000 kWh. In departments such as QC and warehousing, air conditioning is operated on a scheduled basis, saving approximately 700 kWh per day. Strengthened energy-saving management in functional departments, ensuring lights are turned off during lunch breaks and promoting a "lights off, power down" policy when employees leave their workstations or offices to further reduce electricity consumption.
Ningxia Pharmaceutical	By installing new waste heat recovery devices, the heat generated during the operation of air compressors is recovered and used to heat hot water for dormitory and office heating, as well as the hot water system in Workshop 201. This replaces the previous steam-based heating system, saving approximately 11,000 tons of steam annually. Replaced four standard circulation pumps in the 103 fermentation workshop with high-efficiency energy-saving pumps, reducing electricity consumption and achieving an annual electricity savings of approximately 1,040,000 kWh. Installed a high-efficiency air compressor with an airflow capacity of 600 m^3/min and power $\leqslant$1,800 kW, replacing two existing compressors with a combined airflow of 600 m^3/min and power of 2,200 kW. This upgrade results in an electricity savings of approximately 400 kWh per hour. Completed a solid waste (slag and sludge) recycling trial, ensuring that once fully implemented, solid waste will no longer be disposed of in landfills.
Jiaozuo Hecheng	Recovered and reused steam condensate to reduce steam consumption and lower carbon emissions. Replaced the cooling tower fill material in the circulating cooling towers of the workshop, improving cooling efficiency and reducing equipment operating time, achieving an annual electricity savings of approximately 114,000 kWh. Upgraded packaging equipment to an automated system, enhancing production efficiency. Actively promoted energy conservation and consumption reduction, encouraging all employees to "save every drop of water and every kilowatt-hour of electricity." Implemented centralized management of workshop paint supplies to prevent waste. Replaced steam pipelines with the latest steam traps, replacing old, inefficient traps to prevent steam leakage and reduce unnecessary steam consumption. Installed sight glasses after steam pipeline steam traps to monitor steam loss. Redirected steam condensate to hot water tanks and crystallization tank auxiliary systems, further reducing steam usage. Converted public area lighting and corridor lights to sound- or light-controlled switches, and gradually replaced workshop lighting with LED lights. Upgraded high-energy-consuming equipment and facilities to low-energy or automated interlocking systems to enhance energy efficiency.
Shanghai Livzon	Further strengthened the daily energy-saving management according to the established energy-saving plan, effectively improved the energy-saving awareness of employees through inspection, publicity and other means, and cultivated good habit of saving water and electricity among employees; optimized the peptide splicing process, increased the peptide splicing yield by more than 10%, thus reducing the power consumption per unit of product; transformed the solid preparation workshop into the powder injection workshop which produces less waste and

	conserves electricity; while comfortable air conditioning unit (cooling) utilized the chilled water unit in the power room, the multi-expansion air conditioning unit was placed outdoors to use air cooling, saving cooling capacity and reducing energy consumption. In order to reduce the air emission concentration and VOCs emissions, double-stage activated carbon was installed to the No. 4 exhaust funnel. After one more step of treatment, both the air emission concentration and the VOCs emissions could be reduced. In order to improve the efficiency of pure water production, the pure water equipment was replaced.
Livzon MAB	Formulated energy-saving and emission reduction measures in accordance with the ESG targets of the Company and made reasonable use of recycled wastewater; introduced purchased steam to reduce steam consumption effectively. Effectively improved the energy-saving awareness of employees through inspection, publicity and other means, and cultivated good habit of saving water and electricity among employees; used LED lights to reduce electricity consumption, and encouraged employees to turn off lights and computers to save electricity before leaving office. Set up shuttle buses to transport employees to and from work.

II. Work on Corporate Social Responsibility

(I) Whether to disclose separate corporate social responsibility report, sustainable development report or ESG report

√Applicable □N/A

The company has initiated the preparation of the Sustainability Report and expects to disclose it separately on April 25, 2025.

(II)Specific situation of work on corporate social responsibility

√Applicable □N/A

External donation, public welfare	Quantity/content	Description
Total investment (RMB'0,000)	1,404.28	Mainly includes investment in public welfare projects for chronic diseases, industrial assistance and nature conservation.
Including: Funds (RMB'0,000)	1,195.69	Mainly includes investment in public welfare projects for chronic diseases and nature conservation project.
Cash converted from materials (RMB'0,000)	208.59	Mainly includes investment in public welfare projects for chronic diseases.
Number of beneficiary (person)	11,199	Mainly includes projects of low-income chronic disease patients and industrial revitalization.

Specific description

√Applicable □N/A

The company is committed to becoming a pioneer in the healthcare industry, adhering to a technology-driven approach to creating a healthier life. We place great emphasis on corporate sustainability, closely monitoring regulatory environments and external policy directions. In alignment with China's 14th Five-Year Plan and local development strategies, the company formulates sustainability strategies and objectives that align with its operational reality.

With "health" at the core, our sustainability strategy focuses on developing our core business to provide high-quality, safe, accessible, and affordable medical products and services to society. At the same time, we strive to enhance the overall capabilities of the healthcare industry, empower employees and communities, emphasize environmental protection, and promote overall social well-being.

Corporate growth is rooted in society. Over the years, the company has diligently fulfilled its social responsibilities, including legal tax compliance and support for charitable causes, actively contributing to a harmonious society. During the reporting period, the group actively upheld corporate citizenship responsibilities, achieving a net profit attributable to the parent company of

RMB1.387 billion, generating RMB1.982 billion in tax revenue, paying RMB2.474 billion in employee wages, distributing dividends and paying interest to banks and other creditors totaling RMB1.501 billion, and donating RMB 14.0428 million to social causes. In 2024, the company's per-share social contribution value was approximately RMB 3.93.

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)	222.30	Public welfare projects for chronic diseases to help rural revitalization
Including: Funds (RMB'0,000)	103.30	Donation of rural revitalization
Cash converted from materials (RMB'0,000)	119.00	Donation of drugs for chronic diseases
Number of beneficiary (person)	11,119	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

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

The "Astragalus Root Industry Revitalization" plan has been ongoing since 2017. Datong Livzon Qiyuan Medicine Co., Ltd.（大同丽珠芪源药材有限公司）（"Datong Livzon"), a subsidiary of the Company, has established self-built and co-built astragalus root planting bases covering over 20,000 mu in Hunyuan County, Tianzhen County, and Yanggao County of Datong City, Shanxi Province, as well as Zizhou County and Suide County in Yulin City, Shaanxi Province. Datong Livzon provides regular on-site technical guidance and GAP training for base managers and major planters and conducts practical training on the traceability of TCM materials. Currently, all bases have been incorporated into the Company's TCM GAP production management traceability system, allowing shared traceability resources within the Company. In July 2024, the self-built and co-built bases successfully passed the Guangdong Provincial Drug Production Safety Extended Inspection (TCM GAP Compliance Inspection).

During the Reporting Period, Datong Livzon's self-built and co-built astragalus root bases cultivated 1,000 mu of astragalus root, harvested 3,585 mu, and yielded approximately 709 tons of fresh astragalus root. Datong Livzon also collaborated with the village committee of Mazhuang Village, Guan'er Town, Hunyuan County, Datong City, Shanxi Province, to launch a "Joint Construction by Village and Enterprise" project. A local astragalus root processing workshop was established and

put into operation in 2023, and by 2024, it had created employment opportunities for approximately 120 local farmers.

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

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

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

In recognition of its outstanding contributions to rural revitalization, Joincare Group was honored with the "2024 ESG Golden Dawn CSR Award" and the "Outstanding Rural Revitalization Practice Cases of Listed Companies" award.

As of December 31, 2024, the project has covered 9 provinces and 4 autonomous regions, including 27 remote areas requiring assistance, benefiting more than 30,000 low-income individuals. In 2025, the Company plans to donate medications to Tibet, Qinghai Province, Gansu Province, Shaanxi Province, Zhejiang Province, and other regions.

Chapter 6 Major Events

I. Fulfillment of undertakings

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

√Applicable □N/A

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

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

Note 2: Whereas the domestically listed foreign shares of Livzon Group, a controlled subsidiary of the Company, sought listing on the Main Board of the Stock Exchange of Hong Kong Limited, in order to fully ensure smooth completion of the said event and in compliance with relevant requirements of the Stock Exchange of Hong Kong Limited, the controlling shareholders, de facto controller of the Company and the Company entered into relevant undertakings with Livzon Group as follows: 1. The controlling shareholders, de facto controller and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group did not or would not be, directly or indirectly, engaged in any business that constituted competitive relation or potential competitive relation with drug research, development, production and sale businesses ("Restricted Businesses") of Livzon Group from time to time. For the avoidance of doubt, the scope of Restricted Businesses did not cover products that were 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 rejection to fulfill the said undertakings, as one of the liability subjects relating to the remedial measures concerning returns, it was agreed that relevant punishment shall be imposed on or relevant management measures shall be taken against the Company/the de facto controller by CSRC, the SSE and other securities regulators in accordance with relevant provisions and rules set or issued by them.

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

□Applicable √N/A

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

□Applicable √N/A

II. Information on illegal guarantees

□Applicable √N/A

III. The Board's statement on the “non-standard opinion auditor's report” issued by the appointed accounting firm

□Applicable √N/A

IV. Analysis and explanation from the Company on the reasons and impact of the change of accounting policies, accounting estimates or correction on 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) Others

□Applicable √N/A

V. 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	6
Name of certified public accountant ("CPA") of domestic accounting firm	Shao Guirong(邵桂荣) and Li Weibo（李伟波）
Continuous years of CPA audit services of domestic accounting firms	1 and 1

	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

VI. 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

VII. Matters related to bankruptcy and reorganization

□Applicable √N/A

VIII. 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

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

□Applicable √N/A

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

□Applicable √N/A

XI. 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
Pursuant to the "Resolution on Connected Transactions in the Ordinary Course of Business of the Majority-owned Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power" considered and approved at the 38th Meeting of the 8th Session of the Board on 2 April 2024, Jiaozuo Joincare intended to purchase no more than RMB 300 million (inclusive) of steam and power from Jinguan Electric Power in 2024 so as to satisfy the demands of Jiaozuo Joincare for steam and power in the process of production and operation. This proposal has been considered and approved at the special meeting of independent directors of the Company. Both parties referred to the market price to fix a price of the said connected transactions. During the Reporting Period, the actual amount of the said connected transactions was RMB271.7804 million.	See the "Announcement on Resolutions Considered and Approved at the 38th Meeting of the 8th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd." (Lin 2024-017) and the "Announcement of Joincare Pharmaceutical Group Industry Co., Ltd. on the Connected Transactions in the Ordinary Course of Business of the Majority-owned Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power" (Lin 2024-023) disclosed by the Company on 3 April 2024 for details.

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

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	10,148,233.52	-3,636,923.38	6,511,310.14	1,078,598.23	1,489,401.77	2,568,000.00
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	434,422.80	-434,422.80	0.00	255,459.93	-186,896.02	68,563.91
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associated company	65,814,779.87	-50,014,983.00	15,799,796.87			
Jiangsu Yiyingjia Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司)	Others	29,816.00	-29,816.00	0.00			
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Others	1,259,566.37	-95,256.83	1,164,309.54			
Shenzhen Health Deer Technology Co., Ltd.（深圳市健康阿鹿信息科技有限公司）	Others	4,680.00	-4,680.00	0.00			
Zhongshan Renhe Health Product Co., Ltd. (中山市仁和保健品有限公司)	Others	469,895.78	0.00	469,895.78			
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Others	211,200.00	8,624.98	219,824.98			
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Others	183,084.64	-129,106.64	53,978.00			
Total		78,555,678.98	-54,336,563.67	24,219,115.31	1,334,058.16	1,302,505.75	2,636,563.91
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	1,000.00	2024/2/27	2024/2/27	2025/2/26	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	2,400.00	2024/2/28	2024/2/28	2025/2/27	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	1,600.00	2024/7/25	2024/7/25	2025/7/25	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2024/8/8	2024/8/8	2025/8/8	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	800.00	2024/8/22	2024/8/22	2025/8/17	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	1,700.00	2024/8/22	2024/8/22	2025/8/22	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	1,400.00	2024/9/6	2024/9/6	2025/9/6	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	4,000.00	2024/9/27	2024/9/27	2025/9/26	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	1,700.00	2024/9/29	2024/9/29	2025/9/19	Joint liability guarantee	No	No	0	Yes	Yes	Associate

Joincare	Headquarter of the Company	Jinguan Electric Power	4,800.00	2024/10/16	2024/10/16	2025/10/15	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	4,600.00	2024/10/21	2024/10/21	2025/10/20	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	2,300.00	2024/10/25	2024/10/25	2025/10/25	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	1,500.00	2024/10/25	2024/10/25	2025/10/25	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	500.00	2024/11/1	2024/11/1	2025/11/1	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	800.00	2024/11/25	2024/11/25	2025/11/25	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	1,200.00	2024/12/6	2024/12/6	2025/11/30	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Joincare	Headquarter of the Company	Jinguan Electric Power	1,800.00	2024/12/17	2024/12/17	2025/12/16	Joint liability guarantee	No	No	0	Yes	Yes	Associate
Total guaranteed amount occurred during the Reporting Period (excluding guarantees to subsidiaries)													35,100.00
Total guaranteed amount as of the End of the Reporting Period (A) (excluding guarantees to subsidiaries)													35,100.00
Guarantee provided by the Company and its subsidiaries to subsidiaries													
Total amount of guarantees to subsidiaries during the Reporting Period													389,621.99
Total amount of guarantees to subsidiaries as of the End of the Reporting Period (B)													257,177.59
Total guaranteed amount of the Company (including guarantees to subsidiaries)													
Total guaranteed amount (A+B)													292,277.59
Percentage of total guaranteed amount in the Company's net assets (%)													12.49
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)	155,920.97
Portion of total guaranteed amount exceeding 50% of net assets (E)	0.00
Total guaranteed amount of the above three items (C+D+E)	155,920.97
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	7,500	7,500	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 RMB 100 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, RMB 80 million of the entrusted loan is designated for project-related construction expenses, while RMB 20 million is allocated for the company’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 RMB 40 million to Jiaozuo Jianfeng, of which RMB 35 million was used for project-related construction expenses, and RMB 5 million was allocated for working capital turnover.

On September 27, 2024, the Company disbursed an additional RMB 15 million in entrusted loans to Jiaozuo Jianfeng through China Merchants Bank, of which RMB 10 million was allocated for project-related construction expenses, and RMB 5 million was used for the company's working capital turnover.

On November 29, 2024, the Company further disbursed RMB 20 million in entrusted loans to Jiaozuo Jianfeng through China Merchants Bank, with RMB 15 million designated for project-related construction expenses and RMB 5 million for the company's working capital turnover.

As of the end of the reporting period, within the approved RMB 100 million entrusted loan limit authorized by the Board of Directors, the Company had disbursed a total of RMB 75 million in entrusted loans to Jiaozuo Jianfeng, of which RMB 60 million was allocated for project-related construction expenses, and RMB 15 million was used for the company's working capital turnover.

(2) Single entrusted loans

√ Applicable ☐N/A

Unit: 10,000 Yuan Currency: RMB

Trustee	Entrusted Loan Type	Bank Loan	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	4.10%	89.29	89.29		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	500	2024/5/13	2029/5/11	Own funds	working capital	Under loan contract	4.10%	12.64	12.64		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	1,000	2024/9/27	2029/5/11	Own funds	production and operation	Under loan contract	4.10%	9.68	9.68		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	500	2024/9/27	2029/5/11	Own funds	working capital	Under loan contract	4.10%	4.84	4.84		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	1,500	2024/11/29	2029/5/11	Own funds	production and operation	Under loan contract	4.10%	3.76	3.76		Yes	Yes	
China Merchants Bank	Entrusted Bank Loan	500	2024/11/29	2029/5/11	Own funds	working capital	Under loan contract	4.10%	1.25	1.25		Yes	Yes	

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	166,790.26	99.89	37,454.76	22.43	76,974.02
Others	26 September 2022	USD9,204.00	USD8,930.00	USD8,930.00	0.00	USD249.50	2.79	USD249.50	2.79	N/A

Note: A total of RMB 56.2289 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	Total amount of proceeds commitments for project(1)	Investment amount during the year	Total investment amount of proceeds as at the end of the Reporting Period (2)	Cumulative Investment Progress (%) (3) = (2) / (1)	Planned Date for Project to Reach Intended Usability
Others	Zhuhai Healthcare Industry Base Construction Project	Production and construction	Yes	Yes, project canceled	-	-	-	-	Terminated
Others	Haibin Pharma Pingshan Pharmaceutical	Production and	Yes	No	89,610.87	1,215.66	89,610.87	100.00	December

	Industrialization Base Project	construction							2023
Others	Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project	Production and construction	No	Yes, new project	15,239.17	3,705.43	15,239.17	100.00	December 2024
Others	New products R&D project	R&D	No	Yes, new project	60,644.11 Note 3	32,189.59	60,460.35	110.76	January 2027
Others	Information Platform Construction Project	Others	No	Yes, new project	1,479.87	344.08	1,479.87	100.00	January 2024
Others	Global R&D and Industrialization Plan	R&D	Yes	No	USD 6,251.00	USD 244.36	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 3.62	USD 3.62	0.41	N/A
Others	Replenishment of working capital and other general corporate purposes	Operation management	Yes	No	USD 1,786.00	USD 1.52	USD 1.52	0.09	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	37,619.58	The related respiratory formulation products have already entered production and sales.	No	
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project	Yes	Yes	Note#2			No	
New products R&D project	No	Yes	N/A	N/A		No	
Information Platform Construction Project	Yes	Yes	N/A	N/A		No	
Global R&D and Industrialization Plan	No	Yes	N/A	N/A		No	
Construction of global product sales and after-sales network and service system	No	Yes	N/A	N/A		No	
Replenishment of working capital and other general corporate purposes	No	Yes	N/A	N/A		No	

Note 1:

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

(1) Project Delays

The company completed its public offering in October 2018. Regarding the Zhuhai Healthcare Industry Base Construction Project, the company disclosed in its 2018 annual report, H1 2019 report, and 2019 annual report on the storage and use of raised funds that the project site was not ready for construction due to the incomplete municipal infrastructure (three utilities and one leveling – roads, water, electricity, and site leveling). As a result, the project could not commence. Furthermore, at the 22nd Meeting of the 7th Board of Directors on April 9, 2020, and the

2019 Annual General Meeting on May 29, 2020, the company approved a postponement of the project commencement date. Similarly, at the 44th Meeting of the 7th Board of Directors on March 29, 2021, and the 2020 Annual General Meeting on May 21, 2021, the company further postponed the project start date to the second half of 2021. As of December 31, 2021, the project site still did not meet the conditions for construction.

(2) Changes in Market Environment and Project Feasibility

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

(3) Reallocation of Products and Production Facilities

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

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

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

Note 2: The project's investment progress did not meet the planned schedule due to delays in the procurement of imported equipment and the registration and approval process for new in-development products. The company has completed the necessary approval procedures and extended the project timeline, with the expected date of usability revised from January 24, 2024, to December 31, 2025.

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

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

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

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

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

Following this adjustment, the planned investment amount for the New Products R&D Project increased from RMB 579.74 million to RMB 606.44 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

Original Project Name	Change Date (First Announcement Disclosure Date)	Change Type	Total Investment Amount Before Change/Termination	Total Raised Proceeds Invested Before Change/Termination	New Project Name After Change	Reason for Change/Termination	Amount of proceeds used for replenishing working capital after change/termination	Description of decision-making procedures and information disclosure
Zhuhai Healthcare Industry Base Construction Project	2024-9-11	Project Cancellation	3,386.29	3,386.29	Zhuhai Healthcare Industry Base Construction Project	Significant changes in project feasibility and external environment	N/A	On September 10, 2024, the company convened the 3rd meeting of the 9th session of Board of Directors and approved the proposal " Transfer of Land Use Rights and the Respective Ground Building by Its Wholly-owned Subsidiary, Involving the Transfer of Fundraising Investment Project." For details, please refer to "Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on the Transfer of Land Use Rights and the Respective Ground Building by Its Wholly-owned Subsidiary, Involving the Transfer of Fundraising Investment Project " (Lin 2024-089).

(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 RMB 215.3282 million with the proceeds in December 2018.

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

√Applicable □N/A

Pursuant to the Proposal on the Temporary Replenishment of Working Capital with Idle Proceeds considered and approved at the 36th Meeting of the 8th Session of the Board and the 28th Meeting of the 8th Session of the Supervisory Committee of the Company on 28 December 2023, it was agreed that the Company temporarily replenished the working capital with no more than RMB200 million of idle proceeds from 1 January 2024 to 31 December 2024 so as to improve the use efficiency of proceeds and reduce financial expenses of the Company. For details, please refer to the “Announcement on the Temporary Replenishment of Working Capital with Certain Idle Proceeds of Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2023-145).

On May 14, 2024, the Company prepaid RMB 100 million to the designated account for raised Proceeds. For details, please refer to the "Announcement on the Early Repayment of Temporarily Utilized Idle Raised Proceeds for replenishing the working capital Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2024-045).

In accordance with the progress of the funded investment projects and financial arrangements, the Company returned the remaining RMB 100 million of temporarily utilized raised funds to the designated account for raised funds on July 12, 2024. As of the disclosure date of this report, all idle raised funds used for temporary working capital supplementation have been fully repaid.

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

□Applicable √N/A

4. Others

√Applicable □N/A

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

Pursuant to the Proposal on the Payment of Projects Invested with Proceeds with Bank Acceptance Bills and the Equal Replacement with Proceeds considered and approved at the 25th Meeting of the 7th Session of the Board on 7 May 2020, it was agreed that during the implementation of projects invested with

proceeds, the Company could use bank acceptance bills (or endorsed transfer) to pay for the amount relating to projects invested with the proceeds and could transfer an equal amount of capital from the special account of proceeds to replenish working capital. For details, please refer to the “Announcement on the Payment of Projects Invested with Proceeds with Bank Acceptance Bills and the Equal Replacement with Proceeds of Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2020-054).

As at 31 December 2024, the Company’s cumulative amount of bank acceptance bills used to pay for projects invested with the proceeds was RMB 210.9554 million, and the cumulative amount for the equal replacement with the proceeds was RMB 210.9554 million.

(2) Payment of Fundraising Project Expenses Using Letters of Credit

On April 25, 2024, the company convened its 39th meeting of the 8th Session of Board of Directors and approved the proposal "Regarding the Use of Letters of Credit for Payment of Fundraising Project Expenses and Equivalent Replacement with Raised Proceeds."

The resolution allows the company to use letters of credit to pay for expenses related to fundraising investment projects during their implementation. Subsequently, equivalent amounts will be periodically transferred from the dedicated fundraising account to the company's general account as a replacement. For details, please refer to "Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on the Use of Letters of Credit for Payment of Fundraising Project Expenses and Equivalent Replacement with Raised Proceeds" (Lin 2024-040).

As at December 31, 2024, the Company had used letters of credit to pay for the payment of fundraising projects in the aggregate amount of RMB238.1450 million, and the cumulative amount replaced by the proceeds in an equivalent amount was RMB238.1450 million.

(3) Extension of Certain Fundraising Investment Projects

On April 2, 2024, the company convened its 38th meeting of the 8th Session of Board and approved the proposal "Regarding the Extension of Certain Fundraising Investment Projects."

Due to delays in the procurement of imported equipment and the registration and approval process for new in-development products, the company, after evaluating the actual progress of the fundraising investment projects, decided to extend the implementation period of the Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project. This extension was made without any changes to the project entity, use of raised funds, or investment scale. The expected usable state date was revised from January 24, 2024, to December 31, 2025.

For further details, please refer to "Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on the Extension of Certain Fundraising Investment Projects" (Lin 2024-021). As of the end of the reporting period, this project has been completed and closed.

(4) Completion of Certain Fundraising Investment Projects

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

The resolution approved the completion and closure of the Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and the Information Platform Construction Project, both of which were fundraising investment projects from the equity offering.

Additionally, the company 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 RMB26.7009 million plus interest (the final amount will be based on actual bank interest at the time of transfer), to the New Products R&D Project.

For further details, please refer to "Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on the Completion of Certain Fundraising Investment Projects and the Reallocation of Surplus Raised Funds to Other Investment Projects" (Lin 2024-131).

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 August 26, 2024, the company's de facto controller and Chairman, Mr. Zhu Baoguo, proposed a share repurchase plan based on his confidence in the company's future development and recognition of its value. This initiative aims to effectively protect the interests of all shareholders, implement the company's Corporate Value and Return Enhancement Action Plan, and align with the company's operational and financial conditions.

The proposal suggests that the company repurchase its RMB-denominated ordinary shares (A-shares) through the centralized bidding trading system of the Shanghai Stock Exchange, with all repurchased shares to be canceled to reduce the company's registered capital.

For further details, please refer to "Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on Receiving a Share Repurchase Proposal from the De Facto Controller and Chairman" (Lin 2024-077).

On September 2, 2024, and September 23, 2024, the company convened the 2nd meeting of the 9th session of 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 RMB 300 million (inclusive) and no more than RMB 500 million (inclusive), with a maximum repurchase price of RMB 15.40 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)

On December 12, 2024, the company received a loan commitment letter from Industrial Bank Co., Ltd., Shenzhen Branch (hereinafter referred to as Industrial Bank). Industrial Bank committed to providing the company with a special repurchase loan of up to RMB 238 million, not exceeding 90% of the maximum repurchase amount, with a term of no more than 36 months. For further details, please refer to "Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on Obtaining a Loan Commitment Letter from a Financial Institution for Share Repurchase" (Lin 2024-128). Subsequently, the company signed the "Listed Company Share Repurchase Loan Agreement" with Industrial Bank.

On October 10, 2024, the company conducted its first share repurchase through centralized bidding transactions, repurchasing 377,715 shares, representing 0.02% of the company's total share capital (1,874,200,420 shares). The highest purchase price was RMB 11.41 per share, while the lowest price was

RMB 11.21 per share. The total amount paid, including transaction fees, was RMB4.2842 million. For further details, please refer to "Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on the First Share Repurchase through Centralized Bidding Transactions" (Lin 2024-107).

As of December 31, 2024, the company had repurchased a total of 29,028,370 shares, representing 1.55% of the company's total share capital (1,874,200,420 shares). The highest purchase price was RMB 11.90 per share, while the lowest price was RMB10.71 per share. The total amount paid, including transaction fees, was RMB 328.2213 million.

Chapter 7 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	0	0	0	0	0	0	0	0	0
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	1,865,523,807	100	8,676,613	0	0	0	8,676,613	1,874,200,420	100
1. Ordinary shares denominated in Renminbi	1,865,523,807	100	8,676,613	0	0	0	8,676,613	1,874,200,420	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,865,523,807	100	8,676,613	0	0	0	8,676,613	1,874,200,420	100

2.Explanations on changes in shares

√Applicable □N/A

The First Exercise Period of the First Grant under the 2022 Share Options Incentive Scheme of the Company was from September 5, 2023, to September 4, 2024. From January 1, 2024, to September 4, 2024, a total of 8,676,613 shares exercised under this plan have been listed and made available for trading.

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	79,846
Total number of shareholders of ordinary shares as of the end of the month immediately prior to the publication date of this annual report	79,702
Total number of holders of preferred shares with voting rights restored as of the end of the reporting period (shareholder)	0
Total number of shareholders of preferred shares with voting rights restored as at the end of the month immediately preceding the disclosure date of the annual report (shareholder)	0

(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	47.79	0	Pledge	55,679,725	Domestic non-state-owned entity

Hong Kong Securities Clearing Company Limited	-26,330,861	55,180,845	2.94	0	Unknown		Unknown
Might Seasons Limited	0	35,929,699	1.92	0	Unknown		Foreign entity
Agriculture Bank of China Limited-CSI 500 Exchange Traded Index Securities Investment Fund	10,918,710	15,974,484	0.85	0	Unknown		Unknown
Bank of Shanghai Co., Ltd.－Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	4,370,700	12,829,196	0.68	0	Unknown		Unknown
Rui Life Insurance Co., Ltd. -Own fund	12,729,218	12,729,218	0.68	0	Unknown		Unknown
Abu Dhabi Investment Authority	1,012,152	11,213,981	0.60	0	Unknown		Foreign entity
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	0.50	0	Unknown		Domestic non-state-owned entity
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	-835,762	9,300,000	0.50	0	Unknown		Unknown
China Foreign Economy and Trade Trust Co., Ltd.–Foreign Trust–Gaoyi Xiaofeng Hongyuan Collection Fund Trust Plan	-7,718,848	8,958,300	0.48	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
Hong Kong Securities Clearing Company Limited	55,180,845	Ordinary shares denominated in Renminbi	55,180,845
Might Seasons Limited	35,929,699	Ordinary shares denominated in Renminbi	35,929,699
Agriculture Bank of China Limited-CSI 500 Exchange Traded Index Securities Investment Fund	15,974,484	Ordinary shares denominated in Renminbi	15,974,484
Bank of Shanghai Co., Ltd.－Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	12,829,196	Ordinary shares denominated in Renminbi	12,829,196
Rui Life Insurance Co., Ltd. -Own fund	12,729,218	Ordinary shares denominated in Renminbi	12,729,218
Abu Dhabi Investment Authority	11,213,981	Ordinary shares denominated in Renminbi	11,213,981

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	9,300,000	Ordinary shares denominated in Renminbi	9,300,000
China Foreign Economy and Trade Trust Co., Ltd.–Foreign Trust–Gaoyi Xiaofeng Hongyuan Collection Fund Trust Plan	8,958,300	Ordinary shares denominated in Renminbi	8,958,300
Notes on the special repurchase account among the Top 10 shareholders	As of the end of the reporting period, the Company's repurchase account (Joincare Pharmaceutical Group Industry Co., Ltd. Dedicated Securities Repurchase Account) held a total of 29,028,370 shares, accounting for 1.55% of the total share capital.		
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

Unit: shares

Shares lent by the Top 10 shareholders by participating in the refinancing business								
Name of shareholder (Full name)	Number of shares held in ordinary and credit accounts at the beginning of the Period		Number of shares lent through refinancing business and not yet returned at the beginning of the Period		Number of shares held in ordinary and credit accounts at the end of the Period		Number of shares lent through refinancing business and not yet returned at the end of the Period	
	Total number	Proportion (%)	Total number	Proportion (%)	Total number	Proportion (%)	Total number	Proportion (%)
Agriculture Bank of China Limited-CSI 500 Exchange Traded Index Securities Investment Fund	5,055,774	0.27	1,509,200	0.08	15,974,484	0.85	0	0.00
Bank of Shanghai Co., Ltd.－Yinhua CSI Innovative Drug Industry Trading Open-end Index Securities Investment Fund	8,458,496	0.45	10,000	0.001	12,829,196	0.68	0	0.00

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

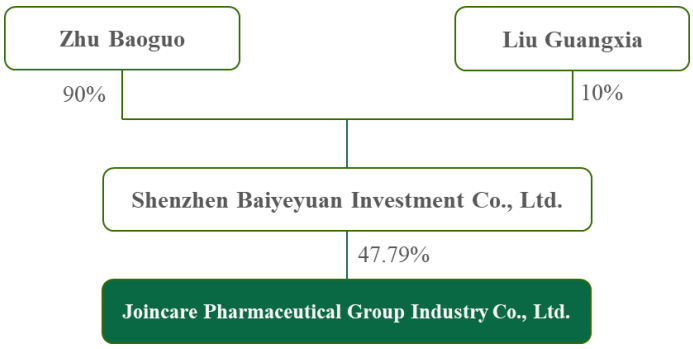
□Applicable √N/A

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

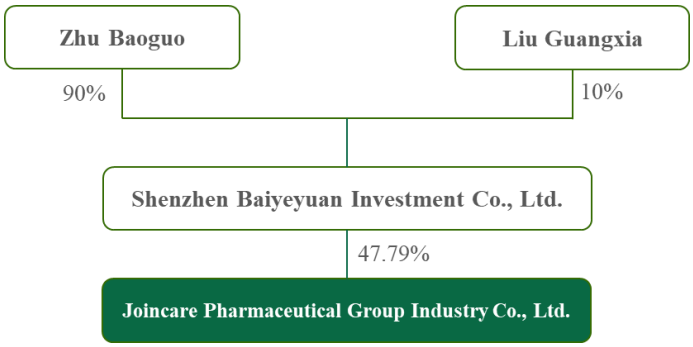
□Applicable √N/A

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)	29,028,370
Percentage of repurchased shares in the target shares	Not applicable

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

Chapter 8 Information on Preferred Shares

□Applicable √N/A

Chapter 9 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 10 Financial Statements

I Auditor's report

√Applicable □N/A

GTCNSZ（2025）NO.442A007956

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 2024, 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 2024, 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. 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. 44 to the financial

statements.

1. Description of the matter

The Group generated revenue from primary operation in year ended 31 December 2024 were RMB 15,491.57 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 2024 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 2024, the Group's consolidated balance sheet reports an accounts receivable balance of RMB 2,512.21 million, with a corresponding provision for bad debts of RMB 82.32 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 2024 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 Shao Guirong (The partner in charge of the auditing service project)
	Certified Public Accountants Li Weibo
Beijing, China	7 April 2025

II Financial statements

Consolidated Balance Sheet

December 31, 2024

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

Unit: Yuan Currency: RMB

Item	Note	December 31, 2024	December 31, 2023
Current assets:			
Cash and bank balances	V.1	14,851,977,121.94	15,691,888,314.83
Financial assets held for trading	V.2	89,363,055.07	82,899,154.24
Notes receivable	V.3	1,951,213,189.48	1,941,200,568.00
Accounts receivable	V.4	2,429,891,052.01	2,692,941,866.24
Receivables financing			
Prepayments	V.5	241,379,213.79	280,102,860.94
Other receivables	V.6	51,166,649.86	46,010,624.61
Including: Interests receivable			
Dividends receivable			
Inventories	V.7	2,621,343,117.50	2,655,808,391.09
Contract assets			
Assets held-for-sale	V.8	54,029,237.68	
Non-current assets due within one year	V.9	556,410,803.22	406,376,425.44
Other current assets	V.10	159,087,536.76	77,402,185.01
Total current assets		23,005,860,977.31	23,874,630,390.40
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	V.11	1,446,298,598.46	1,411,036,353.95
Other equity instrument investments	V.12	1,026,548,743.15	1,155,283,408.36
Other non-current financial assets			
Investment properties	V.13	16,117,329.57	16,958,213.00
Fixed assets	V.14	5,689,216,337.13	5,664,352,555.97
Construction in progress	V.15	531,063,771.79	531,059,118.06
Productive biological assets			
Oil and gas assets			
Right-of-use assets	V.16	38,626,733.57	36,233,067.49
Intangible assets	V.17	687,430,720.95	683,337,333.73
Development cost	V.18	362,703,730.11	483,494,487.17
Goodwill	V.19	636,339,503.82	636,339,503.82
Long-term prepaid expenses	V.20	319,396,628.88	328,642,740.95
Deferred tax assets	V.21	685,468,536.85	579,534,830.15
Other non-current assets	V.22	1,273,057,844.54	957,224,255.77
Total non-current assets		12,712,268,478.82	12,483,495,868.42
Total assets		35,718,129,456.13	36,358,126,258.82
Current liabilities:			
Short-term loans	V.24	2,455,000,000.00	2,076,159,347.22
Financial liabilities held for trading	V.25	9,046,554.29	86,817.12
Notes payable	V.26	1,384,943,947.17	1,469,148,287.38
Accounts payable	V.27	765,512,193.23	894,286,243.28
Receipts in advance			
Contract liabilities	V.28	142,395,539.21	159,082,637.65
Employee benefits payable	V.29	473,571,305.45	399,466,473.91
Taxes payable	V.30	263,380,339.80	410,202,854.09
Other payables	V.31	3,369,115,240.67	3,682,604,038.73
Including: Interests payable			-

Dividends payable		9,890,041.38	12,478,280.13
Liabilities held-for-sale			
Non-current liabilities due within one year	V.32	395,975,991.36	718,564,144.31
Other current liabilities	V.33	11,841,940.51	51,087,001.83
Total current liabilities		9,270,783,051.69	9,860,687,845.52
Non-current liabilities:			
Long-term loans	V.34	2,424,635,112.37	3,122,273,278.99
Bonds payable			
Lease liabilities	V.35	19,975,819.77	15,422,948.41
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	V.36	334,970,008.52	370,179,550.82
Deferred tax liabilities	V.22	267,622,684.50	260,032,144.44
Other non-current liabilities	V.37		90,000,000.00
Total non-current liabilities		3,047,203,625.16	3,857,907,922.66
Total liabilities		12,317,986,676.85	13,718,595,768.18
Owner's equity (or shareholder's equity):			
Share capital	V.38	1,874,200,420.00	1,865,523,807.00
Other equity instruments			
Including: Preferred shares			
Perpetual debts			
Capital reserve	V.39	1,654,383,491.41	1,601,720,087.71
Less: Treasury shares	V.40	328,221,279.42	
Other comprehensive income	V.41	-41,177,547.42	-12,246,131.22
Special reserve			
Surplus reserve	V.42	883,841,583.49	859,046,203.77
Undistributed profits	V.43	10,491,692,921.28	9,441,857,956.80
Total shareholders' equity attributable to the parent		14,534,719,589.34	13,755,901,924.06
Minority shareholder's equity		8,865,423,189.94	8,883,628,566.58
Total owner's equity (or shareholder's equity)		23,400,142,779.28	22,639,530,490.64
Total liabilities and owner's equity (or shareholder's equity)		35,718,129,456.13	36,358,126,258.82

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, 2024

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

Unit: Yuan Currency: RMB

Item	Note	December 31, 2024	December 31, 2023
Current assets:			
Cash and bank balances		1,267,163,186.68	2,216,321,523.93
Financial assets held for trading			
Notes receivable		213,110,653.41	191,417,091.37
Accounts receivable		215,995,326.60	315,179,282.98
Receivable financing			
Prepayments		65,226,966.95	142,404,994.03
Other receivables		755,355,599.84	686,367,834.30
Including: Interest receivable			
Dividends receivable		594,999,500.00	519,999,500.00
Inventories		34,044,292.45	88,930,104.82
Contract assets			
Assets held-for-sale			
Non-current assets due within one year		556,410,803.22	406,376,425.44
Other current assets		11,341,915.46	
Total current assets		3,118,648,744.61	4,046,997,256.87
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,747,384,860.50	3,748,495,719.02
Other equity instrument investment		158,225,331.61	161,234,048.68
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets		47,695,790.65	44,824,960.31
Construction in progress		127,433.63	8,212,014.32
Productive biological assets			
Oil and gas assets			
Right-of-use assets		8,127,307.28	3,440,952.82
Intangible assets		129,284,991.36	39,456,409.04
Development cost		136,566,953.79	139,141,503.86
Goodwill			
Long-term prepaid expenses		8,663,059.49	10,365,585.94
Deferred tax assets		146,255,469.13	97,251,604.00
Other non-current assets		460,886,298.45	641,144,559.34
Total non-current assets		4,849,408,971.32	4,899,758,832.76
Total assets		7,968,057,715.93	8,946,756,089.63
Current liabilities:			
Short-term loans			200,149,722.22
Financial liabilities held for trading			
Notes payable		64,552,011.15	371,735,241.80
Accounts payable		213,679,014.84	91,377,730.30
Receipts in advance			
Contract liabilities		9,570,903.72	10,456,371.81

Employee benefits payable		42,594,091.98	43,877,751.41
Taxes payable		7,446,940.04	26,917,149.98
Other payables		481,244,332.71	460,037,009.32
Including: Interests payable			
Dividends payable			
Liabilities held-for-sale			
Non-current liabilities due within one year		237,724,155.35	52,732,739.68
Other current liabilities		1,199,757.57	1,308,875.01
Total current liabilities		1,058,011,207.36	1,258,592,591.53
Non-current liabilities:			
Long-term loans		871,400,000.00	1,312,000,000.00
Bonds payable			
Lease liabilities		5,437,140.90	
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income		7,708,740.65	11,109,600.00
Deferred tax liabilities		3,887,593.60	2,742,846.41
Other non-current liabilities			
Total non-current liabilities		888,433,475.15	1,325,852,446.41
Total liabilities		1,946,444,682.51	2,584,445,037.94
Owner's equity (or shareholder's equity):			
Share capital		1,874,200,420.00	1,865,523,807.00
Other equity instruments			
Including: Preferred shares			
Perpetual debts			
Capital reserve		1,043,800,614.52	972,063,254.79
Less: Treasury shares		328,221,279.42	
Other comprehensive income		888,524.41	4,379,477.64
Special reserve			
Surplus reserve		795,239,635.11	770,444,255.39
Undistributed profits		2,635,705,118.80	2,749,900,256.87
Total shareholders' equity attributable to the parent		6,021,613,033.42	6,362,311,051.69
Total liabilities and owner's equity (or shareholder's equity)		7,968,057,715.93	8,946,756,089.63

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, 2024

Unit: Yuan Currency: RMB

Item	Note	2024	2023
I. Total revenues	V.44	15,619,480,306.89	16,646,350,349.72
Including: Operating revenues		15,619,480,306.89	16,646,350,349.72
II. Total operating costs		11,986,201,698.24	13,123,515,536.16
Including: Operating costs	V.44	5,827,852,690.99	6,298,465,671.11
Operating tax and surcharges	V.45	190,409,297.76	203,209,120.85
Selling expenses	V.46	3,922,967,960.40	4,434,442,281.05
Administrative expenses	V.47	911,595,557.28	930,481,615.70
R&D expenses	V.48	1,435,351,627.65	1,661,757,980.90
Financial expenses	V.49	-301,975,435.84	-404,841,133.45
Including: Interest expenses		123,261,483.95	146,728,005.05
Interest income		417,296,591.13	532,253,758.86
Add: Other income	V.50	191,273,169.08	259,061,799.00
Investment Income (“-” for loss)	V.51	64,371,470.73	79,474,572.01
Including: Income from investments in associates and joint ventures		27,079,812.77	72,794,071.40
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	-17,495,836.34	-25,419,715.12
Losses of credit impairment (“-” for loss)	V.53	-7,262,094.01	-16,846,468.56
Impairment loss of assets (“-” for loss)	V.54	-293,144,305.71	-312,369,926.37
Gains from disposal of assets (“-” for loss)	V.55	45,262,713.71	-169,901.01
III. Operating profit (“-” for loss)		3,616,283,726.11	3,506,565,173.51
Add: Non-operating income	V.56	7,784,838.89	7,980,415.72
Less: Non-operating expenses	V.57	49,181,919.67	48,990,788.10
IV. Total profit (“-” for loss)		3,574,886,645.33	3,465,554,801.13
Less: Income tax expenses	V.58	592,140,657.73	614,535,757.76
V. Net profit (“-” for loss)		2,982,745,987.60	2,851,019,043.37
(I) Classified by business continuity			
1. Net profit from ongoing operation (“-” for loss)		2,982,745,987.60	2,851,019,043.37
2. Net profit from discontinuing operation (“-” for loss)			
(II) Classified by ownership			
1.Net profit attributable to shareholders of the parent company (“-” for loss)		1,386,570,192.56	1,442,779,722.23
2.Profit and loss of minority shareholders (“-” for loss)		1,596,175,795.04	1,408,239,321.14
VI. Other comprehensive income, net of tax		-8,587,237.01	-35,859,587.07
(I) Other comprehensive income attributable to shareholders of the parent, net of tax		-10,153,358.01	-14,877,862.38

1. Other comprehensive income that cannot be reclassified into profit or loss		-42,952,672.81	-28,328,225.75
(1) Changes from remeasurement of defined benefit plans			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method		-5,640,397.29	1,329,112.27
(3) Changes in fair value of investments in other equity instruments		-37,312,275.52	-29,657,338.02
(4) Changes in fair value of the enterprise's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss		32,799,314.80	13,450,363.36
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		148,242.05	-79,651.80
(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		32,651,072.75	13,530,015.17
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		1,566,121.00	-20,981,724.69
VII. Total comprehensive income		2,974,158,750.59	2,815,159,456.30
(I) Total comprehensive income attributable to owners of the parent company		1,376,416,834.55	1,427,901,859.85
(II) Total comprehensive income attributable to minority shareholders		1,597,741,916.04	1,387,257,596.45
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.74	0.76
(II) Diluted earnings per share (RMB/share)		0.74	0.76

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, 2024

Unit: Yuan Currency: RMB

Item	Note	2024	2023
I. Operating Revenues		1,854,151,209.69	2,335,368,409.73
Less: Operating costs		1,138,736,917.76	1,296,620,002.79
Operating tax and surcharges		12,424,349.29	18,191,486.29
Selling expenses		539,313,218.16	778,265,785.76
Administrative expenses		114,485,736.89	106,160,726.99
R&D expenses		261,647,086.79	105,105,802.11
Financial expenses		-59,848,675.34	-85,925,210.70
Including: Interest expenses		29,062,283.23	35,792,436.81
Interest income		87,472,150.77	112,494,303.53
Add: Other income		7,066,548.60	3,050,790.24
Investment Income (“-” for loss)		399,908,539.45	1,138,319,195.19
Including: Income from investments in associates and joint ventures		225,838.67	771,206.39
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure hedges (“-” for loss)			
Gains from changes in fair values (“-” for loss)			
Losses of credit impairment (“-” for loss)		-105,591.70	893,429.71
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)		197,595,927.52	1,259,213,231.63
Add: Non-operating income		470,836.32	2,428,107.88
Less: Non-operating expenses		3,152,091.14	10,321,190.29
III. Total profit (“-” for loss)		194,914,672.70	1,251,320,149.22
Less: Income tax expenses		-47,086,822.12	9,908,251.22
IV. Net profit (“-” for loss)		242,001,494.82	1,241,411,898.00
(1) Net profit from ongoing operation (“-” for loss)		242,001,494.82	1,241,411,898.00
(II) Net profit from discontinuing operation (“-” for loss)			
V. Other comprehensive income, net of tax		-3,443,693.03	3,738,341.88
(I) Other comprehensive income not to be reclassified into profit and loss		-3,443,693.03	3,738,341.88
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		-3,443,693.03	3,738,341.88
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		238,557,801.79	1,245,150,239.88
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, 2024

Unit: Yuan Currency: RMB

Item	Note	2024	2023
I. Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		17,177,160,717.79	18,384,911,273.46
Tax refunds received		116,683,312.97	194,255,179.28
Other cash received related to operating activities	V.59	648,241,832.58	886,837,372.89
Subtotal of cash inflow from operating activities		17,942,085,863.34	19,466,003,825.63
Cash paid for goods and services		5,000,866,372.20	6,082,140,644.68
Cash paid to and on behalf of employees		2,473,862,830.91	2,459,885,718.06
Payments of all types of taxes		1,981,718,786.10	1,865,755,412.23
Other cash paid related to operating activities	V.59	4,849,316,960.56	5,129,312,440.93
Subtotal of cash outflow in operating activities		14,305,764,949.77	15,537,094,215.90
Net cash flow from operating activities		3,636,320,913.57	3,928,909,609.73
II. Cash flow from investing activities:			
Cash received from disposal of investment		1,118,221,033.65	487,573,781.32
Cash received from returns on investments		26,418,944.68	153,317,136.18
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,499,554.67	15,304,216.61
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investing activities	V.59		354,303,650.67
Subtotal of cash inflow from investing activities		1,146,139,533.00	1,010,498,784.78
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		979,132,035.36	1,130,148,501.91
Cash paid to acquire investment		1,287,596,503.61	204,656,113.68
Net cash paid for acquisition of subsidiaries and other business units			22,461,951.59
Other cash paid related to investing activities	V.59	33,417,889.69	530,656,554.45
Subtotal of cash outflow in investing activities		2,300,146,428.66	1,887,923,121.63
Net cash flow from investing activities		-1,154,006,895.66	-877,424,336.85
III. Cash flow from financing activities:			
Cash received from capital contribution		338,306,488.83	47,272,592.34
Including: Cash received from investment by minority interests of subsidiaries		241,748,429.05	9,150,000.00
Cash received from borrowings		6,637,402,394.66	4,273,570,084.01
Other cash received related to financing activities		1,682,133.31	20,000,000.00
Subtotal of cash inflow from financing activities		6,977,391,016.80	4,340,842,676.35
Cash repayments of amounts borrowed		7,276,703,823.63	3,390,232,777.68
Cash payments for interest expenses and distribution of dividends or profits		1,501,215,374.65	1,614,965,214.84
Including: Dividend paid to minority interests of subsidiaries		1,033,066,578.92	1,134,101,424.76
Other cash payments related to financing activities	V.59	1,235,494,511.47	1,263,138,206.11
Subtotal of cash outflow in financing activities		10,013,413,709.75	6,268,336,198.63
Net cash flow from financing activities		-3,036,022,692.95	-1,927,493,522.28
IV. Effect of foreign exchange rate changes on cash and cash equivalents		55,484,980.63	38,411,935.73
V. Net increase in cash and cash equivalents		-498,223,694.41	1,162,403,686.33
Add: Opening balance of cash and cash equivalents		15,340,869,372.73	14,178,465,686.40
VI. Closing balance of cash and cash equivalents		14,842,645,678.32	15,340,869,372.73

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

Cash Flow Statement of Parent Company

From January to December, 2024

Unit: Yuan Currency: RMB

Item	Note	2024	2023
I. Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		2,156,020,225.42	2,465,414,605.44
Tax refunds received			
Other cash received related to operating activities		4,542,064,768.40	1,795,031,283.74
Subtotal of cash inflow from operating activities		6,698,084,993.82	4,260,445,889.18
Cash paid for goods and services		1,420,918,032.29	1,716,324,045.92
Cash paid to and on behalf of employees		261,736,721.91	315,694,179.79
Payments of all types of taxes		120,431,606.24	140,037,429.22
Other cash paid related to operating activities		5,116,447,561.82	3,259,423,999.51
Subtotal of cash outflow in operating activities		6,919,533,922.26	5,431,479,654.44
Net cash flow from operating activities		-221,448,928.44	-1,171,033,765.26
II. Cash flow from investing activities:			
Cash received from disposal of investment		633,705,885.66	16,009,870.78
Cash received from returns on investments		345,491,065.00	1,188,686,336.32
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		22,890.00	1,618,089.69
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investing activities			348,303,650.67
Subtotal of cash inflow from investing activities		979,219,840.66	1,554,617,947.46
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		94,862,752.49	28,550,710.70
Cash paid to acquire investment		557,488,831.03	253,540,000.00
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid related to investing activities			200,000,000.00
Subtotal of cash outflow in investing activities		652,351,583.52	482,090,710.70
Net cash flow from investing activities		326,868,257.14	1,072,527,236.76
III. Cash flow from financing activities:			
Cash received from capital contribution		96,558,059.78	38,122,592.34
Cash received from borrowings		771,850,000.00	500,000,000.00
Other cash received related to financing activities			
Subtotal of cash inflow from financing activities		868,408,059.78	538,122,592.34
Cash repayments of amounts borrowed		1,228,000,000.00	236,000,000.00
Cash payments for interest expenses and distribution of dividends or profits		372,111,517.70	372,359,680.47
Other cash payments related to financing activities		333,107,280.39	480,842,923.14
Subtotal of cash outflow in financing activities		1,933,218,798.09	1,089,202,603.61
Net cash flow from financing activities		-1,064,810,738.31	-551,080,011.27
IV. Effect of foreign exchange rate changes on cash and cash equivalents		10,233,072.36	7,846,043.48
V. Net increase in cash and cash equivalents		-949,158,337.25	-641,740,496.29
Add: Opening balance of cash and cash equivalents		2,216,321,523.93	2,858,062,020.22
VI. Closing balance of cash and cash equivalents		1,267,163,186.68	2,216,321,523.93

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 Statement of Changes in Owner's Equity

From January to December, 2024

Unit: Yuan Currency: RMB

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														
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

Item	2023													
	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	1,929,189,374.00				2,343,693,215.99	347,176,561.29	4,704,473.53		734,766,581.50		8,456,778,287.49	13,121,955,371.22	8,898,418,947.86	22,020,374,319.08
Add: Change of accounting policies														
Correction to errors of the previous period														
Others														
II. Balance at the beginning of year	1,929,189,374.00				2,343,693,215.99	347,176,561.29	4,704,473.53		734,766,581.50		8,456,778,287.49	13,121,955,371.22	8,898,418,947.86	22,020,374,319.08
III. Increase and decrease of the current year (enter "-" for decrease)	-63,665,567.00				-741,973,128.28	-347,176,561.29	-16,950,604.75		124,279,622.27		985,079,669.31	633,946,552.84	-14,790,381.28	619,156,171.56
(I). Total comprehensive income							-14,877,862.38				1,442,779,722.23	1,427,901,859.85	1,387,257,596.45	2,815,159,456.30
(II). Capital contribution or reduction from shareholders	-63,665,567.00				-858,072,890.75	-347,176,561.29						-574,561,896.46	-175,500,041.15	-750,061,937.61
1. Capital contribution from shareholders	3,500,889.00				35,218,943.34							38,719,832.34	9,150,000.00	47,869,832.34
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity					13,686,798.08							13,686,798.08		13,686,798.08
4. Others	-67,166,456.00				-906,978,632.17	-347,176,561.29						-626,968,526.88	-184,650,041.15	-811,618,568.03
(III). Profit distribution									124,141,189.80		-460,933,246.56	-336,792,056.76	-1,134,091,995.09	-1,470,884,051.85
1. Accrual of surplus reserve									124,141,189.80		-124,141,189.80			
2. Accrual of general risk provision														
3. Amount distributed to											-336,792,056.76	-336,792,056.76	-1,134,091,995.09	-1,470,884,051.85

owners (or shareholders)														
4. Others														
(IV) . Internal carrying forward of owner's equity							-2,072,742.37		138,432.47		3,233,193.64	1,298,883.74	2,420,773.91	3,719,657.65
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							-2,072,742.37		138,432.47		3,233,193.64	1,298,883.74	2,420,773.91	3,719,657.65
6. Others														
(V) . Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
(VI) . Others					116,099,762.47							116,099,762.47	-94,876,715.40	21,223,047.07
IV. Balance at end 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

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, 2024

Unit: Yuan Currency: RMB

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. Balance at the beginning of 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. Accrual of surplus reserve									24,200,149.48	-24,200,149.48	
2. Amount distributed to owners (or shareholders)										-337,353,555.60	-337,353,555.60
3. Others											
(IV) . Internal carrying forward of owner's equity							-47,260.200		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							-47,260.200		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

Item	2023										
	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	1,929,189,374.00				1,678,414,507.96	347,176,561.29	726,576.72		646,164,633.12	1,968,175,713.20	5,875,494,243.71
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Opening balance of the current year	1,929,189,374.00				1,678,414,507.96	347,176,561.29	726,576.72		646,164,633.12	1,968,175,713.20	5,875,494,243.71
III. Increase and decrease of the current year (enter "-" for decrease)	-63,665,567.00				-706,351,253.17	-347,176,561.29	3,652,900.92		124,279,622.27	781,724,543.67	486,816,807.98
(I). Total comprehensive income							3,738,341.88			1,241,411,898.00	1,245,150,239.88
(II). Capital contribution or reduction from shareholders	-63,665,567.00				-706,351,253.17	-347,176,561.29			-	-	-422,840,258.88
1. Capital contribution from shareholders	3,500,889.00				35,218,943.34	-					38,719,832.34
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity					13,822,495.92						13,822,495.92
4. Others	-67,166,456.00				-755,392,692.43	-347,176,561.29					-475,382,587.14
(III). Profit distribution									124,141,189.80	-460,933,246.56	-336,792,056.76
1. Accrual of surplus reserve									124,141,189.80	-124,141,189.80	
2. Amount distributed to owners (or shareholders)										-336,792,056.76	-336,792,056.76
3. Others											
(IV) . Internal carrying forward of owner's equity							-85,440.96		138,432.47	1,245,892.23	1,298,883.74
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							-85,440.96		138,432.47	1,245,892.23	1,298,883.74
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	1,865,523,807.00				972,063,254.79		4,379,477.64		770,444,255.39	2,749,900,256.87	6,362,311,051.69

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 2024, the Company's total share capital was RMB 1,874,200,420, representing a total of 1,874,200,420 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 ultimate 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 primarily engaged in the R&D, production and sale of pharmaceutical products and healthcare products, which covered drug preparation products, active pharmaceutical ingredients ("APIs") and intermediates, diagnostic reagents and equipment as well as healthcare products.

This financial statement and the accompanying notes have been approved by the Company's 9th Board of Directors at its eighth meeting on 7 April 2025.

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 2024, 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 2024.

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

5. Determination and selection basis of materiality criteria

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

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

(1) Business combinations involving enterprises under common control

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

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

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

In the consolidated financial statements, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party as at the combination date. The difference between sum of the carrying amount of the investment held and the carrying amount of the consideration paid for the combination and the carrying amount of the net assets acquired is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. For long-term equity investment held before the control over the combined party is obtained, profit or loss, other comprehensive income and other changes to equity interest attributable to the owners recognised from the later of the acquisition of the original equity interest and the date when the 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 recognised at fair value.

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

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

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

for current period when disposed. If the equity investment held prior to the acquisition date is measured at fair value, the cumulative changes in fair value recognised in other comprehensive income shall be transferred to retained earnings when accounted for using cost method.

In the consolidated financial statements, the combination cost is the sum of consideration paid on the acquisition date and fair value of the acquiree's equity held prior to the acquisition date. The equity of the acquirees held before the acquisition date is re-measured at the fair value of the equity on the acquisition date and the differences between the fair value and the carrying amount are recognised in the income for the current period; in respect of any other comprehensive income attributable to the equity interest in the acquiree held prior to the acquisition date and any changes of other shareholder's equity shall be transferred to investment profit or loss for current period on the acquisition date, except for the other comprehensive income arising from changes in net liabilities or net assets of defined benefit plans remeasured by investees and other comprehensive income related to non-derivative equity instrument investments designated at fair value through other comprehensive income.

(3) Transaction fees attribution during the combination

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

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

(1) Basis in determination of control

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

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

(2) Method for preparation of the consolidated financial statements

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

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

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

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

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

(3) Purchase of the minority stake in the subsidiary

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

(4) Treatment of loss of control of subsidiaries

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

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

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

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

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

② No complete commercial result will be realised without such transactions as a whole;

③ The occurrence of one transaction depends on the occurrence of at least another transaction;

④ The result of an individual transaction is not economical, but it would be economical after taken into account of other transactions in the series.

In the separate financial statements, where the Company disposes of the equity investment in the subsidiary through several transactions until the loss of control, and such transactions are not

regarded as “a basket of transactions”, the carrying amount of the long-term equity investment involving each disposal will be carried forward, with the difference between the disposal price and the carrying amount of the long-term equity investment involving the disposal being accounted into the investment 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 recognised as the other comprehensive income and will be carried forward to the profit or loss for the current period when the control is lost.

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

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

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

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

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

(1) Joint operation

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

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

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

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

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

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

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

(2) Joint ventures

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

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

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

(2) Translation of financial statements in foreign currency

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

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

All items in the statement of cash flows are translated at the spot exchange rate on the transaction date. The effect of exchange difference on cash is adjusted and separately presented as “Effect of changes in foreign exchange rates on cash and cash equivalents” in the cash flow statement.

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

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

11. Financial instruments

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 recognised when the Company becomes one of the parties under a financial instrument contract.

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

① The contractual right to receive the cash flow of the financial assets is terminated;

② The financial assets have been transferred and the transferred financial asset satisfies the following conditions of derecognition.

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

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

(2) Classification and measurement of financial assets

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

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

Financial assets at amortised cost

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

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

In addition to the above financial assets which are measured at amortised cost or at fair value a through other comprehensive income, the Company classifies all other financial assets as financial

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

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

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

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

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

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

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

(3) Classification and measurement of financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortised cost

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

Distinction between financial liabilities and equity instruments

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

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

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

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

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

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

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

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

(4) Derivative financial instruments and embedded derivatives

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

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

(5) Fair value of the financial instrument

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

(6) Impairment of financial assets

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

A. Financial assets measured at amortised cost;

B. Receivables and debt instrument investments that are measured at fair value through other comprehensive income;

C. Contract assets as defined in the Accounting Standard for Business Enterprises No. 14 – Revenue;

D. Lease receivables;

E. Financial guarantee contracts, except for those carried at fair value through profit or loss, those which the transfer of financial assets does not satisfy the derecognition condition or those formed as a result of continued involvement of the transferred financial assets.

Measurement of expected credit loss (ECLs)

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

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

The Company respectively measures the expected credit losses of financial instruments by different stages. If the credit risk of the financial instrument does not increase significantly since the initial recognition, it would be classified in Stage 1, the Company would measure loss allowance according to the future 12-month expected credit losses. If the credit risk of a financial instrument has significantly increased since the initial recognition but not yet credit-impaired, it would be classified in Stage 2, the Company would measure loss allowance according to the lifetime expected credit losses of that instrument. If the financial instrument has credit-impaired since the initial recognition, it would be classified in Stage 3, and the Company would measure loss allowance according to the lifetime expected credit losses of that instrument.

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

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company 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 amortised cost (that is, book balance less impairment allowance) and the effective interest rate.

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

Company divides receivables into portfolios based on credit risk characteristics and calculates credit losses on a portfolio basis.

Notes receivable, trade receivables and contract assets

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

If the expected credit losses of 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 receivables

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

Contract assets

- Contract assets portfolio: Sale of products

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

For accounts receivables classified as portfolio, the Company measures expected credit losses through preparing a table of concordance between the aging of trade receivables and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions. 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 amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired at balance sheet date. A financial asset is 'credit-impaired' when one or more events that have an adverse impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

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

Presentation of allowance for ECL

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

Write-off

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

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

(7) Transfer of financial assets

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

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

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

(8) Offsetting financial assets and financial liabilities

When the Company has the legal right to offset recognised financial assets and financial liabilities,

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

12. Fair value measurement

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

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

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

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

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

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

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

13. Inventories

(1) Classification of inventories

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

(2) Method of costing

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

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

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

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

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

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

(4) Inventory system

The Company maintains a perpetual inventory system.

(5) Amortisation methods of consumables and packaging materials

Low-value consumables and packaging materials of the Company are amortised 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 recognised as impairment loss on assets upon initial measurement or when such noncurrent assets or disposal groups are remeasured at the balance sheet date. For the amount of impairment loss on assets recognised in disposal groups, the carrying amount of disposal groups' goodwill shall be offset against first, and then offset against the carrying amount of non-current assets according to the proportion of carrying amount of the individual non-current assets in the disposal groups.

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

No depreciation or amortisation is provided for the non-current assets in the held-for-sale and the assets in the disposal group held for sale. The interest on the liabilities and other costs in the disposal group held for sale is recognised continuously. As far as all or part of investment in the associates and joint ventures is concerned, for the part classified into the held-for-sale category, the accounting with equity method shall be stopped, while the remaining part (which is not classified into the held for- sale category) shall still be accounted for using the equity method. When the Company loses the significant influence on the associates and joint venture due to the sale, the use of equity method shall be ceased.

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

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

② The recoverable amount.

(2) Determination of discontinued operation

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

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

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

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

(3) Presentation

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

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

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

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

15. Long-term equity investment

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

(1) Determination of initial investment cost

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

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

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

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

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

For the long-term equity investment accounted for using equity method, the investment cost of the long-term equity investment shall not be adjusted if the initial investment cost of the long-term

equity investment is higher than the Company's share in the fair value of the identifiable net value of the investee at the time of investment; if the initial investment cost of the long-term equity investment is lower than the Company's share in the fair value of the identifiable net value of the investee at the time of investment, the carrying amount of the long-term equity investment will be adjusted, with the difference recorded into the profit and loss for the current period of investment.

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

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

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

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

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

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

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

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

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

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

(4) Held-for-sale equity investment

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

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

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

(5) Impairment test and impairment provision

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

16. Investment properties

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

land use rights that are held for the purpose of sale after capital appreciation, buildings that have already been leased out, etc.

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

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

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

17. Fixed asset

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

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

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

(2) Method of depreciation

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%-18%	5%-10%

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

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

(4) The Company reviews the useful life and estimated net residual value of fixed asset and the

depreciation method applied annually at each of the period end.

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

(5) Overhaul costs

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

18. Construction in progress

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 recognised as expenses and included in profit or loss when incurred. Capitalisation of such borrowing costs can commence only when all of the following conditions are satisfied:

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

② Borrowing costs incurred;

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

(2) Capitalisation period of borrowing costs

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

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

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

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

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

20. Biological assets

(1) Determination of biological assets

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

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

② The economic benefits or service potential concerning this biological asset are likely to flow into the enterprise;

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

(2) Classification of biological assets

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

The consumable biological assets refer to the biological assets held for sale, or biological assets to be harvested as agricultural products in the future, consisting of growing traditional Chinese medical herbal plant species. The consumable biological asset is initially measured at cost. The cost of any consumable biological assets by way of self-planting, self-cultivating, self-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 recognised in the profit or loss for the current period as the excess of the carrying amount over the net realisable value. If the factors affecting the impairment of consumable biological assets no longer exist, the amount of write-down shall be resumed and shall be reversed from the original provision for the impairment loss before being recognised in the profit or loss for the current period.

21. Intangible assets

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

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

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

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

Category	Useful life	Basis in determination of useful life	Amortisation method	Note
Land use rights	30 to 50 years	Land use period	Straight-line method	
Patents and proprietary technologies	1 to 10 years	Shorter of estimated benefit period and patent validity period	Straight-line method	
software	2 to 10 years	Estimated benefit period	Straight-line method	
Trademark rights	5 years	Shorter of estimated benefit period and trademark validity period	Straight-line method	
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 recognised prospectively as the change of accounting estimate.

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

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

22. Research and development expenditures

The research and development (R&D) expenses of our company consist of expenses directly related to R&D activities, including salaries of R&D personnel, direct input costs, depreciation and amortization of long-term assets, equipment debugging costs, amortization of intangible assets, expenses for outsourcing research and development, clinical trial expenses, and other expenses.

Among these, the salaries of R&D personnel are allocated to R&D expenses based on project hours. Equipment, production lines, and premises shared between R&D activities and other production operations are allocated to R&D expenses based on the proportion of hourly usage or space usage.

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

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

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

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

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

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

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

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

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

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

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

23. Impairment of assets

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

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

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

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

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

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

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

24. Long-term deferred expenses

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

25. Employee compensation

(1) The scope of employee compensation

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

According to liquidity, employment compensations are presented separately as "accrued payroll"

item and “long-term employment compensation payable” item in the balance sheet.

(2) Short-term employee compensation

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

(3) Post-employment benefits

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

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

(5) Other long-term employee benefits

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 recognised as a provision when all of the following conditions are satisfied:

(1) The obligation is a present obligation of the Company;

(2) It is probable that an outflow of economic benefits will be required to settle the obligation;

(3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of

time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Company reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

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

27. Share-based payment and equity instruments

(1) Category of share-based payment

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

(2) Determination of fair value of equity instrument

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

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

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

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

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

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

period.

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

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

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

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

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

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

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

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

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

28. Preferred shares, perpetual bonds and other financial instruments

(1) Classification of financial liabilities and equity instruments

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

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

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

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

29. Revenue

(1) General principle

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

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

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

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

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

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

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

For a performance obligation satisfied at a point in time, the Company shall recognise revenue when

the customer obtains control of relevant goods or services. When determining whether the customer has obtained control of the goods and services, the Company will consider the following indications:

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

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

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

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

⑤ When the customer has accepted the goods or services.

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

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

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

(2) Specific method

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

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

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

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

30. Contract costs

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

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

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

① The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs) , costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;

② The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;

③ The costs are expected to be recovered.

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

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

① Remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;

② The cost estimated to be happened for the transfer of related goods or services.

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

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

31. Government grants

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

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

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

Regarding to the government grant not clearly defined in the official documents and can form long

term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to income. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to income.

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

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

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

32. Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

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

(2) The deductible temporary differences associated with investments in subsidiaries, associates

and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

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

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

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

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

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

33. Leases

(1) Identification of leases

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

(2) The Company as the lessee

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

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

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

Short-term lease

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

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

Leases of low-value assets

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

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

Lease modification

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

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

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

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

(3) The Company as the lessor

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

Finance leases

In a financial lease, the Company uses the net investment in leases as the carrying amount of finance lease receivables at the inception of a lease. The net investment in leases is the sum of the unguaranteed residual value and the present value of the outstanding lease payment at the inception of a lease, discounted using the interest rate implicit in the lease. The Company, as the lessor, calculates and recognises the interest income over each period of the lease term at a fixed periodic interest rate. Variable lease payments not included in the measurement of the lease liability, which are obtained by the Company as a lessor, are recognised in profit or loss as incurred.

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

Operating leases

For the rental of operating leases, the Company recognises it in the profit or loss for the current

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

Lease modification

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

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

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

34. Right-of-use assets

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

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

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

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

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

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

35. Repurchase of shares

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

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

36. Significant accounting judgements and estimates

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

(1) Classification of financial assets

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

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

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

(2) Measurement of ECL for accounts receivables

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

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

On the balance sheet date, the Company assesses whether there are indications of impairment for

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

(4) Impairment of goodwill

The Company evaluates whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the asset groups to which the goodwill is allocated. In estimating the value in use, the Company needs to estimate the future cash flows generated from the asset groups and also to choose an appropriate discount rate in order to calculate the present value of the future cash flows.

(5) Development costs

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

(6) Deferred tax assets

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

(7) Revenue recognition

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

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

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

37. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

①Interpretation No. 17 of the Accounting Standards for Business Enterprises

In October 2023, the Ministry of Finance issued Interpretation No. 17 of the Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21) (hereinafter referred to as "Interpretation No. 17").

Classification of Current Liabilities and Non-current Liabilities

Interpretation No. 17 stipulates that for liabilities arising from corporate loan arrangements, the right to defer the settlement of these liabilities beyond one year from the balance sheet date may depend on whether the company has complied with the conditions specified in the loan arrangement (hereinafter referred to as "covenant conditions"). The covenant conditions that the company is required to comply with on or before the balance sheet date, even if the assessment of compliance with these conditions is made after the balance sheet date (for example, some covenant conditions may require evaluation based on the financial position as of the balance sheet date) , will affect the determination of whether the right exists on the balance sheet date and, in turn, impact the classification of the liability's liquidity on the balance sheet date. Covenant conditions that the company must comply with after the balance sheet date (such as those requiring evaluation based on the financial position six months after the balance sheet date) do not affect the determination of whether the right exists on the balance sheet date and are unrelated to the classification of the liability’s liquidity on the balance sheet date.

If the terms of the liabilities result in the company settling the liabilities by delivering its own equity instruments at the counterparty's discretion, and if, according to the standards, the option is classified as an equity instrument and recognized separately as a component of the equity of a compound financial instrument, then such a clause does not affect the liquidity classification of the liability.

The Company will implement this provision starting from 1 January 2024, and adjust the comparative period information accordingly.

The adoption of Interpretation No. 17 has not had a significant impact on the Company’s financial position and operating results.

Disclosure of Supplier Financing Arrangements

Interpretation No. 17 stipulates that for supplier financing arrangements, the following should be disclosed:
A. The terms and conditions of the supplier financing arrangement (such as extended payment terms and guarantees provided, etc.); B-a. The classification and carrying amount of financial liabilities that are part of the supplier financing arrangement on the balance sheet. b. If the supplier has received funds from the financing provider, the classification and carrying amount of the corresponding financial liabilities should be disclosed. c. The maturity date range of the relevant financial liabilities, as well as the maturity date range of comparable accounts payable that are not part of the supplier financing arrangement. If the maturity date range is large, the company should also disclose explanatory information or additional range information regarding these intervals. C. The types and impacts of any changes in the carrying amount of the relevant financial liabilities that do not involve cash flows (including those arising from business combinations, exchange differences, and other transactions or events that do not require the use of cash or cash equivalents).

When disclosing liquidity risk information in accordance with the requirements of Accounting Standards for Business Enterprises No. 37 – Financial Instruments: Disclosures, the company

should consider whether it has obtained, or has the ability to obtain, credit for deferred payments through supplier financing arrangements or early payments to its suppliers. When identifying the concentration of liquidity risk in accordance with the relevant standards, the company should consider the impact of supplier financing arrangements, which may result in the concentration of part of the financial liabilities originally owed to suppliers with the financing provider.

The Company will implement this provision starting from 1 January 2024. Upon first implementation of this provision, the Company is not required to disclose comparable period information or the opening balance information required under B. items b and c.

③ Interpretation No. 18 of the Accounting Standards for Business Enterprises

The Ministry of Finance issued Interpretation No. 18 of the Accounting Standards for Business Enterprises (Cai Kuai [2024] No. 24, Interpretation No. 18) in December 2024.

Accounting Treatment for Warranty-related Quality Guarantees that are not Separate Performance Obligations

Interpretation No. 18 stipulates that when accounting for provisions arising from warranty-related quality guarantees that are not separate performance obligations, the company should follow the provisions of Accounting Standards for Business Enterprises No. 13 – Contingencies. The company should debit accounts such as "Primary Operations Cost" and "Other Operations Cost" for the determined provisions amount and credit the "Provisions" account. Correspondingly, these items should be presented in the income statement under "Operating Costs" and in the balance sheet under "Other Current Liabilities," "Non-Current Liabilities Due Within One Year," and "Provisions."

The Company will implement this provision starting from the date of issuance of Interpretation No. 18 and will make retrospective adjustments.

The adoption of Interpretation No. 18 has not had a significant impact on the Company's financial position and operating results.

(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 or 7
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	16.5

Entity	Income tax rate %
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)	
Companhia de Macau Carason Limitada (澳门嘉安信有限公司) , Li Zhu (Macau) Limitada (丽珠(澳门) 有限公司) , Macau Livzon Traditional Chinese Medicine Modern Technology Co., Ltd. (澳门丽珠中药现代化科技有限公司)	0 or 12 (Tax rate is 12% where the taxable income is MOP600,000 or more; for those with taxable income less than MOP600,000, they are exempted from income taxes.)
The Company and Shenzhen Taitai Pharmaceutical Co., Ltd. (深圳太太药业有限公司) (Taitai Pharmaceutical) , Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司) (Haibin Pharma) , Xinxiang Haibin Pharmaceutical Co., Ltd. (新乡海滨药业有限公司) (Xinxiang Haibin), Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司) (Jiaozuo Joincare) , Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司)(Shanghai Frontier) , Joincare Haibin Pharmaceutical Co., Ltd. (健康元海滨药业有限公司) (Joincare Haibin) ; Livzon Group and Livzon Group Livzon Pharmaceutical Factory (丽珠集团利民制药厂) , Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂) , Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司) , Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司) , Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司) , Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司) , Zhuhai Livzon Reagents Co., Ltd. (珠海丽珠试剂股份有限公司) , Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司) , Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司) , Livzon Group (Ningxia) Pharmaceutical Co., Ltd. (丽珠集团(宁夏) 制药有限公司) , Zhuhai Livzon Monoclonal Antibody Biotechnology Co., Ltd. (珠海市丽珠单抗生物技术有限公司) , Zhuhai Lihe Medical Diagnostics Products Co., Ltd. (珠海丽禾医疗诊断产品有限公司) , Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (珠海市丽珠中药现代化科技有限公司) , Joincare Pharma Philippines Inc.	15
LIVZON MALAYSIA SDN. BHD. (Formerly known as: LIVZON BIOLOGICS (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

Entity	Income tax rate %
Livzon MAB Pharm (US) Inc. (丽珠单抗生物技术(美国) 有限公司)	21
Health Investment Holdings Ltd, Joincare Pharmaceutical Group Industry Co., Ltd. (BVI), Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS), Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II, LIAN International Holding LTD	0 (Note3)
Other subsidiaries	25 or enjoy preferential tax policies for small and micro-profit enterprises

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

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

Livzon Group and its subsidiaries, Livzon Group Limin Pharmaceutical Manufacturing Factory（丽珠集团利民制药厂）, Livzon Group Livzon Pharmaceutical Factory（丽珠集团丽珠制药厂）, Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.（珠海保税区丽珠合成制药有限公司）,Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd.（上海丽珠制药有限公司）, Sichuan Ugandan Pharmaceutical Manufacturing Co., Ltd.（四川光大制药有限公司）and Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.（丽珠集团福州福兴医药有限公司）have been entitled to the preferential income tax policies for high and new technology enterprises since 2023 for a valid period of three years; Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.（丽珠集团新北江制药股份有限公司）, Zhuhai Livzon Diagnostics Inc.（珠海丽珠试剂股份有限公司）and Livzon MABPharm Inc.（珠海市丽珠单抗生物技术有限公司）have been entitled to the preferential income tax policies for high and new technology enterprises since 2022 for a valid period of three years; Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.（焦作丽珠合成制药有限公司）has been entitled to the preferential income tax policies for high and new technology enterprise since 2024 for a valid period of three years; Shanghai Livzon Biotechnology Co., Ltd. （上海丽珠生物科技有限公司）is proposed to be recognised as the high and new technology enterprise for the Period; Livzon Group (Ningxia) Pharmaceutical Manufacturing Co.,Ltd.（丽珠集团（宁夏）制药有限公司）was approved to enjoy the enterprise taxation preference of the Encouraged Industries in Western China.

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

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

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

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

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

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

V. Notes to the items of consolidated financial statements

1. Cash and bank balances

Item	2024.12.31	2023.12.31
Cash on hand	370,795.14	355,538.62
Cash at bank	14,725,113,389.94	15,580,242,256.39
Other monetary funds	126,492,936.86	111,290,519.82
Total	**14,851,977,121.94**	**15,691,888,314.83**
Including: Total amount of money deposited abroad	2,613,756,749.91	1,502,820,057.55

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

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

Item	2024.12.31	2023.12.31
Deposits for letter of credit	0.00	602,957.38

Item	2024.12.31	2023.12.31
Deposits for bank acceptance bills	9,330,323.62	4,965,960.88
Deposits for other business	1,120.00	1,058,531.40
Total	**9,331,443.62**	**6,627,449.66**

2. Financial assets held for trading

(1) Classification

Item	2024.12.31	2023.12.31
Debt instruments investment	16,069,437.32	937,588.47
Equity instruments investment	72,993,949.73	78,238,516.48
Derivative financial assets	299,668.02	3,136,735.29
Bank wealth management products	0.00	586,314.00
Total	**89,363,055.07**	**82,899,154.24**

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

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

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

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

3. Notes receivable

Category	2024.12.31			2023.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	1,951,213,189.48	0.00	1,951,213,189.48	1,941,200,568.00	0.00	1,941,200,568.00

(1) Notes receivable pledged at year end

Category	Amount pledged at year end
Bank acceptance bills	805,827,262.43

As at 31 December 2024, bank acceptance bills with carrying amount of RMB805,827,262.43 (31 December 2023: RMB519,789,027.16) 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	37,606,855.80	0.00
Bank acceptance bills not yet mature but already discounted	0.00	0.00

Category	Amount derecognized at year end	Amount not derecognized at year end
Total	**37,606,855.80**	**0.00**

In the current period, the Company discounted bank acceptance bills of RMB 9,767,218.08 (previous year: RMB 385,575,297.99);Factoring expenses incurred was RMB73,911.09 (previous year: RMB 2,042,497.83) .

(3) There were no bills transferred into account receivables for non-performance by the issuer at balance sheet date of the period

(4) Disclosure by method of provision for bad debts

Category	2024.12.31					2023.12.31				
	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	1,951,213,189.48	100.00	0.00	0.00	1,951,213,189.48	1,941,200,568.00	100.00	0.00	0.00	1,941,200,568.00
Including:										
Bank acceptance bills	1,951,213,189.48	100.00	0.00	0.00	1,951,213,189.48	1,941,200,568.00	100.00	0.00	0.00	1,941,200,568.00
Total	**1,951,213,189.48**	**100.00**	**0.00**	**0.00**	**1,951,213,189.48**	**1,941,200,568.00**	**100.00**	**0.00**	**0.00**	**1,941,200,568.00**

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	2024.12.31			2023.12.31		
	Notes receivable	Provision for bad debts	Expected credit loss rate (%)	Notes receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	1,951,213,189.48	0.00	0.00	1,941,200,568.00	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	2024.12.31	2023.12.31
Within one year	2,440,126,785.44	2,647,481,728.60
1-2 years (inclusive of 2 years)	12,588,081.46	101,092,502.23
2 to 3 years (inclusive of 3 years)	34,759,173.64	2,963,960.00
3 to 4 years (inclusive of 4 years)	2,952,725.64	3,083,562.86
4 to 5 years (inclusive of 5 years)	1,798,831.08	10,440,914.56
Over 5 years	19,981,423.56	14,187,114.03
Subtotal	**2,512,207,020.82**	**2,779,249,782.28**

Ageing	2024.12.31	2023.12.31
Less: Provision for bad debts	82,315,968.81	86,307,916.04
Total	**2,429,891,052.01**	**2,692,941,866.24**

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	2024.12.31					2023.12.31				
	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	33,793,283.02	1.35	26,456,879.68	78.29	7,336,403.34	9,830,879.27	0.36	9,830,879.27	100.00	0.00
Including:										
Receivables from domestic customers	33,793,283.02	1.35	26,456,879.68	78.29	7,336,403.34	9,683,532.50	0.35	9,683,532.50	100.00	0.00
Receivables from overseas customers	0.00	0.00	0.00	0.00	0.00	147,346.77	0.01	147,346.77	100.00	0.00
Provision for bad debts on portfolio basis	2,478,413,737.80	98.65	55,859,089.13	2.25	2,422,554,648.67	2,769,418,903.01	99.64	76,477,036.77	2.76	2,692,941,866.24
Including:										
Receivables from domestic customers	1,897,562,319.42	75.53	47,863,899.59	2.52	1,849,698,419.83	2,334,140,677.67	83.98	69,784,726.72	2.99	2,264,355,950.95
Receivables from overseas customers	580,851,418.38	23.12	7,995,189.54	1.38	572,856,228.84	435,278,225.34	15.66	6,692,310.05	1.54	428,585,915.29
Total	**2,512,207,020.82**	**100.00**	**82,315,968.81**	**3.28**	**2,429,891,052.01**	**2,779,249,782.28**	**100.00**	**86,307,916.04**	**3.11**	**2,692,941,866.24**

Provision for bad debts on individual item:

Item	Closing balance			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason of provision
Purchase of goods	33,793,283.02	26,456,879.68	78.29	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	2024.12.31			2023.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	1,860,127,287.35	24,901,808.47	1.34	2,212,501,400.71	29,899,965.80	1.35
1 to 2 years (inclusive of 2 years)	12,588,081.46	1,899,169.95	15.09	100,128,396.60	19,836,728.22	19.81
2 to 3 years (inclusive of 3 years)	9,452,575.54	6,182,598.32	65.41	2,963,960.00	1,908,319.14	64.38
3 to 4 years	1,952,725.64	1,684,846.22	86.28	3,083,562.86	2,713,198.64	87.99

Ageing	2024.12.31			2023.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
(inclusive of 4 years)						
4 to 5 years (inclusive of 5 years)	2,798,831.08	2,552,658.28	91.20	2,047,544.15	2,010,701.57	98.20
Over 5 years	10,642,818.35	10,642,818.35	100.00	13,415,813.35	13,415,813.35	100.00
Total	**1,897,562,319.42**	**47,863,899.59**	**2.52**	**2,334,140,677.67**	**69,784,726.72**	**2.99**

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

Ageing	2024.12.31			2023.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	579,999,498.09	7,398,674.95	1.28	434,314,119.71	6,498,350.54	1.50
1-2 years	0.00	0.00	0.00	964,105.63	193,959.51	20.12
2-3 years	851,920.29	596,514.59	70.02	0.00	0.00	0.00
Total	**580,851,418.38**	**7,995,189.54**	**1.38**	**435,278,225.34**	**6,692,310.05**	**1.54**

(3) Accrual, recovery or reversal of bad debt provision during the year

Item	Amount of provision for bad debts
Beginning balance	86,307,916.04
Provision for the year	4,379,218.42
Recovered or reversal in the year	0.00
Write-off in the year	8,346,895.05
Others	-24,270.60
Closing balance	**82,315,968.81**

As of 31 December 2024 and 31 December 2023, the company has no overdue accounts receivable that have not been impaired.

(4) Accounts receivable written-off during the year

Item	Written-off amount
Actual written-off of accounts receivable	8,346,895.05

(5) Accounts receivable due from the top five debtors

As of 31 December 2024, the total amount of the top five debtors in closing balance is RMB274,331,430.64, accounting for 10.92% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB3,758,891.60.

(6) Accounts receivable derecognised by the Company due to the transfer of financial assets

In 2024, the Company's subsidiary, Livzon Group, performed non-recourse factoring on a portion of its accounts receivable, and almost all of the risks and rewards of ownership were transferred to other parties. The accounts receivable derecognised amounted to RMB66,924,038.65, with no gain or loss related to the derecognition.

(7) There were no assets or liabilities formed by the continuing involvement of transferred accounts receivables in each reporting period.

5. Prepayments

(1) Prepayments by ageing

Ageing	2024.12.31		2023.12.31	
	Amount	Ratio %	Amount	Ratio %
Within one year	228,324,008.00	94.59	261,832,941.82	93.48
1 to 2 years	9,222,102.11	3.82	9,471,130.48	3.38
2 to 3 years	1,609,594.21	0.67	6,936,952.00	2.48
Over 3 years	2,223,509.47	0.92	1,861,836.64	0.66
Total	**241,379,213.79**	**100.00**	**280,102,860.94**	**100.00**

(2) Prepayments due from the top five debtors:

As of 31 December 2024, the total amount of the top five prepayments in closing balance is RMB53,541,651.65, accounting for 22.18% of the total amount of closing balance of prepayments.

6. Other receivables

Item	2024.12.31	2023.12.31
Dividends receivable	0.00	0.00
Other receivables	51,166,649.86	46,010,624.61
Total	**51,166,649.86**	**46,010,624.61**

(1) Other receivables

① by ageing

Ageing	2024.12.31	2023.12.31
Within one year	46,472,958.88	37,991,559.91
1 to 2 years	4,112,309.31	7,058,808.33
2 to 3 years	5,192,192.02	3,902,904.05
3 to 4 years	1,848,522.45	1,311,234.02
4 to 5 years	807,066.65	1,268,993.52
Over 5 years	31,625,799.16	30,945,575.08
Subtotal	**90,058,848.47**	**82,479,074.91**
Less: Provision for bad debts	38,892,198.61	36,468,450.30
Total	**51,166,649.86**	**46,010,624.61**

② Disclosure by nature

Item	2024.12.31			2023.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount

Deposits under guarantee, deposits and lease expenses	14,929,961.98	3,144,110.61	11,785,851.37	13,157,467.26	3,780,044.47	9,377,422.79
Reserved fund and advances	17,986,570.07	1,760,353.39	16,226,216.68	20,493,420.45	1,338,678.06	19,154,742.39
Related party balances	989,830.90	475,095.13	514,735.77	1,337,073.19	479,197.00	857,876.19
External entities balances	13,489,154.97	10,949,943.49	2,539,211.48	15,256,745.76	12,461,260.90	2,795,484.86
Tax refund on exports	12,746,669.03	137,836.48	12,608,832.55	7,931,105.45	373,263.13	7,557,842.32
Treasury bonds and security deposits	16,954,735.37	16,954,735.37	0.00	16,954,735.37	16,954,735.37	0.00
Amounts of exercised options	0.00	0.00	0.00	597,240.00	0.00	597,240.00
Others	12,961,926.15	5,470,124.14	7,491,802.01	6,751,287.43	1,081,271.37	5,670,016.06
Total	**90,058,848.47**	**38,892,198.61**	**51,166,649.86**	**82,479,074.91**	**36,468,450.30**	**46,010,624.61**

③ Information of provision for bad debts

At year-end, there is no provision for bad debts on those in the first stage.

At year end, 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 of tax refund on exports	12,746,669.03	1.08	137,836.48	12,608,832.55	
Receivable of deposits under guarantee, deposits and lease expenses	14,929,961.98	21.06	3,144,110.61	11,785,851.37	
Other receivables	35,202,667.64	23.95	8,430,701.70	26,771,965.94	
Total	**62,879,298.65**	**18.63**	**11,712,648.79**	**51,166,649.86**	

At year end, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	27,179,549.82	100.00	27,179,549.82	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Likelihood of recovery is expected to be low
Other receivables	10,224,814.45	100.00	10,224,814.45	0.00	Likelihood of recovery is expected to be low
Total	**27,179,549.82**	**100.00**	**27,179,549.82**	**0.00**	

As of 31 December 2023, information of provision for bad debts:

As of 31 December 2023, 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 individual item	597,240.00	0.00	0.00	597,240.00	
Amounts of exercised options	597,240.00	0.00	0.00	597,240.00	Expected to be recoverable
Total	**597,240.00**	**0.00**	**0.00**	**597,240.00**	

As of 31 December 2023, 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	54,681,240.51	16.95	9,267,855.90	45,413,384.61	
Receivable of tax refund on exports	7,931,105.45	4.71	373,263.13	7,557,842.32	
Receivable of deposits under guarantee, deposits and lease expenses	13,157,467.26	28.73	3,780,044.47	9,377,422.79	
Other receivables	33,592,667.80	15.23	5,114,548.30	28,478,119.50	
Total	**54,681,240.51**	**16.95**	**9,267,855.90**	**45,413,384.61**	

As of 31 December 2023, 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	27,200,594.40	100.00	27,200,594.40	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Likelihood of recovery is expected to be low
Other receivables	10,245,859.03	100.00	10,245,859.03	0.00	Likelihood of recovery is expected to be low
Total	**27,200,594.40**	**100.00**	**27,200,594.40**	**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)	
Beginning balance	0.00	9,267,855.90	27,200,594.40	36,468,450.30
Movement of beginning balance during the period				
--transfer to second stage	0.00	0.00	0.00	0.00
--transfer to third stage	0.00	-474,322.84	474,322.84	0.00
--Reverse to second stage	0.00	0.00	0.00	0.00

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)	
--Reverse to first stage	0.00	0.00	0.00	0.00
Provision for the year	0.00	2,882,875.59	0.00	2,882,875.59
Reversal in the year	0.00	0.00	0.00	0.00
Transfer in the year	0.00	0.00		0.00
Write-off in the year	0.00	0.00	495,367.42	495,367.42
Other movement	0.00	36,240.14	0.00	36,240.14
Closing balance	**0.00**	**11,712,648.79**	**27,179,549.82**	**38,892,198.61**

⑤ Actual written-off of other receivables in the year

Item	Written-off amount
Actual written-off of other receivables	495,367.42

⑥ Other receivables due from the top five debtors

Name of entity	Nature	Other receivables Closing balance	Ageing	Proportion to total other receivables (%)	Provision for bad debts Closing balance
Hua Xia Securities Co., Ltd. (华夏证券股份有限公司)	Treasury bonds and security deposits	16,954,735.37	Over 5 years	18.83	16,954,735.37
Tax refund on exports	Export tax refund	12,746,669.03	Within one year	14.15	137,836.48
Zhongnuo Kailin Pharmaceutical Development (Suzhou) Co., Ltd. (中诺凯琳医药发展(苏州) 有限公司) and its subsidiaries	Security deposits and Purchase of goods	5,080,000.00	Within 4 years	5.64	2,313,900.00
Guangzhou Galaxy Sunshine Biological Products Co., Ltd. (广州银河阳光生物制品有限公司)	Loan	5,000,000.00	Over 5 years	5.55	5,000,000.00
Qingdao Jieyunhang International Logistics Co., Ltd.（青岛捷运航国际物流有限公司）	Security deposits	1,200,000.00	Within 1-2 years	1.33	60,000.00
Total		**40,981,404.40**		**45.50**	**24,466,471.85**

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	2024.12.31	2023.12.31

	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount
Raw materials	578,598,167.92	25,605,062.73	552,993,105.19	718,552,382.00	70,207,573.94	648,344,808.06
Packaging materials	111,420,474.51	30,531,140.26	80,889,334.25	129,848,977.45	15,944,825.79	113,904,151.66
Work-in-progress and semi-finished products	870,979,516.35	105,746,474.26	765,233,042.09	769,971,425.39	101,298,495.05	668,672,930.34
Low-value consumables	78,190,010.45	13,387,887.24	64,802,123.21	71,912,394.69	686,883.88	71,225,510.81
Finished goods	1,123,460,413.82	28,624,595.64	1,094,835,818.18	1,305,371,756.83	201,497,635.93	1,103,874,120.90
Commissioned processing materials	1,734,123.93	0.00	1,734,123.93	2,918,287.46	0.00	2,918,287.46
Consumptive biological assets	17,112,905.05	0.00	17,112,905.05	15,384,338.39	0.00	15,384,338.39
Issued goods	43,742,665.60	0.00	43,742,665.60	31,484,243.47	0.00	31,484,243.47
Total	**2,825,238,277.63**	**203,895,160.13**	**2,621,343,117.50**	**3,045,443,805.68**	**389,635,414.59**	**2,655,808,391.09**

(2) Provision for decline in value of inventories

Item	2023.12.31	Increase		Decrease		2024.12.31
		Provision	Others	Reversal or written-off	Others	
Raw materials	70,207,573.94	16,080,153.38	0.00	60,682,664.59	0.00	25,605,062.73
Packaging materials	15,944,825.79	16,368,145.29	0.00	1,781,830.82	0.00	30,531,140.26
Work-in-progress and semi-finished products	101,298,495.05	15,177,467.51	0.00	10,729,488.30	0.00	105,746,474.26
Low-value consumables	686,883.88	13,702,148.98	0.00	1,001,145.62	0.00	13,387,887.24
Finished goods	201,497,635.93	25,458,210.12	0.00	198,331,250.41	0.00	28,624,595.64
Total	**389,635,414.59**	**86,786,125.28**	**0.00**	**272,526,379.74**	**0.00**	**203,895,160.13**

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	The estimated selling price less related taxes Discard	The estimated selling price less related taxes Discard
Work-in-progress and semi-finished products	Estimated selling price less estimated costs of completion, selling expenses and related taxes	Processing of finished goods and discard
Low-value consumables	Estimated selling price less the related taxes	Used or discard
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	2024.12.31	2023.12.31

	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Non-current assets held-for-sale	54,029,237.68	0.00	54,029,237.68	0.00	0.00	0.00
Including:						
Construction in progress	25,445,035.68	0.00	25,445,035.68	0.00	0.00	0.00
Intangible assets	28,584,202.00	0.00	28,584,202.00	0.00	0.00	0.00
Total	**54,029,237.68**	**0.00**	**54,029,237.68**	**0.00**	**0.00**	**0.00**

In September 2024, the company's Board of Directors reviewed and approved the proposal of "Proposal on the Transfer of Land Use Rights and Associated Buildings by Wholly-owned Subsidiary, Involving Fundraising Investment Project Transfer." The proposal approves the wholly-owned subsidiary, Healthy China, to transfer its ownership of the state-owned land use rights located on the south side of Hubin Road and the east side of Binhai Road, Sanzao Town, Jinwan District, Zhuhai City, with a land area of 94,538 ㎡, along with all buildings, other attachments, and construction in progress, to Zhuhai Yangyi Biopharmaceutical Co., Ltd. The transfer price is RMB 79.52 million (tax included).

9. Non-current assets due within one year

Item	2024.12.31	2023.12.31
Fixed deposits due within 1 year	556,410,803.22	406,376,425.44
Total	**556,410,803.22**	**406,376,425.44**

10. Other current assets

Item	2024.12.31	2023.12.31
Input VAT pending deduction /Input tax pending for verification	121,986,411.58	63,118,496.24
Prepaid income tax	36,657,570.07	7,497,071.94
Return cost receivable	0.00	6,536,364.62
Others	443,555.11	250,252.21
Total	**159,087,536.76**	**77,402,185.01**

11. Long-term equity investment

Investee	2023.12.31	Beginning balance of provision for impairment	Movement in the year								2024.12.31	Closing balance of provision for impairment
			Additions in investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
①Subsidiaries												
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	6,337,823.35	6,337,823.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,337,823.35	6,337,823.35
Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司)	1,949,893.45	1,949,893.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,949,893.45	1,949,893.45
Subtotal	**8,287,716.80**	**8,287,716.80**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**8,287,716.80**	**8,287,716.80**
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)	107,727,601.81	0.00	0.00	0.00	16,550,139.06	0.00	0.00	3,825,000.00	0.00	0.00	120,452,740.87	0.00
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	1,564,214.37	0.00	0.00	0.00	-265,074.18	0.00	0.00	0.00	0.00	0.00	1,299,140.19	0.00
AbCyte Therapeutics Inc.	11,905,367.79	0.00	0.00	0.00	-362,212.13	0.00	0.00	0.00	0.00	0.00	11,543,155.66	0.00
L&L Biopharma, Co. Ltd. (上海健信生物医药科技有限公司)	15,162,780.96	0.00	0.00	0.00	-1,347,377.77	0.00	0.00	0.00	0.00	0.00	13,815,403.19	0.00
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	38,519,844.60	0.00	0.00	0.00	-31,917,579.57	349,157.30	16,420,261.20	0.00	0.00	0.00	23,371,683.53	0.00
Aetio Biotherapy, Inc.	15,313,840.38	0.00	0.00	0.00	-328,225.97	0.00	0.00	0.00	0.00	0.00	14,985,614.41	0.00
Hangzhou New Element Pharmaceutical Co., Ltd. (formerly known as Jiangsu New Element Pharmaceutical Technology Co., Ltd (杭州新元素药业有限公司(曾用名：江苏新元素医药科技有限公司)	101,038,745.69	0.00	0.00	0.00	-23,242,860.23	-29,354.45	9,135,839.93	0.00	0.00	0.00	86,902,370.94	0.00
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	705,604,432.89	0.00	0.00	0.00	55,857,811.02	-12,168,039.33	0.00	0.00	0.00	0.00	749,294,204.58	0.00

Investee	2023.12.31	Beginning balance of provision for impairment	Movement in the year								2024.12.31	Closing balance of provision for impairment
			Additions in investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	17,570,478.01	0.00	0.00	0.00	-100.77	0.00	0.00	0.00	0.00	0.00	17,570,377.24	0.00
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物医药科技有限公司)	9,888,400.85	0.00	0.00	0.00	22,920.23	0.00	307,701.63	0.00	0.00	0.00	10,219,022.71	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	294,756,376.49	0.00	0.00	0.00	13,588,580.07	0.00	0.00	0.00	0.00	0.00	308,344,956.56	0.00
Ningbo Ningrong Biomedical Co., Ltd. (宁波宁融生物医药有限公司)	27,785,384.63	0.00	0.00	0.00	-285,753.16	0.00	0.00	0.00	0.00	0.00	27,499,631.47	0.00
Feellife Health Inc. (深圳来福士雾化医学有限公司)	13,775,416.81	0.00	0.00	0.00	-1,668,911.14	0.00	-2,014,297.29	0.00	0.00	0.00	10,092,208.38	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd. (江苏百宁盈创医疗科技有限公司)	30,097,462.89	0.00	0.00	0.00	1,856,815.03	0.00	6,162.75		0.00	0.00	31,960,440.67	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	18,710,267.75	0.00	0.00	0.00	-1,401,433.38	0.00	0.00	0.00	0.00	0.00	17,308,834.37	0.00
Haisong Precision Parts (Taicang) Co., Ltd. (海嵩精密零部件(太仓) 有限公司)	1,615,738.03	0.00	0.00	0.00	23,075.66	0.00	0.00	0.00	0.00	0.00	1,638,813.69	0.00
Subtotal	**1,412,236,353.95**	**1,200,000.00**	**0.00**	**0.00**	**27,079,812.77**	**-11,848,236.48**	**23,855,668.22**	**3,825,000.00**	**0.00**	**0.00**	**1,447,498,598.46**	**1,200,000.00**
Total	**1,420,524,070.75**	**9,487,716.80**	**0.00**	**0.00**	**27,079,812.77**	**-11,848,236.48**	**23,855,668.22**	**3,825,000.00**	**0.00**	**0.00**	**1,455,786,315.26**	**9,487,716.80**

12. Other equity instruments investment

Item	2024.12.31	2023.12.31	Reason for designation
Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新创股权投资中心)	54,973,447.09	57,858,983.79	Non-trading
Shanghai JingYi Investment Center (上海经颐投资中心)	68,241,884.52	73,365,064.89	Non-trading
Qianhai Equity Investment Fund (前海股权投资基金)	222,903,402.11	253,730,084.00	Non-trading
Apricot Forest, Inc (杏树林)	83,774,400.00	101,475,500.00	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	10,000,000.00	Non-trading
Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	228,006,000.00	226,644,000.00	Non-trading
GLOBAL HEALTH SCIENCE	143,205,685.40	205,217,490.01	Non-trading
Nextech V Oncology S.C.S., SICAV-SIF	22,515,721.72	15,837,395.11	Non-trading
Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海) 有限公司)	24,737,630.38	35,147,356.03	Non-trading
ELICIO THERAPEUTICS, INC.	4,853,421.34	7,820,060.93	Non-trading
CARISMA THERAPEUTICS, INC.	2,168,737.47	14,907,045.58	Non-trading
Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司)	49,572,318.75	63,219,286.50	Non-trading
Guangzhou Kentai Biopharmaceutical Technology Co., Ltd. (formerly known as Shanghai Kentai Biopharmaceutical Technology Co., Ltd. (广州科恩泰生物医药科技有限公司(曾用名：上海科恩泰生物医药科技有限公司))	12,000,000.00	12,000,000.00	Non-trading
Others	74,596,094.37	58,061,141.52	Non-trading
Total	**1,026,548,743.15**	**1,155,283,408.36**	

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 recognised 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)	-2,452,706.20	484,550.42	0.00	94,149.27	--
Shanghai JingYi Investment Center (上海经颐投资中心)	-990,986.75	451,234.28	2,460,491.48	5,943,594.12	Recovery of partial investment
Qianhai Equity Investment Fund (前海股权投资基金)	-23,155,966.10	22,514,605.30	8,942,386.28	1,045,086.88	Recovery of partial investment
Apricot Forest, Inc (杏树林)	-13,275,825.00	-90,659,791.21	0.00	0.00	--

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 recognised in the year	Cumulative gains and losses that are transferred to retained earnings due to derecognition	Reason of derecognition
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	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	0.00	
Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	1,157,700.00	129,778,204.00	3,567,312.00	0.00	--
GLOBAL HEALTH SCIENCE	-28,454,907.34	-17,960,672.06	0.00	41,195,535.80	Recovery of partial investment
Nextech V Oncology S.C.S., SICAV-SIF	9,874,211.87	-7,446,637.86	0.00	-1,465,979.64	Recovery of partial investment
Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海) 有限公司)	-4,893,088.83	-2,694,052.73	0.00	0.00	--
ELICIO THERAPEUTICS, INC.	-2,966,639.59	-30,509,880.71	0.00	0.00	--
CARISMA THERAPEUTICS, INC.	-12,738,308.11	-36,638,528.53	0.00	0.00	--
Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司)	-10,235,225.82	14,679,239.05	0.00	0.00	--
Guangzhou Kentai Biopharmaceutical Technology Co., Ltd. (formerly known as Shanghai Kentai Biopharmaceutical Technology Co., Ltd. (广州科恩泰生物医药科技有限公司(曾用名：上海科恩泰生物医药科技有限公司))	0.00	0.00	0.00	0.00	--
Others	14,053,724.56	48,479,427.99	0.00	0.00	--
Total	**-74,078,017.31**	**30,477,697.94**	**14,970,189.76**	**46,812,386.43**	--

13. Investment properties

Item	Housing and buildings	Total
I. Book value		
1.Beginning balance	79,641,895.79	79,641,895.79
2.Increase	0.00	0.00
(1) Transfer from fixed assets	0.00	0.00

3.Decrease	0.00	0.00
4.Closing balance	79,641,895.79	79,641,895.79
II. Accumulated depreciation and amortisation		
1.Beginning balance	62,683,682.79	62,683,682.79
2.Increase	840,883.43	840,883.43
(1) Amortisation for the year	840,883.43	840,883.43
(2) Transfer from fixed assets	0.00	0.00
3.Decrease	0.00	0.00
4.Closing balance	63,524,566.22	63,524,566.22
III. Provision for impairment		
1.Beginning balance	0.00	0.00
2.Increase	0.00	0.00
3.Decrease	0.00	0.00
4.Closing balance	0.00	0.00
IV. Carrying amount		
1.Carrying amount at year end	16,117,329.57	16,117,329.57
2.Carrying value at beginning of year	16,958,213.00	16,958,213.00

14. Fixed assets

Item	2024.12.31	2023.12.31
Fixed assets	5,689,216,337.13	5,625,543,924.13
Fixed assets for disposal	0.00	38,808,631.84
Total	**5,689,216,337.13**	**5,664,352,555.97**

(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.Beginning balance	4,645,022,127.63	6,140,163,666.67	112,710,141.13	930,887,529.64	11,828,783,465.07
2.Increase	219,715,168.56	477,694,605.45	13,021,773.01	67,428,772.06	777,860,319.08
(1) Purchase	13,665,297.70	182,155,860.49	12,672,575.24	61,011,068.43	269,504,801.86
(2) Transfer from construction in progress	206,049,870.86	295,538,744.96	0.00	6,417,016.53	508,005,632.35
(3) Others	0.00	0.00	349,197.77	687.10	349,884.87
3.Decrease	9,329,744.67	95,782,008.09	9,947,354.85	19,963,201.14	135,022,308.75
(1) Disposal or scrap	9,329,744.67	86,669,479.37	9,450,374.32	17,998,910.37	123,448,508.73
(2) Changes in	0.00	9,112,528.72	496,980.53	1,964,290.77	11,573,800.02

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
consolidation scope					
4.Closing balance	4,855,407,551.52	6,522,076,264.03	115,784,559.29	978,353,100.56	12,471,621,475.40
II. Accumulated depreciation					
1.Beginning balance	1,976,446,596.15	3,450,765,845.75	85,337,677.97	588,779,088.76	6,101,329,208.63
2.Increase	208,418,986.25	373,877,890.04	8,427,596.47	85,074,471.97	675,798,944.73
(1) Provision	208,418,986.25	373,877,890.04	8,101,328.58	85,073,819.22	675,472,024.09
(2) Other increase	0.00	0.00	326,267.89	652.75	326,920.64
3.Decrease	6,972,771.43	78,363,800.82	8,121,920.06	13,892,965.38	107,351,457.69
(1) Disposal or scrap	6,972,771.43	73,913,773.74	7,838,641.16	12,509,994.83	101,235,181.16
(2) Changes in consolidation scope	0.00	4,450,027.08	283,278.90	1,382,970.55	6,116,276.53
4.Closing balance	2,177,892,810.97	3,746,279,934.97	85,643,354.38	659,960,595.35	6,669,776,695.67
III. Provision for impairment					
1.Beginning balance	26,436,637.83	56,641,616.97	0.00	18,832,077.51	101,910,332.31
2.Increase	4,116,058.88	8,799,656.31	0.00	133,613.30	13,049,328.49
(1) Provision	4,116,058.88	8,799,656.31	0.00	133,613.30	13,049,328.49
3.Decrease	5,055.54	2,238,285.31	0.00	87,877.35	2,331,218.20
(1) Disposal or scrap	5,055.54	2,238,285.31	0.00	87,877.35	2,331,218.20
4.Closing balance	30,547,641.17	63,202,984.97	0.00	18,877,813.46	112,628,442.60
IV. Carrying amount					
1.Carrying amount at year end	2,646,967,099.38	2,712,593,341.09	30,141,204.91	299,514,691.75	5,689,216,337.13
2.Carrying value at beginning of year	2,642,138,893.65	2,632,756,203.95	27,372,463.16	323,276,363.37	5,625,543,924.13

At the balance sheet date, the Company engaged appraisers to conduct impairment testing on important production equipment with low capacity utilization. When estimating the recoverable amount of the cost input, an assets group associated with the production equipment was used to forecast the present value of future cash flows. As tested, no impairment was identified in the assets groups.

The projected future cash flows of the assets group are determined based on the financial budget for the expected useful life of the production equipment established by the management.

The main assumptions for impairment testing using the discounted future cash flow method are as follows:

The calculation of the present value of the expected future cash flows for the asset group used key assumptions, including a gross margin rate of 82.74% to 86.71%, an operating income growth rate of -30% to 25%, and a discount rate for cash flows of 13.50%. These assumptions were determined

by management based on historical data 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	15,861,684.26	5,155,770.80	2,908,824.93	
Machinery and equipment	163,324,193.49	108,409,783.73	35,667,661.45	19,246,748.31	
Electronic equipment and others	1,280,925.78	1,022,781.09	136,973.49	121,171.20	
Total	**188,531,399.26**	**125,294,249.08**	**40,960,405.74**	**22,276,744.44**	

③ Fixed assets held under finance leases

Item	Carrying amount
Housing and buildings	1,547,715.21

④ Fixed assets without property certificate

Item	2024.12.31	Reasons for pending title certificate
Housing and buildings	145,719,648.72	Application in progress

(2) Fixed assets for disposal

Item	2024.12.31	2023.12.31	Reason for disposal
The overall relocation and expansion project of Sichuan Guangda Pharmaceutical Manufacturing	0.00	38,808,631.84	

15. Construction in progress

Item	2024.12.31	2023.12.31
Construction in progress	530,598,976.80	530,594,323.07
Construction materials	464,794.99	464,794.99
Total	**531,063,771.79**	**531,059,118.06**

(1) Information of construction in progress

Item	2024.12.31			2023.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	197,467,459.58	13,576,290.39	183,891,169.19	153,355,903.52	11,068,266.54	142,287,636.98
Project of Shijiao New Factory (石角新厂项目)	0.00	0.00	0.00	11,242,321.59	0.00	11,242,321.59
Simei project (司美项目)	47,742,942.52	0.00	47,742,942.52	53,876,039.98	0.00	53,876,039.98
Pharmaceutical factory workshop renovation project (药厂车间改造项目)	0.00	0.00	0.00	100,095,507.68	0.00	100,095,507.68
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂) P04/P05 建设项目)	0.00	0.00	0.00	1,710,588.82	0.00	1,710,588.82
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂) P03 建设项目	41,750,648.05	0.00	41,750,648.05	243,501.31	0.00	243,501.31
Jiaozuo new factory relocation project (焦作新厂迁建项目)	55,831,987.95	0.00	55,831,987.95	67,116,236.97	0.00	67,116,236.97

Item	2024.12.31			2023.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Others	207,233,039.98	5,850,810.89	201,382,229.09	154,191,830.20	169,340.46	154,022,489.74
Total	**550,026,078.08**	**19,427,101.28**	**530,598,976.80**	**541,831,930.07**	**11,237,607.00**	**530,594,323.07**

(2) Changes in significant construction in progress

Name of Project	2023.12.31	Increase	Transfer to fixed assets	Other decrease	Cumulative amount of interest capitalised	Including: interest capitalised in the year	Interest capitalisation rate for the year (%)	2024.12.31
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	153,355,903.52	119,887,065.39	62,279,719.87	13,495,789.46	0.00	0.00	0.00	197,467,459.58
Project of Shijiao New Factory (石角新厂项目)	11,242,321.59	11,066,517.46	22,308,839.05	0.00	0.00	0.00	0.00	0.00
Simei project (司美项目)	53,876,039.98	32,678,473.02	38,811,570.48	0.00	0.00	0.00	0.00	47,742,942.52
Pharmaceutical factory workshop renovation project (药厂车间改造项目)	100,095,507.68	573,931.81	100,669,439.49	0.00	0.00	0.00	0.00	0.00
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂) P04/P05 建设项目)	1,710,588.82	0.00	0.00	1,710,588.82	0.00	0.00	0.00	0.00
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠集团丽珠制药厂) P03 建设项目	243,501.31	41,507,146.74	0.00	0.00	0.00	0.00	0.00	41,750,648.05
Jiaozuo new factory relocation project (焦作新厂迁建项目)	67,116,236.97	61,736,982.62	73,021,231.64	0.00	0.00	0.00	0.00	55,831,987.95
Total	**387,640,099.87**	**267,450,117.04**	**297,090,800.53**	**15,206,378.28**	**0.00**	**0.00**	**0.00**	**342,793,038.10**

Changes in significant construction in progress (Continued):

Name of Project	Budget	Proportion of cumulative input to budget （%）	Progress （%）	Source of fund
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	1,436,107,400.00	88.53	90.00	Self-funding and funds raised
Project of Shijiao New Factory (石角新厂项目)	377,005,000.00	93.21	100.00	Self-funding and funds raised
Simei project (司美项目)	168,900,000.00	71.89	70.00	Self-funding
Pharmaceutical factory workshop renovation project (药厂车间改造项目)	306,558,388.48	92.62	100.00	Self-funding
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂) P04/P05 建设项目)	126,880,000.00	1.35	—	Self-funding
P03 Construction Project of Livzon Group Livzon Pharmaceutical	106,033,900.00	39.37	40.00	Self-funding

Name of Project	Budget	Proportion of cumulative input to budget （%）	Progress （%）	Source of fund
Factory (丽珠集团丽珠制药厂) P03 建设项目				
Jiaozuo new factory relocation project (焦作新厂迁建项目)	184,261,900.00	69.93	70.00	Self-funding
Total	**2,705,746,588.48**	--	--	--

Other decrease is mainly transferred to long-term deferred expenses.

16. Right-of-use assets

Item	Housing and buildings
I. Book value:	
1.Beginning balance	94,076,986.83
2.Increase	33,332,952.78
(1) Additions by lease in	33,332,952.78
3.Decrease	49,952,440.11
4. Closing balance	77,457,499.50
II. Accumulated depreciation	
1.Beginning balance	57,843,919.34
2.Increase	28,950,505.81
(1) Provision	28,950,505.81
3.Decrease	47,963,659.22
4.Closing balance	38,830,765.93
III. Provision for impairment	
1.Beginning balance	0.00
2.Increase	0.00
3.Decrease	0.00
4.Closing balance	0.00
IV. Carrying amount	
1.Carrying value at year end	38,626,733.57
2.Carrying value at beginning of year	36,233,067.49

In this period, the company recognized rental fees related to short-term leases and leases of low-value assets amounting to RMB6.3469 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.Beginning balance	444,471,846.04	1,231,143,631.23	95,029,825.66	62,769,716.98	10,985,294.53	1,844,400,314.44
2.Increase	22,536,800.00	111,944,649.18	7,467,102.11	0.00	2,216,640.00	144,165,191.29

Item	Land use rights	Patents and proprietary technologies	Software	Trademark rights	Others	Total
(1) Purchase	22,536,800.00	30,060,348.24	7,467,102.11	0.00	2,216,640.00	62,280,890.35
(2) Internal development	0.00	81,884,300.94	0.00	0.00	0.00	81,884,300.94
3.Decrease	42,770,750.99	0.00	0.00	0.00	0.00	42,770,750.99
(1) Disposal or scrap	9,403,981.00	0.00	0.00	0.00	0.00	9,403,981.00
(2)Others	33,366,769.99	0.00	0.00	0.00	0.00	33,366,769.99
4.Closing balance	424,237,895.05	1,343,088,280.41	102,496,927.77	62,769,716.98	13,201,934.53	1,945,794,754.74
II. Accumulated amortisation						
1.Beginning balance	141,457,777.29	861,960,989.47	71,377,050.33	62,766,139.99	7,781,250.27	1,145,343,207.35
2.Increase	9,504,119.03	88,734,117.85	8,700,048.47	471.72	1,117,001.45	108,055,758.52
(1) Provision	9,504,119.03	88,734,117.85	8,700,048.47	471.72	1,117,001.45	108,055,758.52
3.Decrease	10,754,705.44	0.00	0.00	0.00	0.00	10,754,705.44
(1) Disposal or scrap	5,972,137.45	0.00	0.00	0.00	0.00	5,972,137.45
(2)Others	4,782,567.99	0.00	0.00	0.00	0.00	4,782,567.99
4.Closing balance	140,207,190.88	950,695,107.32	80,077,098.80	62,766,611.71	8,898,251.72	1,242,644,260.43
III. Provision for impairment						
1.Beginning balance	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36
2.Increase	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	0.00	0.00	0.00	0.00	0.00
4.Closing balance	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36
IV. Carrying amount						
1.Carrying value at year end	283,048,877.23	377,655,226.67	22,419,828.97	3,105.27	4,303,682.81	687,430,720.95
2.Carrying value at beginning of year	302,032,241.81	354,444,695.34	23,652,775.33	3,576.99	3,204,044.26	683,337,333.73

As of 31 December 2024, intangible assets formed through internal research and development of the Company account for 57.35% of the balance of intangible assets.

On the balance sheet date, the Company engaged an appraiser to conduct impairment tests on production equipment with low capacity utilization and adopted the asset group related to such production equipment to estimate the present value of future cash flows when estimating the recoverable amount of the investment cost. As tested, such asset group did not experience any impairment.

The projected future cash flows of the assets group are determined based on the financial budget for the expected useful life of the biological drug technology established by management.

The main assumptions for impairment testing using the discounted future cash flow method are as follows:

The calculation of the present value of the expected future cash flows for the asset group related to

the biotechnology used key assumptions, including a gross margin rate of 82.55% to 83.72%, an operating income growth rate of -1% to 239%, and a discount rate for cash flows of 14.50%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

(2) Information regarding intangible assets without completed property certificates

Item	2024.12.31	Reasons for pending title certificate
Land use right	19,715,757.62	Application in progress

(3) Note to intangible assets

Land use rights refer to the state-owned land use rights acquired by the company in accordance with Chinese law within China, with a transfer period of 50 years from the acquisition of the land use rights.

18. Development costs

Item	2023.12.31	Increase	Decrease	2024.12.31
Development costs	483,494,487.17	146,927,115.53	267,717,872.59	362,703,730.11

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

19. Goodwill

(1) Book value of goodwill

Name of Investee	2023.12.31	Increase		Decrease		2024.12.31
		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	0.00	0.00	0.00	2,045,990.12
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司)	3,492,752.58	0.00	0.00	0.00	0.00	3,492,752.58
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司)	13,863,330.24	0.00	0.00	0.00	0.00	13,863,330.24
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司)	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司)	46,926,155.25	0.00	0.00	0.00	0.00	46,926,155.25
Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂)	47,912,269.66	0.00	0.00	0.00	0.00	47,912,269.66
Livzon Group	395,306,126.41	0.00	0.00	0.00	0.00	395,306,126.41
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司)	91,878,068.72	0.00	0.00	0.00	0.00	91,878,068.72
Joincare Daily-Use & Health Care Co., Ltd. (健康元日用保健品有限公司)	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Shenzhen Taitai Pharmaceutical Co., Ltd. (深圳太太药业有限公司)	635,417.23	0.00	0.00	0.00	0.00	635,417.23
Health Pharmaceuticals (China) Limited (健康药业(中国) 有限公司)	23,516,552.65	0.00	0.00	0.00	0.00	23,516,552.65
Shenzhen Hiyeah Industry Co., Ltd (深圳市喜悦实业有限公司)	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限	92,035.87	0.00	0.00	0.00	0.00	92,035.87

Name of Investee	2023.12.31	Increase		Decrease		2024.12.31
		Formation by business combination	Other	Disposal	Other	
公司)						
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公司)	21,870,805.09	0.00	0.00	0.00	0.00	21,870,805.09
Total	**662,420,858.76**	**0.00**	**0.00**	**0.00**	**0.00**	**662,420,858.76**

(2) Provision for impairment of goodwill

Name of investee or matter from which goodwill arose	2023.12.31	Increase		Decrease		2024.12.31
		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 its business combination involving enterprises not under common control.

On the balance sheet date, the Company conducts an impairment test on goodwill. When estimating the recoverable amount of input costs, it uses a assets group related to goodwill to estimate the present value of future cash flows.

The estimated future cash flow of asset groups is calculated according to the five-year financial budget plan made by the management, the cash flows in the years beyond the five-year budget plan remain stable.

Key assumptions of discounted future cash flow for goodwill impairment test are as follows:

For the Livzon Group and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 64.23% to 64.33%, an operating income growth rate of 0% to 5.01%, and a discount rate for cash flows of 12.07%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Shenzhen Haibin Pharmaceutical Co., Ltd. and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 34.16% to 35.06%, an operating income growth rate of -0.54% to 2.75%, and a discount rate for cash flows of 13.99%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Livzon Group Livzon Pharmaceutical Factory and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 84.97% to 86.32%, an operating income growth rate of -2.63% to 6.45%, and a discount rate for cash flows of 14.71%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 56.17% to 60.53%, an operating income growth rate of 0% to 14.43%, and a discount rate for cash flows of 15.15%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 58.50% to 63.85%, an operating income growth rate of -2.02% to 2.16%, and a discount rate for cash flows of 15.04%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

For Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. and the asset group related to goodwill, the calculation of the present value of the expected future cash flows used key assumptions, including a gross margin rate of 2.09% to 63.30%, an operating income growth rate of 0% to 450%, and a discount rate for cash flows of 15.53%. These assumptions were determined by management based on historical data prior to the budget period and forecasts of market developments.

Based on the testing, the company's management expects that at the end of the reporting period, no provision for impairment of goodwill will be required.

20. Long-term deferred expenses

Item	2023.12.31	Increase	Decrease		2024.12.31
			Amortization	Other decrease	
Renovation costs of offices	35,302,408.26	3,298,204.62	7,900,718.67	2,089.54	30,697,804.67
Renovation costs of plants	207,838,742.07	41,709,058.64	40,911,964.72	1,508,083.30	207,127,752.69
Others	85,501,590.62	34,036,261.39	37,966,780.49	0.00	81,571,071.52
Total	**328,642,740.95**	**79,043,524.65**	**86,779,463.88**	**1,510,172.84**	**319,396,628.88**

21. Deferred tax assets and deferred tax liabilities

Item	2024.12.31		2023.12.31	
	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	497,255,302.54	77,890,020.01	343,045,560.65	53,742,321.13
Deductible difference arising from accrued expenses	1,081,237,575.78	162,676,632.60	1,023,821,672.31	154,078,627.18
Deductible difference arising from tax loss	1,124,126,741.94	169,481,425.60	570,748,121.27	88,985,237.05
Deferred income	319,424,690.91	47,913,703.64	351,168,477.14	52,689,271.55
Unrealised gains from intra-company transactions	582,247,811.23	81,697,884.59	557,959,823.99	83,860,590.27
Changes in fair value of other equity instruments	189,509,120.56	47,377,280.14	171,808,020.60	42,952,005.15
Deductible difference arising	146,291,679.62	21,943,454.98	181,626,652.70	27,320,365.15

Item	2024.12.31		2023.12.31	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
from share incentive expenses				
Lease liabilities	39,778,647.46	5,977,222.22	36,032,491.62	5,448,312.71
Other deductible temporary difference	464,123,445.06	70,510,913.07	468,711,151.45	70,458,099.96
Total	**4,443,995,015.10**	**685,468,536.85**	**3,704,921,971.73**	**579,534,830.15**
Deferred tax liabilities:				
Changes in fair value of financial assets held for trading	12,583,829.07	1,925,721.93	18,136,499.46	2,804,773.32
Accelerated depreciation of fixed assets	1,264,973,405.97	190,963,767.03	1,168,361,877.72	176,372,768.51
Changes in fair value of other equity instruments	303,899,212.60	48,137,760.40	336,006,149.00	54,781,912.31
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	38,626,733.57	5,804,435.14	34,915,576.08	5,281,690.30
Total	**1,726,023,181.21**	**267,622,684.50**	**1,663,360,102.26**	**260,032,144.44**

(1) Deferred tax assets and deferred tax liabilities before offsetting

(2) Deductible temporary differences and deductible tax losses of unrecognized deferred tax assets

Item	2024.12.31	2023.12.31
Deductible temporary differences	583,028,483.03	708,195,629.77
Deductible tax loss	3,993,110,992.36	3,347,867,061.97
Total	**4,576,139,475.39**	**4,056,062,691.74**

(3) Deductible tax loss of unrecognized deferred income tax assets will expire in the following year

Year	2024.12.31	2023.12.31	Note
2024	0.00	347,767,088.05	
2025	410,864,162.21	411,145,375.34	
2026	571,689,375.28	571,314,623.42	
2027	750,372,752.42	756,928,429.68	
2028	1,134,535,777.60	1,126,656,130.74	
2029	986,529,397.34	0.00	
Thereafter	139,119,527.51	134,055,414.74	
Total	**3,993,110,992.36**	**3,347,867,061.97**	

22. Other non-current assets

Item	2024.12.31	2023.12.31
Fixed deposits and interest	1,058,626,418.54	639,386,083.31
VAT carry forward	3,338,832.19	3,338,552.19
Prepayment for acquisition of project	211,092,593.81	314,499,620.27

and equipment		
Total	**1,273,057,844.54**	**957,224,255.77**

23. Ownership or using rights of assets subject to restriction

Item	2024.12.31	2023.12.31	Reason of restriction
Other monetary funds	9,331,443.62	6,627,449.66	Deposits for letter of credit and bank acceptance bills
Notes receivable	805,827,262.43	519,789,027.16	Acceptance bills and pledged notes receivable
Total	**815,158,706.05**	**526,416,476.82**	

24. Short-term loans

(1) Short-term loans by category

Item	2024.12.31	2023.12.31
Unsecured loans	2,295,000,000.00	2,066,149,722.22
Guaranteed loans	100,000,000.00	10,009,625.00
Pledge loans	60,000,000.00	0.00
Total	**2,455,000,000.00**	**2,076,159,347.22**

(2) The Company has no overdue short-term loans.

25. Financial liabilities held for trading

Item	2024.12.31	2023.12.31
Financial liabilities held for trading	9,046,554.29	86,817.12
Including:		
Derivative financial liabilities	9,046,554.29	86,817.12
Total	**9,046,554.29**	**86,817.12**

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

26. Notes payable

Category	2024.12.31	2023.12.31
Bank acceptance bills	1,384,943,947.17	1,469,148,287.38

The Company has no overdue notes payable.

27. Accounts payable

Item	2024.12.31	2023.12.31
Within one year	593,290,648.61	725,938,902.30
Over 1 year	172,221,544.62	168,347,340.98
Total	**765,512,193.23**	**894,286,243.28**

(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	2024.12.31	2023.12.31
Within one year	108,160,158.48	137,475,266.94
Over 1 year	34,235,380.73	21,607,370.71
Total	**142,395,539.21**	**159,082,637.65**

No significant contract liabilities with ageing for more than 1 year at the end of the period. The amount of contract liabilities at beginning of the period recognised as revenue during the period is RMB124,847,256.92.

29. Employee benefits payables

Item	2023.12.31	Increase	Decrease	2024.12.31
Short-term employee benefits	397,854,738.78	2,361,245,040.40	2,287,096,862.60	472,002,916.58
Post-employment benefits - Defined contribution plans	328,993.13	185,014,479.00	184,361,333.26	982,138.87
Termination benefits	1,282,742.00	5,762,235.25	6,458,727.25	586,250.00
Total	**399,466,473.91**	**2,552,021,754.65**	**2,477,916,923.11**	**473,571,305.45**

(1) Short-term employee benefits

Item	2023.12.31	Increase	Decrease	2024.12.31
Salaries, bonus and allowances	390,452,878.39	2,115,499,844.51	2,041,406,725.36	464,545,997.54
Staff welfare	4,869,883.41	98,832,538.98	98,761,754.09	4,940,668.30
Social insurances	495,466.33	70,465,578.54	70,722,359.08	238,685.79
Including: 1. Medical insurance	387,530.95	60,499,738.11	60,744,513.13	142,755.93
2. Work injury insurance	75,009.82	7,244,600.27	7,225,167.72	94,442.37
3. Maternity insurance	32,925.56	2,721,240.16	2,752,678.23	1,487.49
Housing fund	1,614,248.64	68,835,207.07	69,023,299.53	1,426,156.18
Union funds and staff education	422,260.44	7,611,871.30	7,182,722.97	851,408.77
Shares ownership plan special fund	1.57	0.00	1.57	0.00
Total	**397,854,738.78**	**2,361,245,040.40**	**2,287,096,862.60**	**472,002,916.58**

(2) Defined contribution plans

Item	2023.12.31	Increase	Decrease	2024.12.31
Post-employment benefits	328,993.13	185,014,479.00	184,361,333.26	982,138.87
Including: 1. Basic pension insurance	281,295.93	176,686,132.33	176,005,463.24	961,965.02
2. Unemployment insurance	47,697.20	8,328,346.67	8,355,870.02	20,173.85
Total	**328,993.13**	**185,014,479.00**	**184,361,333.26**	**982,138.87**

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	2024.12.31	2023.12.31
Value-added tax	76,516,228.55	115,815,594.36
Urban maintenance and construction tax	9,460,165.40	10,479,696.08
Enterprise income tax	150,514,660.37	248,970,115.59
Property tax	6,620,755.79	10,102,159.56
Land use tax	2,581,318.12	3,551,644.81
Individual income Tax	6,048,274.85	8,704,470.10
Stamp duty	3,111,598.15	3,220,463.11
Education surcharge	6,321,350.34	6,963,481.73
Others	2,205,988.23	2,395,228.75
Total	**263,380,339.80**	**410,202,854.09**

31. Other payables

Item	2024.12.31	2023.12.31
Dividends payable	9,890,041.38	12,478,280.13
Other payables	3,359,225,199.29	3,670,125,758.60
Total	**3,369,115,240.67**	**3,682,604,038.73**

(1) Dividends payable

Item	2024.12.31	2023.12.31
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	5,302,168.02	6,709,282.62
Employee shares of subsidiaries	3,366,988.90	4,548,113.05
Total	**9,890,041.38**	**12,478,280.13**

(2) Other payables

Item	2024.12.31	2023.12.31
Office expenses	70,346,214.43	83,598,827.70
Security deposits	63,916,974.36	81,936,094.18
Utility bill	30,909,899.69	43,286,467.16
Scientific research expenses	74,508,883.71	38,500,715.04
Business promotion expenses	2,929,007,055.89	3,229,954,810.39
Others	190,536,171.21	192,848,844.13
Total	**3,359,225,199.29**	**3,670,125,758.60**

The obligations of repurchasing restricted shares held by the directors, the senior management and their spouses amounted RMB0.00 at period end.

At year end, there is no significant other payables aging over 1 year.

32. Non-current liabilities due within one year

Item	2024.12.31	2023.12.31
Lease liabilities due within one year	19,802,827.69	22,085,541.56
Long-term loans due within one year and its interest	376,173,163.67	696,478,602.75
Total	**395,975,991.36**	**718,564,144.31**

33. Other current liabilities

Item	2024.12.31	2023.12.31
Output VAT pending for transfer	11,841,940.51	11,242,363.91
Payables for goods return	0.00	39,844,637.92
Total	**11,841,940.51**	**51,087,001.83**

34. Long term loans

Item	2024.12.31	Range of interest rate	2023.12.31	Range of interest rate
Unsecured loans	1,200,698,463.32	1.80%-2.95%	1,626,187,359.91	2.15%-3.05%
Guaranteed loans	1,600,109,812.72	2.15%-2.65%	2,192,564,521.83	2.65%-3.60%
Subtotal	**2,800,808,276.04**		**3,818,751,881.74**	
Less: Long-term loans due within one year	376,173,163.67	2.15%-2.95%	696,478,602.75	2.15%-3.60%
Total	**2,424,635,112.37**		**3,122,273,278.99**	

35. Lease liabilities

Item	2024.12.31	2023.12.31
Lease payments payable	39,778,647.46	37,508,489.97
Less: Lease liabilities due within one year	19,802,827.69	22,085,541.56
Total	**19,975,819.77**	**15,422,948.41**

The interest expense of lease liabilities accrued for the year 2024 amounts to RMB2.3094 million, which is included in financial expenses - interest expense.

36. Deferred income

Item	2023.12.31	Increase	Decrease	2024.12.31
Government grants	370,179,550.82	32,113,300.00	67,322,842.30	334,970,008.52

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

37. Other non-current liabilities

Item	2024.12.31	2023.12.31
The overall relocation and expansion project of Sichuan Guangda Pharmaceutical Manufacturing	0.00	90,000,000.00

38. Share capital

Item	2023.12.31	Movement in the year (+ or -)				2024.12.31
		Issue of new shares	Conversion from capital reserve	Other	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	1,865,523,807	8,676,613	0	0	8,676,613	1,874,200,420
2. Foreign-invested stocks listed overseas	0	0	0	0	0	0
Tradable shares in aggregate	1,865,523,807	8,676,613	0	0	8,676,613	1,874,200,420
III. Total number of shares	**1,865,523,807**	**8,676,613**	**0**	**0**	**8,676,613**	**1,874,200,420**

Increase in share capital for the period: 8,676,613 shares were added due to the exercise of share options.

39. Capital reserve

Item	2023.12.31	Increase	Decrease	2024.12.31
Capital premium	1,352,404,094.10	208,559,084.65	385,600,146.28	1,175,363,032.47
Other capital reserve	249,315,993.61	285,133,217.26	55,428,751.93	479,020,458.94
Total	**1,601,720,087.71**	**493,692,301.91**	**441,028,898.21**	**1,654,383,491.41**

(1) Capital premium increase:

① The exercise of share options for 8,676,613 shares increased the capital premium by RMB87,284,206.78, and the corresponding share incentive expenses of RMB6,207,543.67 were transferred from other capital reserves to the capital premium.

②The exercise of share options by subsidiaries, Livzon Group, increased the capital premium by RMB112,915,153.56, based on the company's shareholding.

③After the exercise of share options, the difference between tax-deductible expenses and accrued expenses reduced income tax payable, resulting in an increase of RMB2,152,180.64 in the capital premium.

(2) Capital premium decrease:

① The share repurchase by subsidiaries, Livzon Group, decreased the capital premium by RMB385,486,866.60.

②The disposal of subsidiaries, Guangzhou Respiratory Pharmaceutical Engineering Technology Co., Ltd., resulted in a transfer of RMB113,279.73 from the capital premium.

(3) Other capital reserve increase:

①The company and subsidiaries, Livzon Group, accrued share incentive expenses totaling RMB 12,707,903.00.

② The company and subsidiaries, Livzon Group, increased the capital reserve by RMB 10,215,827.39 due to changes in other equity of equity-method accounted investees.

③The share repurchase and cancellation by subsidiaries, Livzon Group, caused changes in the company's equity ratio and resulted in an increase of RMB 138,041,557.22 in the capital reserve due to changes in other equity.

④Non-equity ratio capital increases in subsidiaries and the acquisition of minority shares in subsidiaries resulted in a difference of RMB 124,167,929.65 between capital subscriptions, acquisition payments, and the corresponding net asset share of subsidiaries.

(4) Other capital reserve decrease:

①Share incentive expenses of RMB 29,892,192.82 were reversed due to the failure to meet the performance conditions set for the share option incentive plan, and the expenses were written back from previous years.

②Share incentive expenses of RMB 25,536,559.11 were transferred to the capital premium.

40. Treasury shares

Item	2023.12.31	Increase	Decrease	2024.12.31
Repurchase of shares to be cancelled	0.00	328,221,279.42	0.00	328,221,279.42
Total	**0.00**	**328,221,279.42**	**0.00**	**328,221,279.42**

The increase in treasury shares for the period is: The total amount of funds used by the company to repurchase its A-shares through centralized bidding transactions.

41. Other comprehensive income

Item	Balance at 2023.12.31 (1)	Current year						Balance at 2024.12.31 (4)=(1)-(2)+(3)
		Amount before tax	Less: transferred to profit or loss in current year	Less: transferred to profit or loss in current year or retained earnings(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	**-13,421,336.26**	**-61,878,683.51**	**0.00**	**18,778,058.19**	**-12,321,182.80**	**-42,952,672.81**	**-6,604,827.90**	**-75,152,067.26**
1.Other comprehensive income not reclassified to profit or loss under equity method	10,104,312.52	-12,168,039.33	0.00	0.00	0.00	-5,640,397.29	-6,527,642.04	4,463,915.23
2.Changes in fair value of other equity instrument investments	-23,525,648.78	-49,710,644.18	0.00	18,778,058.19	-12,321,182.80	-37,312,275.52	-77,185.86	-79,615,982.49
II. Other comprehensive income that will be reclassified into profit or loss subsequently	**1,175,205.04**	**40,970,263.70**	0.00	0.00	0.00	**32,799,314.80**	**8,170,948.90**	**33,974,519.84**
1.Other comprehensive income that will be transferred to profit or loss under equity method	194,759.70	319,802.85	0.00	0.00	0.00	148,242.05	171,560.80	343,001.75
2.Translation difference of foreign currency financial statements	980,445.34	40,650,460.85	0.00	0.00	0.00	32,651,072.75	7,999,388.10	33,631,518.09
Total other comprehensive income	**-12,246,131.22**	**-20,908,419.81**	**0.00**	**18,778,058.19**	**-12,321,182.80**	**-10,153,358.01**	**1,566,121.00**	**-41,177,547.42**

42. Surplus reserve

Item	2023.12.31	Increase	Decrease	2024.12.31
Statutory surplus reserve	817,731,606.40	24,795,379.72	0.00	842,526,986.12
Discretionary surplus reserve	40,210,642.44	0.00	0.00	40,210,642.44
Expansion reserve	1,103,954.93	0.00	0.00	1,103,954.93
Total	**859,046,203.77**	**24,795,379.72**	**0.00**	**883,841,583.49**

43. Undistributed profits

(1) Movement of undistributed profits

Item	2024	2023	Appropriation ratio
Retained earnings in previous period before adjustments	9,441,857,956.80	8,456,778,287.49	--
Adjustments to opening balance of retained earnings (increase +, decrease -)	0.00	0.00	--
Opening balance of retained earnings after adjustments	9,441,857,956.80	8,456,778,287.49	
Add: Net profit attributable to parent company for the current year	1,386,570,192.56	1,442,779,722.23	--
Gains from disposal of other equity instruments investment	25,413,707.24	3,371,626.11	--
Less: Appropriation of statutory surplus reserve	24,795,379.72	124,279,622.27	10%
Appropriation of discretionary surplus reserve	0.00	0.00	
Appropriation for dividends to ordinary shares	337,353,555.60	336,792,056.76	
Dividend to ordinary shares converted to share capital	0.00	0.00	
Closing balance of undistributed profits	**10,491,692,921.28**	**9,441,857,956.80**	

(2) Profit distributions

Item	2024	2023
Dividends:		
2023 year-end dividend, paid (Note 2)	337,353,555.60	
2022 year-end dividend, paid (Note 3)	--	336,792,056.76
Balance sheet: Dividends proposed for future distribution:		
2024 year-end dividend distribution (Note 1)		--
2023 year-end dividend distribution (Note 2)	--	337,353,555.60

Note 1: On 7 April 2025, the eighth meeting of the ninth board of directors of the company resolved to approve the 2024 profit distribution plan. According to the plan, based on the total share capital as of the record date for the 2024 profit distribution (excluding the shares repurchased by the company but not yet cancelled), a cash dividend of RMB 2.00 per 10 shares (including 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.

Note 2: On 2 April 2024, the 38th meeting of the 8th Board of Directors of the company resolved to approve the profit distribution plan for 2023. Based on the total share capital of the company as determined by the equity registration date for the implementation of the 2023 profit distribution plan, a cash dividend of RMB 1.80 per 10 shares (including tax) will be distributed to all shareholders. The remaining undistributed profits will be carried forward for distribution in subsequent years. This profit distribution plan was approved by the shareholders' meeting on 7 June 2024, and the payment was made.

Note 3: On 7 April 2023, the 23rd meeting of the 8th Board of Directors of the company resolved to approve the profit distribution plan for 2022. Based on the total share capital of the company, excluding the total shares in the company's repurchase special securities account as determined by the equity registration date for the implementation of the 2022 profit distribution plan, a cash dividend of RMB 1.80 per 10 shares (including tax) will be distributed to all shareholders. The remaining undistributed profits will be carried forward for distribution in subsequent years. This profit distribution plan was approved by the shareholders' meeting on 9 June 2023, and the payment was made.

44. Operating income and operating cost

(1) Operating income and operating cost

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Primary operations	15,491,570,954.72	5,719,874,077.11	16,521,723,930.99	6,206,181,318.60
Other operations	127,909,352.17	107,978,613.88	124,626,418.73	92,284,352.51
Total	**15,619,480,306.89**	**5,827,852,690.99**	**16,646,350,349.72**	**6,298,465,671.11**

(2) Operating income and operating cost classified by products

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Primary operations:				
Chemical pharmaceuticals (化学制剂)	7,722,120,846.51	1,646,641,104.07	8,714,333,568.23	1,838,766,252.49
Chemical active pharmaceutical ingredients (APIs) and intermediates (化学原料药及中间体)	4,997,076,424.10	3,227,910,022.70	5,045,478,897.44	3,348,124,481.16
Traditional Chinese medicine (中药制剂)	1,472,476,401.37	364,112,878.22	1,805,427,390.05	575,932,282.52
Biological product (生物制品)	170,894,744.45	107,637,053.53	84,426,083.26	102,589,712.45
Health care products (保健食品)	376,684,348.02	98,168,472.49	195,865,865.05	71,643,900.63
Diagnostic reagents and equipment (诊断试剂及设备)	718,428,253.32	259,860,292.34	658,966,438.70	256,124,411.27
Others	33,889,936.95	15,544,253.76	17,225,688.26	13,000,278.08
Subtotal	**15,491,570,954.72**	**5,719,874,077.11**	**16,521,723,930.99**	**6,206,181,318.60**
Other operations:				
Sale of materials, processing fees, etc.	57,992,911.64	39,395,756.18	49,468,965.72	28,510,860.51

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Rental fees	10,867,435.20	1,165,933.69	12,613,941.94	2,707,776.69
Others	59,049,005.33	67,416,924.01	62,543,511.07	61,065,715.31
Subtotal	**127,909,352.17**	**107,978,613.88**	**124,626,418.73**	**92,284,352.51**
Total	**15,619,480,306.89**	**5,827,852,690.99**	**16,646,350,349.72**	**6,298,465,671.11**

(3) Operating income and operating cost classified by region

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Domestic	12,850,309,609.36	4,097,266,564.80	13,938,078,133.85	4,471,521,161.40
Overseas	2,641,261,345.36	1,622,607,512.31	2,583,645,797.14	1,734,660,157.20
Total	**15,491,570,954.72**	**5,719,874,077.11**	**16,521,723,930.99**	**6,206,181,318.60**

(4) Operating income and operating cost classified by timing of revenue recognition

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Primary operations:				
Including: Recognized at a point in time	15,491,570,954.72	5,719,874,077.11	16,521,723,930.99	6,206,181,318.60
Other operations:				
Including: Recognized at a point in time	117,041,916.97	106,812,680.19	112,012,476.79	89,576,575.82
Rental income	10,867,435.20	1,165,933.69	12,613,941.94	2,707,776.69
Total	**15,619,480,306.89**	**5,827,852,690.99**	**16,646,350,349.72**	**6,298,465,671.11**

(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 (%)
2024	1,331,613,117.84	8.60
2023	1,503,371,183.85	9.10

45. Taxes and surcharges

Item	2024	2023
Urban construction tax	74,772,642.32	84,322,355.47
Education surcharge	56,422,579.79	63,425,582.72
Land use tax	10,734,460.61	10,778,058.26
Property tax	34,839,757.68	30,520,758.40
Stamp duty and others	13,639,857.36	14,162,366.00
Total	**190,409,297.76**	**203,209,120.85**

Note: The bases of calculations for major taxes and surcharges are set out in Note IV. Taxation.

46. Selling expenses

Item	2024	2023
Marketing and promotional expenses	3,038,542,629.17	3,777,259,678.16
Staff salaries	650,175,348.72	502,040,446.94
Entertainment and travel expenses	91,356,104.16	66,597,405.00
Conference fees	71,382,184.71	27,167,233.43
Others	71,511,693.64	61,377,517.52
Total	**3,922,967,960.40**	**4,434,442,281.05**

47. Administrative expenses

Item	2024	2023
Staff salaries	502,018,373.37	413,227,121.10
Depreciation and amortisation	112,160,160.01	135,294,893.83
Share incentive expenses	-17,080,534.51	89,227,389.39
Advisory, consultancy and information disclosure fees	27,527,004.25	26,477,761.47
Quality project expenses	37,508,757.46	51,398,582.85
Office, entertainment and travelling expenses	70,773,639.90	72,905,062.42
Repair of utilities, transportation and miscellaneous expenses	22,828,390.81	27,979,809.29
Recruitment and staff training expenses	8,640,998.54	9,004,540.26
Others	147,218,767.45	104,966,455.09
Total	**911,595,557.28**	**930,481,615.70**

The negative stock-based compensation expenses in 2024 are due to the fact that the performance conditions set by the stock option incentive plan are not met and the stock-based compensation expenses accrued in previous years is reversed.

48. Research and development expenses

Item	2024	2023
Material costs	195,878,242.70	292,431,042.37
Staff salaries	418,199,659.73	441,951,205.11
Share incentive expenses	-864,850.90	1,185,242.87
Testing fees	423,653,643.43	327,359,553.83
Depreciation and amortisation	152,515,669.50	417,142,207.50
External purchased R&D expenses	160,928,144.67	85,178,642.29
Others	85,041,118.52	96,510,086.93
Total	**1,435,351,627.65**	**1,661,757,980.90**

The negative stock-based compensation expenses in 2024 are due to the fact that the performance conditions set by the stock option incentive plan are not met and the stock-based compensation expenses accrued in previous years is reversed.

49. Financial expenses

Item	2024	2023
Interest expense	123,261,483.95	146,728,005.05
Less: Interest income	417,296,591.13	532,253,758.86
Exchange gain or loss	-22,870,231.85	-27,248,744.90
Bank charges and others	14,929,903.19	7,933,365.27
Total	**-301,975,435.84**	**-404,841,133.45**

50. Other income

Item	2024	2023	Related to assets/ Related to income
Government grants	61,350,275.98	92,968,065.71	Related to assets
Government grants	95,006,724.71	140,090,341.40	Related to income
Handling fees for tax withholding	3,050,322.40	2,585,013.29	
Tax refund on super-deduction	31,865,845.99	23,418,378.60	
Total	**191,273,169.08**	**259,061,799.00**	

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 XVII.1.

51. Investment income

Item	2024	2023
Long-term equity investments income under equity method	27,079,812.77	72,794,071.40
Investment income from financial assets held for trading during the holding period	745,083.08	356,166.62
Dividend income from other equity instrument investments	14,970,189.76	29,344,854.27
Investment income from disposal of long-term equity investments	18,044,274.72	0.00
Investment income from disposal of financial assets held for trading	3,532,110.40	-23,020,520.28
Total	**64,371,470.73**	**79,474,572.01**

Note 1: The details of investment income from the disposal of financial assets held for trading are as follows:

Item	2024	2023
Trading equity instruments investment - Stock investments	16,921.08	3,279.44
Trading debt instruments investment	2,509,507.92	0.00
Derivatives not designated as hedging instruments	1,005,681.40	-23,023,799.72
Including: Forward foreign exchange contracts	1,005,681.60	0.00
Others	-0.20	-23,023,799.72
Total	**3,532,110.40**	**-23,020,520.28**

52. Gains from changes in fair value

Source of gains from changes in fair value	2024	2023
Financial assets held for trading	-8,536,099.17	-26,088,532.43
Including: Debt instruments investment	131,848.85	3,298.53
Equity instruments investment	-5,244,566.75	-24,382,368.68
Derivative financial assets	-2,837,067.27	-2,295,776.28
Bank wealth management products	-586,314.00	586,314.00
Financial liabilities held for trading	-8,959,737.17	668,817.31
Including: Derivative financial liabilities	-8,959,737.17	668,817.31
Total	**-17,495,836.34**	**-25,419,715.12**

53. Credit impairment loss ("-" for loss)

Item	2024	2023
Bad debts of accounts receivable	-4,379,218.42	-17,085,116.32
Bad debts of other receivables	-2,882,875.59	238,647.76
Total	**-7,262,094.01**	**-16,846,468.56**

54. Assets impairment loss ("-" for loss)

Item	2024	2023
Decline in value of inventories	-86,786,125.28	-311,800,059.09
Impairment loss of fixed assets	-13,049,328.49	-569,867.28
Impairment loss of construction in progress	-8,189,494.28	0.00
Impairment loss of development costs	-185,119,357.66	0.00
Total	**-293,144,305.71**	**-312,369,926.37**

55. Gains from disposal of assets

Item	2024	2023
Gain from disposal of fixed assets ("-" for Loss)	45,202,545.04	-169,901.01
Others ("-" for Loss)	60,168.67	0.00
Total	**45,262,713.71**	**-169,901.01**

56. Non-operating income

Item	2024	2023	Amount included in non-recurring gains and losses
Income from scraps	2,245,887.55	2,131,053.05	2,245,887.55
Amount not required to be paid	2,753,707.44	2,618,232.49	2,753,707.44
Compensation income	1,086,103.01	589,186.01	1,086,103.01
Gains on destruction or retirement of non-current assets	590,736.59	125,401.66	590,736.59
Others	1,108,404.30	2,516,542.51	1,108,404.30
Total	**7,784,838.89**	**7,980,415.72**	**7,784,838.89**

57. Non-operating expenses

Item	2024	2023	Amount included in non-recurring gains and losses
Loss on retirement of non-current assets	8,848,376.65	2,702,305.53	8,848,376.65
Donation expenses	14,042,803.73	25,984,618.17	14,042,803.73
Others	26,290,739.29	20,303,864.40	26,290,739.29
Total	**49,181,919.67**	**48,990,788.10**	**49,181,919.67**

58. Income tax expenses

(1) Details of income tax expenses

Item	2024	2023
Current income tax	680,762,221.66	640,259,675.23
Deferred income tax	-88,621,563.93	-25,723,917.47
Total	**592,140,657.73**	**614,535,757.76**

(2) Reconciliation between income tax expenses and accounting profits:

Item	2024	2023
Profit before tax	3,574,886,645.33	3,465,554,801.13
Income tax expenses calculated at legal/applicable tax rate	893,721,661.33	866,388,700.28
Effect of different tax rates applicable to subsidiaries	-1,197,174.43	-1,595,044.33
Effect of tax reduction and exemption	-474,553,457.46	-523,463,987.76
Effect of non-deductible costs, expenses and losses	13,786,539.19	22,028,670.72
Effect of deductible tax losses for which no deferred tax assets were recognised in prior periods	-7,617,926.30	-2,104,712.06
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognised in the current period	110,478,038.88	222,732,931.76
Others	57,522,976.52	30,549,199.15
Income tax expenses	**592,140,657.73**	**614,535,757.76**

59. Notes to cash flow statement

(1) Other cash received relating to operating activities

Item	2024	2023
Government grants	124,225,380.31	219,203,190.38
Interest income	417,552,524.94	524,464,953.53
Deposits & security deposits	67,685,584.28	43,071,705.81
Current accounts and others	38,778,343.05	100,097,523.17
Total	**648,241,832.58**	**886,837,372.89**

(2) Other cash paid relating to operating activities

Item	2024	2023

Business promotion expenses	3,379,034,307.99	3,824,876,120.39
R&D expenses	594,340,575.13	685,792,117.17
Bank charges	6,377,071.53	7,394,567.72
Deposits & security deposits	274,151,161.02	54,086,036.99
Other expenses paid	559,959,450.79	504,345,227.91
Current accounts and others	35,454,394.10	52,818,370.75
Total	**4,849,316,960.56**	**5,129,312,440.93**

(3) Cash received related to significant investment activities

Item	**2024**	**2023**
Fixed deposits	723,883,802.38	270,000,000.00
Cash management	315,281,444.47	191,536,624.91
Tianjin Tongrentang dividend	0.00	112,640,000.00
Total	**1,039,165,246.85**	**574,176,624.91**

(4) Other cash received relating to investing activities

Item	**2024**	**2023**
Fixed deposits	0.00	347,290,000.00
Compensation for demolition	0.00	6,000,000.00
Collection of treasury bonds and security deposits	0.00	1,013,650.67
Total	**0.00**	**354,303,650.67**

(5) Cash paid relating to significant investing activities

Item	**2024**	**2023**
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	67,606,180.08	118,519,566.95
Guangda New Factory Project (光大新厂项目)	0.00	136,779,283.28
Fixed deposits	958,366,103.16	0.00
Cash management	314,230,400.45	0.00
Total	**1,340,202,683.69**	**255,298,850.23**

(6) Other cash paid relating to investing activities

Item	**2024**	**2023**
Fixed deposits	0.00	500,000,000.00
Net cash inflow or outflow from the disposal of subsidiaries	28,470,891.03	0.00
Security deposits	25,000.00	1,382,411.40
Foreign exchange forward contract losses	4,921,998.66	29,274,143.05
Total	**33,417,889.69**	**530,656,554.45**

(7) Other cash received relating to financing activities

Item	2024	2023
Discount of acceptance bills	0.00	20,000,000.00
Collection and advance payment of individual income tax	1,682,133.31	0.00
Total	**1,682,133.31**	**20,000,000.00**

(8) Other cash paid relating to financing activities

Item	2024	2023
Repurchase of shares and transaction fees	1,188,238,308.04	821,537,016.03
Discount of acceptance bills and settlement at maturity	0.00	400,719,088.50
Rental payments	32,783,328.30	39,867,739.36
Collection and advance payment of individual income tax	70,429.97	14,362.22
GDR issuance expenses	0.00	1,000,000.00
Accrued income tax	14,402,445.16	0.00
Total	**1,235,494,511.47**	**1,263,138,206.11**

(9) Changes in liabilities arising from financing activities

Item	2023.12.31	Cash movement		Non-cash movement			2024.12.31
		Cash inflow	Cash outflow	Interest accrued	Fair value change	Others	
Short-term loans	2,076,159,347.22	4,305,000,000.00	3,953,114,984.12	23,571,610.75	0.00	3,384,026.15	2,455,000,000.00
Long term loans	3,818,751,881.72	2,332,402,394.66	3,447,500,272.59	96,756,534.60	0.00	397,737.65	2,800,808,276.04
Lease liabilities	37,508,489.98	0.00	29,351,973.30	2,128,195.57	0.00	29,493,935.21	39,778,647.46
Total	**5,932,419,718.92**	**6,637,402,394.66**	**7,429,967,230.01**	**122,456,340.92**	**0.00**	**33,275,699.01**	**5,295,586,923.50**

60. Supplement to cash flow statement

(1) Supplement to cash flow statement

Supplement information	2024	2023
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,982,745,987.60	2,851,019,043.37
Add: Assets impairment loss	293,144,305.71	312,369,926.37
Credit impairment loss	7,262,094.01	16,846,468.56
Depreciation of fixed assets	676,312,907.52	675,647,605.51
Amortisation of right-of-use assets	28,950,505.81	31,907,046.92
Amortization of intangible assets	108,055,758.52	346,538,742.13
Long-term prepaid expenses amortization	86,779,463.88	76,523,212.80
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in "-")	-45,262,713.71	169,901.01
Loss on retirement of fixed assets (Gain as in "-")	8,257,640.06	2,576,903.87
Losses on changes in fair value (Gain as in "-")	17,495,836.34	25,419,715.12
Financial expenses (Gain as in "-")	66,266,938.95	92,921,024.82
Investment losses (Gain as in "-")	-64,371,470.73	-79,474,572.01
Decrease in deferred tax assets (Increase as in "-")	-102,856,255.90	-33,180,181.29
Increase in deferred tax liabilities (Decrease as in "-")	14,234,691.97	7,456,263.82
Decrease in inventories (Increase as in "-")	-51,290,145.86	-415,385,285.01
Decrease in operating receivables (Increase as in "-")	122,423,878.33	6,974,012,382.11
Increase in operating payables (Decrease as in "-")	-493,777,927.35	-7,046,712,674.37
Others	-18,050,581.58	90,254,086.00
Net cash flows from operating activities	3,636,320,913.57	3,928,909,609.73
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	33,332,952.78	26,614,546.23
3. Net increase / (decrease) in cash and cash equivalents:		
Cash and bank balance as at end of year	14,842,645,678.32	15,340,869,372.73
Less: cash and bank balance at beginning of year	15,340,869,372.73	14,178,465,686.40
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	-498,223,694.41	1,162,403,686.33

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

None.

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

Item	2024
Cash and cash equivalents received from the disposal of subsidiaries during the current period	10,490,000.00
Including: Guangzhou Respiratory Drug Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司)	10,490,000.00
Less: Cash and cash equivalents held by subsidiaries on the date control was lost	38,960,891.03
Including: Guangzhou Respiratory Drug Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司)	38,960,891.03
Plus: Cash and cash equivalents received from the disposal of subsidiaries in prior periods during the current period	0.00
Net cash received from the disposal of subsidiaries	-28,470,891.03

(4) Details of cash and cash equivalents

Item	2024	2023
I. Cash	14,842,645,678.32	15,340,869,372.73
Including: Cash on hand	370,795.14	355,538.62
Cash at bank readily available for payment	14,715,786,650.25	15,235,850,763.95
Other monetary fund readily available for payment	126,488,232.93	104,663,070.16
II. Cash equivalents	0.00	0.00
Including: bonds investment mature within 3 months	0.00	0.00
III. Cash and cash equivalents as at closing balance	14,842,645,678.32	15,340,869,372.73

Cash and cash equivalents do not include any cash and cash equivalents that are restricted in use.

(5) Monetary funds not classified as cash and cash equivalents

Item	2024.12.31	2023.12.31	Reason for not classified as cash and cash equivalents
Security deposits for bank acceptance bills	9,331,443.62	6,627,449.66	Frozen
Fixed deposits	0.00	300,000,000.00	Interest accrued at a fixed interest rate, with a term greater than 1 year but less than 1 year from the maturity date as of the balance sheet date
Accrued interest income	0.00	44,391,492.44	Interest accrued
Total	**9,331,443.62**	**351,018,942.10**	

61. 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 (HKD)	1,257,565,289.75	0.92604	1,164,555,760.92
Euro (EUR)	214,100.92	7.52570	1,611,259.29
US Dollar (USD)	433,444,096.17	7.18840	3,115,769,540.91

Item	Closing balance in foreign currency	Conversion rate	Closing balance translated into RMB
Macau Pataca (MOP)	6,374,373.52	0.89850	5,727,374.61
Japanese Yen (JPY)	286,308,497.00	0.04623	13,236,900.74
British Pound (GBP)	1,690.10	9.07650	15,340.19
Malaysian Ringgit (MYR)	17,061.18	1.61991	27,637.50
Indonesian Rupiah (IDR)	325,303,128,229.60	0.00045	147,362,317.09
Singapore Dollar (SGD)	19,856.50	5.32140	105,664.38
Philippine Peso (PHP)	6,247,056.42	0.07918	494,620.46
Accounts receivable:			
Including: US Dollar (USD)	80,126,680.55	7.18840	575,982,630.47
Other receivables:			
Including: Hong Kong Dollar (HKD)	3,231,391.35	0.92604	2,992,397.65
Euro (EUR)	4,127.61	7.52570	31,063.15
Philippine Peso (PHP)	189,554.24	0.07918	15,008.25
Accounts payable:			
Including: Euro (EUR)	5,665.41	7.52570	42,636.18
Japanese Yen (JPY)	24,936,230.40	0.04623	1,152,876.74
US Dollar (USD)	211,300.56	7.18840	1,518,912.95
Other payables:			
Including: US Dollar (USD)	4,405,983.55	7.18840	31,671,972.15
Indonesian Rupiah (IDR)	13,000,000.00	0.00045	5,889.00
Hong Kong Dollar (HKD)	60,085.41	0.92604	55,641.49

62. Leases

(1) As lessee

Item	Current year
Short-term rental expenses	6,346,890.87

(2) As lessor

Operating leases

① Rental income

Item	Current year
Rental income	10,867,435.20

② The 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 balance sheet date	2024.12.31	2023.12.31
First year	5,588,563.93	8,399,755.50
Second year	2,488,706.60	4,141,314.40
Third year	734,478.10	939,324.00
Fourth year	355,544.00	252,000.00
Fifth year	355,544.00	252,000.00
Thereafter	0.00	1,554,000.00
Total	**9,522,836.63**	**15,538,393.90**

VI. Research and development expenditures

1. Research and development expenditures

Item	2024		2023	
	Expenses amount	Capitalised amount	Expenses amount	Capitalised amount
Material costs	195,878,242.70	10,293,390.14	292,431,042.37	27,267,774.25
Staff salaries	417,334,808.83	13,417,314.28	441,951,205.11	25,496,236.78
Testing fees	423,653,643.43	49,507,871.48	327,359,553.83	77,594,659.61
Depreciation and amortisation	152,515,669.50	4,246,645.69	417,142,207.50	7,197,468.44
External purchased R&D projects	160,928,144.67	39,450,298.12	85,178,642.29	130,621,099.42
Others	85,041,118.52	30,011,595.82	97,695,329.80	6,336,666.95
Total	**1,435,351,627.65**	**146,927,115.53**	**1,661,757,980.90**	**274,513,905.45**

2. Development costs

Item	2023.12.31	Increase		Decrease			2024.12.31
		Internal development costs	Other increase	Recognized as intangible assets	Recognized in profit or loss	Others	
Chemical pharmaceuticals and APIs (化学制剂及原料药)	391,069,478.67	107,476,817.41	39,450,298.12	81,884,300.94	92,694,349.16	714,213.99	362,703,730.11
Biologics	92,425,008.50	0.00	0.00	0.00	92,425,008.50	0.00	0.00
Total	**483,494,487.17**	**107,476,817.41**	**39,450,298.12**	**81,884,300.94**	**185,119,357.66**	**714,213.99**	**362,703,730.11**

(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

Item	Progress	Expected method of generating economic benefits	Commencement time of capitalization	Specific basis for capitalization begin
				by the Company
Pixavir Marboxil Capsules	Completed Phase III Clinical Trials	Sales and marketing	Clinical trial	Obtained clinical trial approval and evaluated by the Company

(2) Provision for impairment of development costs

Item	2023.12.31	Provision for the year	Decrease	2024.12.31
Chemical pharmaceuticals (化学制剂)	7,518,369.12	92,694,349.16	0.00	100,212,718.28
Biologics	0.00	92,425,008.50	0.00	92,425,008.50
Total	**7,518,369.12**	**185,119,357.66**	**0.00**	**192,637,726.78**

3. Significant purchase of ongoing projects

The JP1366 project has currently been approved for market launch in South Korea. After the acquisition by Livzon Group, it is responsible for the domestic clinical trial. After evaluation by Livzon Group, it is highly likely 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	USD 50,000.00		100	Set-up by investment
Joincare Pharmaceutical Group Industry Co., Ltd. (CAYMAN ISLANDS)	Wholly-owned subsidiary	Limited company	Cayman Islands	Cayman Islands	Investment	USD 50,000.00		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	RMB 170,000,000.00		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	RMB 100,000,000.00	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	RMB 760,000,000.00	75	25	Set-up by investment
Shanghai Frontier Health Pharmaceutical 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
Guangdong Taitai Forenstic 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

Name of subsidiary	Type of subsidiaries	Legal person category	Main operating location	Place of registration	Business nature	Registered capital	Shareholding %		Acquisition method
							Direct	Indirect	
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	RMB 700,000,000.00	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	RMB 25,000,000.00	80	20	Business combination not under common control
Health Pharmaceuticals (China) Limited (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	Joint-stock company	Zhuhai	Zhuhai	Industrial	RMB926,325,484.00	24.50	21.86	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
Shenzhen Hiyeah Industry Co., Ltd (深圳市喜悦实业有限公司) (Shenzhen Hiyeah)) *Note 2	Wholly-owned subsidiary	Limited company	Shenzhen	Shenzhen	Commercial	RMB178,000,000.00	97.58	2.42	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	
Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司) *Note 2	Wholly-owned subsidiary	Limited company	Guangzhou	Guangzhou	Industrial	RMB3,000,000.00		100	Business combination not under common control
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	Wholly-owned subsidiary	Limited company	Zhongshan	Zhongshan	Industrial	RMB500,000.00		100	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 Medicine Food)	Wholly-owned subsidiary	Limited company	Shaoguan	Shaoguan	Industrial	RMB20,000,000.00	100		Set-up by investment
Henan Joincare Biomedical 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		70.79	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	SGD200,000.00		100	Set-up by investment
Joincare Pharma Netherlands B.V.	Wholly-owned subsidiary	Limited company	Netherlands	Netherlands	Commercial	EUR2,000.00		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 1: ivzon Group controls the subsidiaries in which the company holds stakes

(1) The company, together with Livzon Group, established Lijian (Guangdong) Animal Health Co., Ltd. (丽健(广东) 动物保健有限公司) on 1 February 2023. Livzon Group holds 51%, and the company holds 49%.

(2) The company, together with Livzon Group, established Wuhan Kangli Health Investment Management Co., Ltd. (武汉康丽健康投资管理有限公司) on 8 February 2023. Livzon Group holds 60%, and the company holds 40%.

(3) Zhuhai Livzon Biopharmaceutical Technology Co., Ltd. (珠海市丽珠生物医药科技有限公司) (Livzon Biopharma) is a subsidiary under the consolidation scope of Livzon Group. Originally, it was 100% indirectly owned by Livzon Group. Due to the restructuring of Livzon Group's subsidiary shareholding structure and Livzon Group's additional capital injection, Livzon Group now holds 60.23% of the shares, the company holds 26.84%, YF Pharmab Limited holds 6.84%, 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 6.09%.

*Note 2: Subsidiaries not included in the consolidation scope this period:

Name of subsidiary	Registered capital	Actual investment	Interest held
Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司)	3,000,000.00	3,000,000.00	100%
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	500,000.00	500,000.00	100%

Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司) and Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司) are wholly-owned subsidiaries of Shenzhen Hiyeah. Both companies entered liquidation in 2008, ceased operations for many years, and have completed tax deregistration procedures. Therefore, they are not included in the scope of the consolidated financial statements.

(2) Significant non-wholly owned subsidiaries

Name of subsidiary	Shareholding of minority interest	Profit or loss attributable to minority interest	Dividend paid to minority interest	Balance of minority interests at period end
Livzon Group	53.6458%	1,123,029,270.71	682,146,005.27	7,436,560,074.54

(3) Principal financial information of significant non-wholly owned subsidiaries

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 (1) :

Name of subsidiary	2023.12.31					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Livzon Group	17,266,174,718.28	7,778,652,409.47	25,044,827,127.75	8,087,137,474.74	2,190,986,656.97	10,278,124,131.71

Continued (2) :

Name of subsidiary	2024				2023			
	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	11,812,338,854.68	2,304,484,952.49	2,310,446,615.37	2,978,847,526.76	12,430,038,325.82	1,897,601,012.24	1,860,486,123.97	3,248,934,191.80

(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

Livzon Group originally held 53.13% of the equity in LivzonBio, Inc.(珠海市丽珠生物医药科技有限公司) (hereinafter referred to as " LivzonBio "). According to the "Capital Increase Agreement of LivzonBio, Inc." and the resolution of LivzonBio 's shareholders' meeting, the registered capital of LivzonBio was increased from RMB 889,023,284.00 to RMB 1,095,472,334.00. Livzon Group will contribute to the additional registered capital of RMB 206,449,050.00 by monetary contribution before 31 December 2028. The subscription price for this increase is RMB 1,000,000,000. Any amount exceeding the subscribed capital will be included in the Capital Reserve. Livzon Group made payments for the capital increase on 25 March 2024, 27 November 2024, 2 December 2024, and 11 December 2024, with the amounts of RMB 160,000,000, RMB 113,000,000, RMB 172,500,000, and RMB 232,440,000, respectively. This capital increase resulted in an increase in Livzon Group's minority interests by RMB 373,686,765.89 and a decrease in the capital reserve by the same amount.

② The Impact of the Transaction on Livzon Group's Minority Interests and the Parent Company's Owners' Equity

Item	LivzonBio
Acquisition cost	
--Cash	677,940,000.00
Total acquisition cost	677,940,000.00
Less: Net asset share of the subsidiary calculated based on the equity ratio acquired	304,253,234.11
Difference	373,686,765.89
Including: Adjustment of capital reserve	373,686,765.89

2. Business combination not under common control

None.

3. Disposal of subsidiaries

Name of subsidiary	Disposal consideration	Shareholding being disposed %	Disposal method	Date of losing control	Basis for determining when control is lost	The difference between the disposal price and the share of the subsidiaries' net assets in the	Goodwill related to the subsidiary in consolidate

						consolidated financial statements corresponding to the disposed investment	d financial statements
Guangzhou Respiratory Drug Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司)	10,490,000.00	40.00	Equity Transfer	September 2024	Transfer of control	0.00	0.00

Continued:

Name of subsidiary	Proportion of remaining shareholding on the date of losing control	Carrying amount of remaining equity interests on the date of losing control	Fair value of remaining equity interests on the date of losing control	Gain or loss from remeasurement of remaining equity interests to fair value	Method and key assumptions for determining the fair value of remaining equity interests	Amount of other comprehensive income related to the original equity investment of subsidiaries transferred to investment profit and loss or retained earnings
Guangzhou Respiratory Drug Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司)	0.00	0.00	0.00	0.00	0.00	0.00

4. Changes in the scope of consolidation due to other reasons

(1) On 1 April 2024, the company's subsidiary, Joincare Pharmaceutical Group Industry Co., Ltd. (BVI), established JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD., with a registered capital of 200,000 Singapore Dollars, holding 100% of its registered capital.

(2) On 19 July 2024, the company's subsidiary, Joincare Pharmaceutical Group Industry Co., Ltd. (BVI), established Joincare Pharma Netherlands B.V., with a registered capital of 2,000 Euros, holding 100% of its registered capital.

(3) On 11 June 2024, JOINCARE PHARMA SINGAPORE HOLDINGS PTE. LTD. established Joincare Pharma Philippines Inc., with a registered capital of 11,500,000.00 Philippine Pesos, holding 100% of its registered capital.

(4) On 9 May 2024, Livzon Group's subsidiary, Lian (Hong Kong) Co., Ltd. (丽安香港有限公司), established LIAN International Holding LTD, with a registered capital of 50,000 USD, holding 100% of its registered capital.

(5) On 27 May 2024, LIAN International Holding LTD established LIAN SGP HOLDING PTE. LTD., with a registered capital of 32 million Dollars, holding 100% of its registered capital.

(6) On 29 August 2024, LIAN SGP HOLDING PTE. LTD. and PT GLOBAL CHEMINDO MEGATRADING jointly established PT. LIVZON PHARMA INDONESIA, with a legal capital of 1.30608 trillion Indonesian Rupiah. PT. LIVZON PHARMA INDONESIA will issue 25% common stock, with LIAN SGP HOLDING PTE. LTD. contributing 261.216 billion Indonesian Rupiah, holding 80% of the initial issued shares, and PT GLOBAL CHEMINDO MEGATRADING contributing 65.304 billion Indonesian Rupiah, holding 20% of the initial issued shares.

(7) On 16 April 2024, Livzon Group's subsidiary, Zhuhai Liyie Biotechnology Co., Ltd. (珠海市丽

业生物技术有限公司), completed the industrial and commercial deregistration.

(8) On 19 November 2024, Zhuhai Livzon Pharmaceuticals Import and Export Trading Co., Ltd. (珠海市丽珠医药进出口贸易有限公司), completed the industrial and commercial deregistration.

(9) On 5 December 2024, Livzon Group's subsidiary, Changsha Lijin Baokang Medical Technology Co., Ltd. (长沙丽瑾葆康医疗科技有限公司), completed the tax deregistration; on 7 January 2025, the industrial and commercial deregistration was completed.

5. 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)
	2024.12.31
Owners' equity attributable to parent company	627,091,302.27
Share of net assets calculated based on shareholding ratio	250,836,520.90
Adjustments	
Including: Goodwill	498,457,683.68
Carrying value of equity investment in associates	749,294,204.58

Continued:

Item	Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)
	Current year
Operating income	985,916,053.04
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.

(3) Summary of financial information of other insignificant associates

Item	2024.12.31/ 2024	2023.12.31/ 2023
Associates:		

Total carrying amount of investment	697,004,393.88	705,431,921.06
The following amount are calculated on the basis of shareholding ratio		
Net profit	-28,777,998.25	-15,921,948.35
Other comprehensive income	319,802.85	-176,677.35
Total comprehensive income	-28,458,195.40	-16,098,625.70

(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	2023.12.31	Increase	Decrease	2024.12.31
Government grants related to assets	366,340,653.45	32,113,300.00	67,177,209.52	331,276,743.93
Government grants related to income	3,838,897.37	0.00	145,632.78	3,693,264.59
Total	**370,179,550.82**	**32,113,300.00**	**67,322,842.30**	**334,970,008.52**

(1) Government grants recorded as deferred income and measured at gross amount method subsequently

Category	2023.12.31	Additions during the year	Amount recognized in profit or loss in the year	Other movement	2024.12.31	Item presented in profit or loss in the year
Government grants related to assets	366,340,653.45	32,113,300.00	64,364,809.52	2,812,400.00	331,276,743.93	Other income
Government grants related to income	3,838,897.37	0.00	145,632.78	0.00	3,693,264.59	Other income
Total	**370,179,550.82**	**32,113,300.00**	**64,510,442.30**	**2,812,400.00**	**334,970,008.52**	

The above government grants mainly come from the relevant government departments, such as the Development and Reform Commission, Finance Bureau, and the Science and Technology and Industry and Information Technology Bureau at the provincial and municipal levels, which provide subsidies for research and development, technological transformation, technological innovation, relocation, and other projects to the company and its subsidiaries.

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:	92,968,065.71	61,350,275.98	Other income
Government grants related to income:	140,090,341.40	95,006,724.71	Other income
Total	**233,058,407.11**	**156,357,000.69**	

The above Government grants mainly come from relevant government departments at the provincial and municipal levels, such as the Development and Reform Commission, Finance Bureau, Commerce Bureau, Science and Technology Bureau, Industry and Information Technology Bureau,

Human Resources and Social Security Bureau, etc., providing subsidies for projects related to business operations, research and development, technological transformation, technological innovation, export credit insurance, job stabilization, and other areas for the company and its subsidiaries.

3. Government grants offsetting related costs using the net method

None.

4. Government grants refunded in this year

Item	Amount	Reason
The 2023 Zhuhai City Special Fund for Promoting High-Quality Development of the Real Economy (P06 Industrialization Project) (2023 年珠海市促进实体经济高质量发展专项资金(P06 产业化项目))	2,812,400.00	Return of duplicate grants
Research and Industrialization of Statin Drugs for Lowering Blood Lipids (降血脂他汀类药物的研究与产业化)	84,700.00	Return due to project termination

IX. Risks Management of Financial Instruments

The major financial instruments of the Company include cash, notes receivable, accounts receivable, other receivables, non-current assets due within one year, other current assets, financial assets held for trading, other equity instrument investments, notes payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, long-term borrowings and long-term payables. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Company to minimize the risk are disclosed as below. The management of the Company manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

1. Management objectives and policies of risks

The operation activities of the Company are subject to various financial risks: market risks (mainly including foreign exchange risks and interest rate risks), credit risks and liquidity risks. The Company formulates an overall risk management plan with respect to the unforeseeability of the financial market in order to minimise the potential adverse impacts on the financial performance of the Company.

(1) Foreign exchange risks

The Company conducts its operation primarily in China. Substantially all of the transactions were denominated and settled in Renminbi. However, the Company still has certain imports and exports businesses regarding APIs and diagnostic reagents that are settled in U.S. dollar, Euro and Japanese Yen. The Company’s businesses outside China (mainly in Hong Kong, India, Europe) are settled in Hong Kong dollars, U.S. dollar and Euro. In addition, the Company will have foreign currency loans according to the operating needs. In respect of the above, the Company still exposes to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable by the Company, the Company adopted Derivative instruments to control foreign exchange risk. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend of the exchange rate of Renminbi, and timely adjust the extent of borrowings, so as to minimise its risks.

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

① As of 31 December 2024

Unit: RMB 1,000

Item	HKD	EUR	USD	MOP	JPY	GBP	MYR	IDR	SGD	PHP
Financial assets in foreign currency —										
Cash and bank balances	1,164,555.76	1,611.26	3,115,769.54	5,727.37	13,236.90	15.34	27.64	147,362.32	105.66	494.62
Financial assets held for trading	61,589.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	0.00	575,982.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other receivables	2,992.40	31.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.01
Other equity instruments investment	256,754.72	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
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**

② As of 31 December 2023

Unit: RMB 1,000

Item	HKD	USD	EUR	JPY	GBP	MOP	MYR
Financial assets in foreign currency —							
Cash and bank balances	910,327.19	2,089,301.02	728.44	178.35	15.28	5,534.73	15.10
Financial assets held for trading	64,572.80	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	138,377.75	0.00	0.00	0.00	147.35	0.00
Other receivables	3,057.18	0.00	0.00	0.00	0.00	158.67	0.00
Other current assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other equity instruments investment	345,535.96	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	**1,323,493.13**	**2,227,678.77**	**728.44**	**178.35**	**15.28**	**5,840.75**	**15.10**
Financial liabilities in foreign currency—							
Accounts payable	0.00	2,623.80	44.53	21,132.48	0.00	0.00	0.00
Other payables	3,674.30	28,937.74	0.00	0.00	0.00	0.00	0.00
Subtotal:	**3,674.30**	**31,561.54**	**44.53**	**21,132.48**	**0.00**	**0.00**	**0.00**

As of 31 December 2024, if the Chinese Yuan appreciates or depreciates by 5% against the Hong Kong Dollar, US Dollar, Euro, Japanese Yen, Macanese Pataca, and other foreign currencies, with all other factors remaining constant, the company's profit will increase or decrease by approximately RMB 265.59 million (31 December 2023: approximately RMB 192.35 million).

(2) Interest rate risk

The Company's exposures to interest rate risk are mainly arising from interest-bearing liabilities such as bank borrowings. The interest rates are affected by the macro monetary policies of China, hence the Company will face the risks arising from fluctuation of interest rates in the future.

The finance department of the head office of the Company continues to monitor the level of interest rate of the Company. The rise in the interest rate will increase the cost of additional interest-bearing liabilities and the interest expenses of the Company's outstanding interest-bearing liabilities of which the interests are calculated at floating rates, and impose material adverse impact on the financial results of the Company. The management will make timely adjustment based on the updated market conditions. The directors of the Company consider that the future changes in the interest rate will have no material adverse impact on the operating results of the Company.

(3) Credit risk

Credit risk is primarily attributable to cash and cash equivalents, restricted funds, accounts receivables and other receivables. In respect of cash at banks, they were placed at several banks with good reputations, for which the credit risk was limited. In respect of receivables, the Company shall assess the credit limit granted to customers for credit purpose. Moreover, as the customer base of the Company is large, the credit risk on accounts receivables is not concentrated. In terms of bills receivable settlement, external payments are settled with bills receivable with priority and most of the remaining bills are high-quality bills with maturity within three months; thus none expected major credit risk exits. In addition, the provision made on the impairment of accounts receivables and other receivables are adequate to manage the credit risk.

Among the accounts receivables of the Company, the accounts receivable of the top five customers

accounted for 10.92% (31 December 2023: 8.39%); among the other receivables of the Company, the other receivables of the top five customers accounted for 44.50% (31 December 2023: 40.48%) .

(4) Liquidity risk

The Company adopts prudent liquidity risk management for the sufficient supply of monetary funds and liquidity. It secures readily available credit loans from banks mainly by maintaining adequate monetary funds and banking facilities. Apart from indirect financing from banks, a number of financing channels were available, such as direct financing by inter-bank market including short-term financing bills and medium-term financing bills, corporate bonds etc. These instruments can effectively reduce the effects of scale of financing and the macro monetary policies of China on indirect bank financing, which shall secure adequate funds in a flexible manner.

As at the date of the balance sheet, the contractual cash flows of financial assets and financial liabilities are presented below by term of maturity:

① 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 As of 31 December 2023

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	15,691,888,314.83	0.00	0.00	0.00	15,691,888,314.83

Financial assets held for trading	82,899,154.24	0.00	0.00	0.00	82,899,154.24
Notes receivable	1,941,200,568.00	0.00	0.00	0.00	1,941,200,568.00
Accounts receivable	2,692,941,866.24	0.00	0.00	0.00	2,692,941,866.24
Other receivables	46,010,624.61	0.00	0.00	0.00	46,010,624.61
Other current assets	6,536,364.62	0.00	0.00	0.00	6,536,364.62
Subtotal:	**20,461,476,892.54**	**0.00**	**0.00**	**0.00**	**20,461,476,892.54**
Financial liabilities:					
Short-term loans	2,076,159,347.22	0.00	0.00	0.00	2,076,159,347.22
Financial liabilities held for trading	86,817.12	0.00	0.00	0.00	86,817.12
Notes payable	1,469,148,287.38	0.00	0.00	0.00	1,469,148,287.38
Accounts payable	894,286,243.28	0.00	0.00	0.00	894,286,243.28
Other payables	3,682,604,038.73	0.00	0.00	0.00	3,682,604,038.73
Other current liabilities	39,844,637.92	0.00	0.00	0.00	39,844,637.92
Non-current liabilities due within one year	718,564,144.31	0.00	0.00	0.00	718,564,144.31
Lease liabilities	0.00	11,783,457.28	3,639,491.13	0.00	15,422,948.41
Long term loans	0.00	2,288,854,277.01	833,419,001.98	0.00	3,122,273,278.99
Subtotal:	**8,880,693,515.96**	**2,300,637,734.29**	**837,058,493.11**	**0.00**	**12,018,389,743.36**

2. Capital management

The capital management policies are made to keep the continuous operation of the Company, to enhance the return to shareholders, to benefit other stakeholders and to maintain the best capital structure to minimize the cost of capital.

For the maintenance or adjustment of the capital structure, the Company might adjust financing method, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or make an asset disposal to reduce the liabilities.

The Company monitors the capital structure with gearing ratio (calculated by dividing total liabilities by total assets. As of 31 December 2024, the Company's gearing ratio is 34.49% (31 December 2023: 37.73%).

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	The right to receive cash flows from the financial assets is transferred to another party	118,889,716.06	Derecognised	The contract right to receive cash flows from the financial assets is terminated
Discount of acceptance	The right to receive cash flows from the	0.00	Derecognised	The contract right to receive

Transfer methods	Nature of transferred financial assets	Amount of transferred financial assets	Termination of recognition status	Judgment basis for termination of recognition
bills	financial assets is transferred to another party			cash flows from the financial assets is terminated
Total		**118,889,716.06**		

(2) Financial assets derecognized due to transfer

Item	Transfer methods	Derecognition amount	Gains or losses related to derecognition
Notes receivable	Bill endorsement	118,889,716.06	
Notes receivable	Discount of acceptance bills	0.00	
Total		**118,889,716.06**	**--**

In this period, the company discounted Bank acceptance bills amounting to RMB 9,767,218.08 (previous period: RMB 385,575,297.99) with the bank. Since the main risks and rewards related to these Bank acceptance bills, such as interest rate risk, have been transferred to the bank, the company derecognizes the Bank acceptance bills that are not yet mature but already discounted. According to the discount agreement, if the Bank acceptance bills are not accepted by the due date, the bank has the right to require the company to pay the unsettled balance. Therefore, the company remains involved with the discounted Bank acceptance bills. As of 31 December 2024, the amount of Bank acceptance bills not yet mature but already discounted is RMB 0.00 (as of 31 December 2023: RMB 136,098,199.33).

As of 31 December 2024, the carrying amount of Bank acceptance bills endorsed to suppliers for settling Accounts payable, which are not due for payment, is RMB 37,606,855.80 (as of 31 December 2023: RMB 180,125,188.50). There are no Commercial acceptance bills endorsed to suppliers for settling Accounts payable that are not due for payment (as of 31 December 2023: RMB 0.00). As of 31 December 2024, the maturity date of these bills is between 1 to 6 months. According to the relevant provisions of the "Negotiable Instruments Law", if the accepting bank refuses to make payment, the holder has the right to claim against the company ("continued involvement") . The company believes that it has transferred nearly all of its risks and rewards, so it derecognizes the carrying amount of the bills and the associated settled Accounts payable. The maximum loss from continued involvement and repurchase of the bills, as well as the undiscounted cash flows, are equal to their carrying amount. The company believes that the fair value of the continued involvement is not significant.

In 2024, the company did not incur any gains or losses on the transfer date of the bills. The company has not recognized any current or cumulative income or expenses related to the continued involvement in derecognized financial assets. The endorsement occurred roughly in balance during the period.

(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 2024, 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	73,981,579.39	299,668.02	15,081,807.66	89,363,055.07
1.debt instruments investment	987,629.66	0.00	15,081,807.66	16,069,437.32
2.equity instruments investment	72,993,949.73	0.00	0.00	72,993,949.73
3.Derivative financial assets	0.00	299,668.02	0.00	299,668.02
4.Financial products	0.00	0.00	0.00	0.00
(2) Other equity instruments investment	57,634,195.50	0.00	968,914,547.65	1,026,548,743.15
Total assets measured at fair value on a recurring basis	**131,615,774.89**	**299,668.02**	**983,996,355.31**	**1,115,911,798.22**
(3) Financial liabilities held for trading	0.00	9,046,554.29	0.00	9,046,554.29
Derivative financial liabilities	0.00	9,046,554.29	0.00	9,046,554.29
Total liabilities measured at fair value on a recurring basis	**0.00**	**9,046,554.29**	**0.00**	**9,046,554.29**
II. Non-recurring fair value measurement				
Assets held-for-sale	0.00	0.00	54,029,237.68	54,029,237.68
Total assets measured at fair value on a non-recurring basis	**0.00**	**0.00**	**54,029,237.68**	**54,029,237.68**
Total liabilities measured at fair value on a non-recurring basis	**0.00**	**0.00**	**0.00**	**0.00**

For financial instruments traded in active markets, the company determines their fair value based on the quoted market prices in those active markets. The company's trading debt instruments and equity instruments are listed in markets such as Shenzhen, Hong Kong, and the United States, and their fair value is determined based on the closing price of the last trading day of the reporting period.

For financial instruments not traded in active markets, the company uses valuation techniques to determine their fair value. The valuation models primarily used are the discounted cash flow model and the market comparable company model. The inputs for these valuation techniques mainly include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, and discounts for lack of liquidity, among others.

(2) Relevant information of level 2 fair value measurement

Item	Fair value at year end	Valuation techniques
Derivative financial assets	299,668.02	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract
Derivative financial liabilities	9,046,554.29	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

Item	Fair value at year end	Valuation techniques
Other equity instrument investments- Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新创股权投资中心)	54,973,447.09	Net assets
Other equity instrument investments - Shanghai JingYi Investment Center (上海经颐投资中心)	68,241,884.52	Net assets
Other equity instrument investments-Qianhai Equity Investment Fund (前海股权投资基金)	222,903,402.11	Net assets
Other equity instrument investments –Apricot Forest, Inc (杏树林)	83,774,400.00	Income method
Other equity instrument investments – China Resources Bank of Zhuhai Co., Ltd. (珠海华润银行股份有限公司)	228,006,000.00	Market method
Other equity instrument investments - Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海) 有限公司)	24,737,630.38	Market method
Other equity instrument investments - Zhuhai Medpha Biotechnology Co., Ltd. (珠海麦得发生物科技股份有限公司)	36,710,669.76	Recent financing price
Other equity instruments investment- Xiangrong (Shanghai) Biotechnology Co., Ltd. (享融(上海) 生物科技有限公司)	36,098,956.59	Recent financing price
Other equity instrument investments –GLOBAL HEALTH SCIENCE	143,205,685.40	Net assets
Other equity instrument investments –SCC VENTURE VI 2018-B,L.P.	236,750.08	Net assets
Other equity instrument investments –Nextech V Oncology S.C.S., SICAV-SIF	22,515,721.72	Net assets
Other equity instrument investments -Others	47,510,000.00	Cost
Assets held-for-sale	54,029,237.68	Cost
Financial assets held for trading（debt instruments investment）	15,081,807.66	Expected return
Total	**1,038,025,592.99**	

(4) Reconciliation table for fair value measurement classified as the Level 3 of the fair value hierarchy

Item(Current year)	2023.12.31	Transfer to Level 3	Transfer out of Level 3	Total profit or loss for the period		Buy, issue, sell and settle				2024.12.31	For assets held at the end of the reporting period, the change in unrealized gains or losses in the period recognised in profit or loss
				Recorded in profit or loss	Recorded in other comprehensive income	Buy or Issue	transferred	Sell	Settle		
Financial assets held for trading	0.00	0.00	0.00	81,807.66	0.00	15,000,000.00	0.00	0.00	0.00	15,081,807.66	0.00
Assets held-for-sale	0.00	0.00	0.00	0.00	0.00	0.00	54,029,237.68	0.00	0.00	54,029,237.68	0.00
Other equity instruments investment	1,063,732,253.20	0.00	0.00	11,402,877.67	-55,523,240.59	5,000,000.00	0.00	44,294,464.96	0.00	968,914,547.65	0.00
Total	**1,063,732,253.20**	**0.00**	**0.00**	**11,484,685.33**	**-55,523,240.59**	**20,000,000.00**	**54,029,237.68**	**44,294,464.96**	**0.00**	**1,038,025,592.99**	

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	47.79	47.79

(1) Registered capital of parent company and its changes

Name of other related parties	2023.12.31	Increase	Decrease	2024.12.31
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	2023.12.31	Ratio	Increase	Decrease	2024.12.31	Ratio
Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司)	895,653,653.00	48.01%	0.00	0.00	895,653,653.00	47.79%

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. 5.

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
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associates
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Associates
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	Associates
AbCyte Therapeutics Inc.	Associates
L&L Biopharma, Co. Ltd. (上海健信生物医药科技有限公司)	Associates
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Associates
Aetio Biotherapy, Inc.	Associates
Hangzhou New Element Pharmaceutical Co., Ltd. (杭州新元素药业有限公司)	Associates
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	Associates
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	Associates
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物	Associates

Name of joint ventures and associates	Relationship with the Company
医药科技有限公司)	
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	Associates
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Associates
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Entity controlled by an associate
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海横琴维胜精准医学科技有限公司)	Entity controlled by an associate

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 actual controller
Zhuozhou Jingnan Yongle Golf Club Co., Ltd. (涿州京南永乐高尔夫俱乐部有限公司)	A company controlled by the Company's parent company
Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	An associate of the Company's parent company
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司及其子公司)	A subsidiary of an associate of the Company's parent company
Shenzhen Qianhai WeBank Co., Ltd. (深圳前海微众银行股份有限公司)	An investee of the Company's parent company
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	An investee of the Company
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙))	The director of Livzon Group controls this entity
Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙))	The director of Livzon Group controls this entity
Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司)	The director of Livzon Group controls this entity
Zhuhai Pu Xiaoying Enterprise Management Co., Ltd. (珠海市蒲小英企业管理有限公司)	Businesses controlled by close family members of Livzon Group's director
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	2024	2023
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Raw materials	3,396,106.21	2,592,283.20
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	Modern service	0.00	1,005,433.00
Jiangsu One Winner Medical Technology Co., Ltd. and its subsidiaries (江苏一赢家医疗科技有限公司 及其子公司）	Modern service	29,816.00	2,845,679.00
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	Research and development	83,168.32	693,069.31
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	Research and development	0.00	15,000,000.00
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Nebulizer	0.00	840,000.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Electricity, Steam	271,780,407.81	268,255,646.79

Total	**275,289,498.34**	**291,232,111.30**

②Sales of goods/rendering of services

Name of other related parties	Nature of transaction	2024	2023
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Finished products, water, electricity and power	23,817,212.79	41,797,488.64
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Finished products, power and others	223,993.23	643,038.26
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	601,990.47	648,316.60
Subsidiary of Sichuan Health Alu Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司之子公司)	Finished products	4,821,056.24	2,957,156.52
Jiangsu One Winner Medical Technology Co., Ltd. and its subsidiaries (江苏一赢家医疗科技有限公司 及其子公司）	Finished products	0.00	5,021.65
Shenzhen Qianhai WeBank Co., Ltd. (深圳前海微众银行股份有限公司)	Finished products	0.00	4,786,115.64
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	Modern service	0.00	566,037.74
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海横琴维胜精准医学科技有限公司)	Finished products	154,412.03	0.00
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	Raw materials	141,592.92	0.00
Total		**29,760,257.68**	**51,403,175.05**

(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	1,170,980.93	2,171,444.85
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Building	230,926.66	240,000.00
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
Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	Building	0.00	17,174.32
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	Building	0.00	17,174.32
Total		**1,439,519.35**	**2,483,405.25**

(3) Guarantee with related parties

①To fully ensure the stable development of Jin Guan Electric’s production and operations, on 6 July 2016, the company's first extraordinary general meeting of shareholders approved the proposal on "Providing guarantees for Jin Guan Electric's loan by the company and its subsidiary Jiaozuo Joincare".

The company and Jiaozuo Joincare jointly provided a revolving guarantee with a balance not exceeding RMB 350 million (inclusive) for Jin Guan Electric's loan (the specific guarantors will be identified in each guarantee contract) , with a term starting from the approval date of this guarantee proposal by the company's shareholders meeting until 31 December 2019.

On 22 May 2018, the company's 2017 annual general meeting of shareholders approved the proposal on "Providing guarantees for Jin Guan Electric's loan by the company and its subsidiary Jiaozuo Joincare", changing the previous guarantee to a revolving guarantee with a balance not exceeding RMB 350 million (inclusive) provided jointly by the company and Jiaozuo Joincare for Jin Guan Electric's loan (the specific guarantors will be identified in each guarantee contract) , with a term starting from the approval date of this guarantee proposal by the company's shareholders meeting until 31 December 2022.

On 10 May 2019, the company's 2018 annual general meeting of shareholders approved the proposal, based on the actual business needs of Jin Guan Electric, to change the revolving guarantee limit originally approved by the company's 2017 annual shareholders meeting from a maximum of RMB 350 million (inclusive) to a maximum of RMB 450 million (inclusive) for Jin Guan Electric's loan (the specific guarantors will be identified in each guarantee contract) , with a term starting from the approval date of this guarantee proposal by the company's shareholders meeting until 31 December 2022.

On 18 May 2022, the company's 2021 annual general meeting of shareholders approved the proposal on "Providing guarantees for Jin Guan Electric's loan by the company and its subsidiary Jiaozuo Joincare", with the company and Jiaozuo Joincare jointly providing a revolving guarantee with a balance not exceeding RMB 450 million (inclusive) for Jin Guan Electric's loan (the specific guarantors will be identified in each guarantee contract) , with a term starting from the approval date of this guarantee proposal by the company's shareholders meeting until 31 December 2025.

As of 31 December 2024, the company has provided guarantees for Jin Guan Electric’s loans at Everbright Bank Shenzhen Branch (RMB 146 million), Zhejiang Commercial Bank Shenzhen Branch (RMB 57 million), and Nanyang Commercial Bank Shenzhen Branch (RMB 148 million), totaling RMB 351 million.

To ensure the safety of the guaranteed loans, the above guarantees are all counter-guaranteed by Jin Guan Electric using its own assets, and Jin Guan Electric has promised, when deemed necessary by the company, to unconditionally provide mutual guarantees for the company or subsidiaries designated by the company, with a total limit not exceeding RMB 450 million (inclusive).

② The other shareholder of Zhuhai Livzon Monoclonal Antibody Biotechnology Co., Ltd. (珠海市丽珠单抗生物技术有限公司), The company, has issued a "Counter-Guarantee Commitment Letter", committing to provide 26.84% joint and several liability for Livzon Group's guarantee responsibility towards Zhuhai Livzon Monoclonal Antibody Biotechnology Co., Ltd. (珠海市丽珠单抗生物技术有限公司), with the guarantee period ending when the company's guarantee responsibility terminates.

③ The other shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司) , Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙), The company, has issued a "Counter-Guarantee Commitment Letter", committing to provide 8.44% joint and several liability for Livzon Group's guarantee responsibility towards Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司)

④ The other shareholder of Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健(广东) 有限公司), the Company, has issued a "Counter-Guarantee Commitment Letter", committing to provide 49.00% joint and several liability for Livzon Group's guarantee responsibility towards Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子动物保健(广东)有限公司)

(4) Asset transfer and debt restructuring between related parties

None.

(5) Remuneration to key management personnel

Unit: RMB ten thousand

For the year ended 31 December 2024:

Item	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) (who has resigned) and serve as non-executive directors of Livzon Group. The remuneration disclosed above does not include the remuneration paid by Livzon Group to them.

For the year ended 31 December 2023:

Item	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	6.59	2.88	0.00	0.00	334.47

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus and others	Severance pay	Total
Liu Guangxia (刘广霞)	325.00	19.43	9.65	2.88	80.00	0.00	436.96
Yu Xiong (俞雄)	0.00	260.00	0.00	0.00	100.00	0.00	360.00
Qiu Qingfeng (邱庆丰)	0.00	135.00	7.70	2.88	80.00	0.00	225.59
Lin Nanqi (林楠棋)	0.00	135.00	7.70	2.88	80.00	0.00	225.59
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)	3.50	0.00	0.00	0.00	0.00	0.00	3.50
Cui Liguo (崔利国) (Resigned)	8.50	0.00	0.00	0.00	0.00	0.00	8.50
Supervisors:							
Yu Xiaoyun (余孝云)	4.80	38.16	7.21	2.25	17.95	0.00	70.36
Peng Jinhua (彭金花)	4.80	0.00	0.00	0.00	0.00	0.00	4.80
Xing Zhiwei (幸志伟)	4.80	57.77	6.85	2.09	40.00	0.00	111.51
Other senior management:							
Zhang Leiming (张雷明)	0.00	110.97	7.70	2.88	80.00	0.00	201.56
Zhao Fenguang (赵凤光)	0.00	135.00	7.70	2.88	60.00	0.00	205.59
Total	**712.40**	**891.33**	**61.11**	**21.64**	**537.95**	**0.00**	**2,224.43**

Note: Mr. Zhu Baoguo (朱保国) serves as the Chairman of the Company's subsidiary, Livzon Group. Mr. Yu Xiong (俞雄) and Mr. Qiu Qingfeng (邱庆丰) serve as non-executive directors of Livzon Group. Mr. Cui Liguo (崔利国) has resigned. The remuneration disclosed above does not include the remuneration paid by Livzon Group to them.

(6) Other related party transactions

None.

6. Receivables and payables with related party

(1) Receivable from related parties

Item	Related party	2024.12.31		2023.12.31	
		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)	6,000,000.00	0.00	0.00	0.00
Accounts receivable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	0.00	0.00	9,288,000.00	93,808.80
Accounts receivable	Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	53,978.00	545.18	180,820.75	1,844.37
Accounts receivable	Subsidiary of Sichuan Health Alu Hospital Management Co., Ltd.	0.00	0.00	434,422.80	87,318.98

Item	Related party	2024.12.31		2023.12.31	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	and its subsidiaries (四川健康阿鹿医院管理有限公司之子公司)				
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	Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司)	0.00	0.00	29,816.00	0.00
Prepayments	Feellife Health Inc. (深圳来福士雾化医学有限公司)	1,164,309.54	0.00	1,259,566.37	0.00
Prepayments	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	15,799,796.87	0.00	65,814,779.87	0.00
Other receivables	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	8,624.98	86.25	0.00	0.00
Other receivables	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	511,310.14	5,113.10	860,233.52	9,118.48
Other receivables	Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	0.00	0.00	2,263.89	52.75
Other receivables	Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	469,895.78	469,895.78	469,895.78	469,895.78
Other receivables	Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	0.00	0.00	4,680.00	129.99

(2) Payables to related party

Item	Related party	2024.12.31	2023.12.31
Contract liabilities	Subsidiary of Sichuan Health Alu Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司之子公司)	68,563.91	255,459.93
Notes payable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	2,292,000.00	883,200.00
Accounts payable	Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	276,000.00	195,398.23

XII. Share-based payments

1. Information about share-based payments

(1) The Company

① On 29 August 2022, the Company held the third extraordinary general meeting of shareholders in 2022, and reviewed and approved the "Proposal on the Company's 2022 Share option Incentive Plan (Draft) and its Summary", Proposal on the Company's 2022 Share option Incentive Plan Implementation Appraisal Management Measures" and "Proposal on Requesting the Company's Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to Shares Incentive". The Company held the 16th meeting of the eighth board of directors on 5 September 2022, and reviewed and passed the "Proposal on First Time Granting Share options to Incentive Participants". With 5 September 2022 as the grant date, 49.45 million share options were granted to 423 incentive participants at a price of RMB 11.24 per share. The date of completion and effective

date of registration of share options granted is 16 September 2022.

In 2022, the share option incentive plan initially granted 32 former incentive recipients (a total of 2.37 million options) had their options revoked due to their resignation and no longer meeting the incentive conditions. Following the forfeiture, the number of share options initially granted under the Company's 2022 share option incentive plan was adjusted from 49.45 million to 47.08 million, and the number of initial incentive recipients was adjusted from 423 to 391.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period	From the first trading day 12 months after the first grant date to the last trading day within 24 months from the first grant date	40%
Second vesting period	From the first trading day 24 months after the first grant date to the last trading day within 36 months from the first grant date	30%
Third vesting period	From the first trading day 36 months after the first grant date to the last trading day within 48 months from the first grant date	30%

Company-level performance appraisal requirements: The share options granted by this incentive plan are subject to annual performance appraisal and vesting. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the first-time grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2022 shall not be less than 15%;
Second vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Third vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

The calculation of the above "net profit" and "net profit growth rate" indicators is based on the net profit attributable to shareholders of listed company after deducting non-recurring gains and losses, and excluding the impact of share-based payments in this incentive plan. If the Company fails to meet the above-mentioned performance appraisal targets, all incentive participants whose share options are exercisable in the year corresponding to the appraisal shall not be exercised and shall be canceled by the Company.

In light of the 2022 stock option incentive plan of the Company, 15 initial grant incentive targets and 7 reserved grant incentive targets were no longer eligible due to resignation or retirement. A total of 1.12 million stock options granted to them, but not yet exercised, were cancelled. Meanwhile, since the Company's 2023 performance did not meet the company-level performance assessment requirements, the Company cancelled a total of 16.314 million stock options for all remaining active incentive targets. These included stock options for the second exercise period of the initial grant and stock options for the first exercise period of the reserved grant. The total number of stock options cancelled was 17.434 million. The cancellation was completed on May 16, 2024.

The first exercise period for the 2022 stock option incentive plan was from September 5, 2023, to September 4, 2024, and expired on September 4, 2024. During the first exercise period, the incentive targets exercised a total of 12,177,502 stock options, and the remaining stock options unexercised amounted to 6,654,498. According to the "Health Yuan Pharmaceutical Group Co., Ltd. 2022 Stock Option Incentive Plan (Draft)," it is stated that "after the exercise period ends, stock options that have been granted but not yet exercised cannot be exercised and will be cancelled by the company."

Therefore, the company has decided to cancel the 6,654,498 stock options granted in the first exercise period of the 2022 stock option incentive plan that remain unexercised.

② On 11 August 2023, the Company convened the 28th meeting of the eighth board of directors to deliberate and approve the "Proposal on Reserving Share Options for Incentive Recipients". The grant date was set as 11 August 2023, and 5.5 million share options were granted to 149 incentive recipients at a price of RMB 11.06 per share. The registration completion date and effective date for this grant of share options were 30 August 2023.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period of reserved options	From the first trading day 12 months after the grant date of reserved options to the last trading day within 24 months from the first grant date	50%
Second vesting period of reserved options	From the first trading day 24 months after the grant date of reserved options to the last trading day within 36 months from the first grant date	50%

Company-level performance appraisal requirements: The share options granted by this incentive plan are subject to annual performance appraisal and vesting. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the reserved grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period of reserved options	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Second vesting period of reserved options	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

The calculation of the above "net profit" and "net profit growth rate" indicators is based on the net profit attributable to shareholders of listed company after deducting non-recurring gains and losses, and excluding the impact of share-based payments in this incentive plan. If the Company fails to meet the above-mentioned performance appraisal targets, all incentive participants whose share options are exercisable in the year corresponding to the appraisal shall not be exercised and shall be canceled by the Company.

③ The equity instruments granted are as follows:

Quantity: ten thousand units/Amount: ten thousand yuan

Grant recipients	Grant in the year		Exercised in the year		Vested in the year		Forfeited in the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales personnel			247.4440	2,736.7306			668.0651	
Administrative personnel			438.4339	4,848.9637			1,263.7332	
R&D personnel			180.6134	1,997.4474			477.0515	
Total			**866.4913**	**9,583.1417**			**2,408.8498**	

(2) The Company's subsidiary Livzon Group

①Share option incentive plan

A、2022 Share Option Incentive Plan - First Grant

On 14 October 2022, Livzon Group's 2022 Second Extraordinary Shareholders' Meeting, 2022 Second A-Share Class Shareholders' Meeting and 2022 H-Share Class Shareholders' Meeting reviewed and approved the "Proposal on the Company's 2022 Share option Incentive Plan (Revised Draft) and Its Summary", "Proposal on the company's 2022 Share option Incentive Plan Implementation Appraisal Management Measures", "Proposal on submitting to the company's general meeting of shareholders to authorize the board of directors to handle matters related to the 2022 share options incentive plan". On 7 November 2022, the 39th meeting of the 10th Board of Directors of Livzon Group reviewed and approved the "Proposal on Matters Related to the First Time Grant of the 2022 Share option Incentive Plan". With 7 November 2022 as the grant date, 17,973,500 share options were granted to 1,026 incentive participants at a price of RMB 31.31 per A share. The date of completion and effective date of registration of share options granted is 23 November 2022.

In 2022, the share option incentive plan initially granted share options to 25 former incentive recipients (a total of 361,000 options) , which were revoked due to their resignation and no longer meeting the incentive conditions. Following the forfeiture, the number of share options initially granted under the Livzon Group's 2022 share option incentive plan was adjusted from 17.9735 million to 17.6125 million, and the number of initial incentive recipients was adjusted from 1,026 to 1,001.

Due to the failure to meet the company-level performance targets corresponding to the second exercise period of the company's initial grant of stock options, the 5.28375 million stock options for the second exercise period of the initial grant cannot be exercised and have been cancelled. As of 31 December 2024, the remaining quantity of stock options from the initial grant is 5.28375 million.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period of stock options granted for the first time	From the first trading day 12 months after the completion of the first time grant registration to the last trading day within 24 months from the completion of the first time grant registration	40%
Second vesting period of stock options granted for the first time	From the first trading day 24 months after the completion of the first time grant registration to the last trading day within 36 months from the completion of the first time grant registration	30%
Third vesting period of stock options granted for the first time	From the first trading day 36 months after the completion of the first time grant registration to the last trading day within 48 months from the completion of the first time grant registration	30%

Livzon Group performance appraisal requirements: The stock options granted by this incentive plan are subject to annual performance appraisal and vesting during three fiscal years of the vesting period. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the first-time grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period of stock options granted for the first time	Based on the net profit in 2021, the compound growth rate of net profit in 2022 shall not be less than 15%;
Second vesting period of stock options granted for the first time	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Third vesting period of stock options	Based on the net profit in 2021, the compound

Vesting period	Performance appraisal targets
granted for the first time	growth rate of net profit in 2024 shall not be less than 15%.

B、2022 Share Option Incentive Plan - Reserve Grant

On 12 October 2023, Livzon Group convened the 4th meeting of the eleventh board of directors to deliberate and approve the " Proposal on matters related to the planned reserved grant of share option incentive plan in 2022". The grant date was set as 30 October 2023, and 2.0 million share options were granted to 243 incentive recipients at a price of RMB 36.26 per A share. The registration completion date and effective date for this grant of share options were 28 November 2023.

Due to the failure to meet the company-level performance targets corresponding to the first exercise period of the reserved stock options, the 1 million stock options for the first exercise period of the reserved grant cannot be exercised and have been cancelled. As of 31 December 2024, the remaining quantity of reserved stock options is 1 million.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period of reserved options	From the first trading day 12 months after the grant date of reserved options to the last trading day within 24 months from the first grant date	50%
Second vesting period of reserved options	From the first trading day 24 months after the grant date of reserved options to the last trading day within 36 months from the first grant date	50%

Livzon Group performance appraisal requirements: The stock options granted by this incentive plan are subject to annual performance appraisal and vesting during two fiscal years of the vesting period. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the first-time grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period of reserved options	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Second vesting period of reserved options	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

② Other shares incentive

Pursuant to " the Resolution on the Disposal of Certain Equity of a Holding Subsidiary and Connected Transaction" considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, it was agreed that 9.5% equity interests (totally 8,382,100 shares) in Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) held by Livzon Group shall be transferred to Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙)) at the consideration of RMB21,122,892. Pursuant to the Assets Appraisal Report on the Valuation of the Shareholders'. According to "Assets evaluation report of all shareholders' equity value project of Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) involved in the proposed transfer of equity by Livzon Pharmaceutical Group Co., Ltd.". (Huaya Zhengxin Appraisal Report [2019] No. A02-0011), the valuation of all shareholders' equity of Zhuhai Livzon Diagnostics Inc. as at 30 June 2019 was RMB647.3075 million, and the above equity transfer price was lower than its fair value, therefore it constitutes a

share-based payment. The total share-based payment of the transaction is RMB40.4017 million, which should be amortized within 5 years according to the partnership agreement and share incentive expenses were recognised due to the share-based payment as a result of the change in the shareholding of the shareholders of Zhuhai Liying Investment Management Partnership (Limited Partnership) .

Pursuant to "the Resolution on the Implementation of Employee Equity Incentive Scheme by a Holding Subsidiary" considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, the total number of shares of new issuance by Zhuhai Livzon Diagnostics Inc. for implementation of employee equity incentive scheme shall not be more than 4,643,839 shares, and the scheme participants shall contribute a total of RMB11,702,474.28 to directly subscribe for the above shares or indirectly subscribe for the such shares through the holding of the limited partnership shares of the employee shareholding platform. In December 2019, pursuant to the Capital Increase Agreement of Zhuhai Livzon Diagnostics Inc., the total shares of Zhuhai Livzon Diagnostics Inc. increased from 88,232,932 shares to 92,876,771 shares with par value of RMB1 per share. The increased number of shares were subscribed for by Zhuhai Haoxun Enterprise Management Consulting Partnership (Limited Partnership) (珠海豪汛企业管理咨询合伙企业(有限合伙)) , Zhuhai Yichen Enterprise Management Consulting Partnership (Limited Partnership) (珠海熠臣企业管理咨询合伙企业(有限合伙)) and Zhuhai Qijing Enterprise Management Consulting Partnership (Limited Partnership) (珠海启靖企业管理咨询合伙企业(有限合伙)) at the consideration of RMB11,702,474. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB20,709,000, which should be amortized within 5 years according to the Partnership Agreement, and share incentive expenses were recognized due to the share-based payment as a result of the change in the shares/shareholding of the shareholders or employee stock ownership platform of Zhuhai Livzon Diagnostics Inc.

On 31 August 2021, the general meeting of Livzon Bio considered and approved the Equity Incentive Scheme of Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠生物医药科技有限公司), granting 66,666,667 restricted shares of Livzon Biologics to incentive participants, among which 42 million shares were granted in the first batch and 24,666,667 shares were reserved. Incentive participants indirectly subscribed for the above shares through the holding of the limited partnership shares of the employee shareholding platform. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB33.6 million, which should be amortized during the lock-up period according to the Equity Incentive Scheme of LivzonBio and the Grant Agreement and RMB2.99 million was amortized in the year ended 31 December 2024.

③The equity instruments granted are as follows:

Quantity: ten thousand units/Amount: ten thousand yuan

Grant recipients	Grant in the year		Exercised in the year		Vested in the year		Forfeited in the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales personnel			263.1400	8,238.9134			243.2400	
Administrative personnel			140.6395	4,403.4227			361.6555	
R&D personnel			262.3160	8,213.1140			182.4840	
Total			**666.0955**	**20,855.4501**			**787.3795**	

2. 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, validity period, historical stock price volatility, dividend rate
Basis in determining the quantity of exercisable equity instruments	Determined according to exercisable conditions and estimated attrition 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

3. Information on cash-settled share-based payments

None.

4. Information on cash-settled share-based payments

Grant recipients	Share-based compensation expense settled in equity	Share-based compensation expense settled in cash
Middle and high-level managers and key business personnel	-17,945,385.41	0.00

XIII. Commitments and contingencies

1. Significant commitments

(1) Capital commitments

Capital commitments entered into but not recognized in the financial statements	2024.12.31	2023.12.31
Commitments in relation to acquisition of long-term assets	185,216,239.73	522,447,456.93
Commitments in relation to external investment	0.00	13,000,000.00
Commitments in relation to research and development expenditures	1,015,971,829.25	683,619,716.31

(2) Other commitments

None.

(3) Performance of previous commitments

The Company has duly performed the capital expenditure commitments and the operating lease commitments and the other commitments as at 31 December 2024.

2. Contingencies

As at 31 December 2024, there was no other significant contingency required to be disclosed by the Company.

XIV. Event after balance sheet date

On 7 April 2025, the eighth meeting of the ninth board of directors of the company resolved to approve the 2024 profit distribution plan. According to the plan, based on the total share capital as of the record date for the 2024 profit distribution (excluding the shares repurchased by the company but not yet cancelled), a cash dividend of RMB 2.00 per 10 shares (including 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 plan needs to be submitted to the company's 2024 annual general meeting for approval.

As of the date of this report, the company has no other balance sheet date adjustments that need to be disclosed.

XV. Other significant events

1. Company's medium and long-term partner share ownership plan

The first phase of the company's medium and long-term partner share ownership plan (hereinafter referred to as "this share ownership plan") will expire on 3 August 2025. As of the date of this report, this share ownership plan holds 2,430,800 shares of the company, accounting for 0.13% of the company's current total share capital (1,829,453,386 shares).

2. Subsidiary Livzon Group - medium and long-term partner share ownership plan

The first phase of the Livzon Group medium and long-term partner share ownership plan purchased a total of 2,348,960 shares of the company through the "CITIC Securities - Livzon Group Partner Share Ownership Plan Phase I - CITIC Securities Livzon Group Medium and Long-Term Partner Employee Share Ownership Plan 1st Single Asset Management Plan" via centralized bidding, with a transaction amount of RMB 117,268,338.21. The lock-up period for the shares acquired under this plan is 36 months, from 27 May 2021 to 26 May 2024.

All 2,348,960 shares held by this share ownership plan have been completely sold via centralized bidding.

3. As of 31 December 2024, except for the above matters, the Company does not have other important matter to be disclosed

XVI. Net current assets and total assets minus current liabilities

1. Net current assets

Item	2024.12.31	2023.12.31
Current assets	23,005,860,977.31	23,874,630,390.40
Less: Current liabilities	9,270,783,051.69	9,860,687,845.52
Net current assets	13,735,077,925.62	14,013,942,544.88

2. Total assets minus current liabilities

Item	2024.12.31	2023.12.31
Total assets	35,718,129,456.13	36,358,126,258.82
Less: Current liabilities	9,270,783,051.69	9,860,687,845.52
Total assets minus current liabilities	26,447,346,404.44	26,497,438,413.30

XVII. Notes to the significant financial statements item of the Parent Company

1. Notes receivable

Category	2024.12.31			2023.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	213,110,653.41	0.00	213,110,653.41	191,417,091.37	0.00	191,417,091.37
Commercial acceptance bills	0.00	0.00	0.00	0.00	0.00	0.00
Total	**213,110,653.41**	**0.00**	**213,110,653.41**	**191,417,091.37**	**0.00**	**191,417,091.37**

(1) Notes receivable pledged at year end

Category	Amount pledged at year end
Bank acceptance bills	64,151,877.19

(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 into account receivables for non-performance by the issuer at balance sheet date of the period.

(4) Disclosure by method of provision for bad debts

Category	2024.12.31					2023.12.31				
	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	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
Provision for bad debts on portfolio basis	213,110,653.41	100.00	0.00	0.00	213,110,653.41	191,417,091.37	100.00	0.00	0.00	191,417,091.37
Including:										
Bank acceptance bills	213,110,653.41	100.00	0.00	0.00	213,110,653.41	191,417,091.37	100.00	0.00	0.00	191,417,091.37
Total	**213,110,653.41**	**100.00**	**0.00**	**0.00**	**213,110,653.41**	**191,417,091.37**	**100.00**	**0.00**	**0.00**	**191,417,091.37**

(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	2024.12.31	2023.12.31
Within one year	212,981,199.07	315,521,678.52
1 to 2 years (inclusive of 2 years)	4,267,087.57	2,252,749.01

Ageing	2024.12.31	2023.12.31
2 to 3 years (inclusive of 3 years)	1,173,664.74	218,363.74
3 to 4 years (inclusive of 4 years)	212,029.38	1,136,271.11
4 to 5 years (inclusive of 5 years)	1,136,271.11	125,802.16
Over 5 years	6,598,168.58	8,102,724.93
Subtotal	**226,368,420.45**	**327,357,589.47**
Less: Provision for bad debts	10,373,093.85	12,178,306.49
Total	**215,995,326.60**	**315,179,282.98**

(2) Disclosure by method of provision for bad debts

Category	2024.12.31					2023.12.31				
	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	0.19	426,373.39	100.00	0.00	771,300.68	0.24	771,300.68	100.00	0.00
Including:										
Receivables from domestic customers	426,373.39	0.19	426,373.39	100.00	0.00	771,300.68	0.24	771,300.68	100.00	0.00
Provision for bad debts on portfolio basis	225,942,047.06	99.81	9,946,720.46	4.40	215,995,326.60	326,586,288.79	99.76	11,407,005.81	3.49	315,179,282.98
Including:										
Receivables from domestic customers	225,942,047.06	99.81	9,946,720.46	4.40	215,995,326.60	326,586,288.79	99.76	11,407,005.81	3.49	315,179,282.98
Total	**226,368,420.45**	**100.00**	**10,373,093.85**	**4.58**	**215,995,326.60**	**327,357,589.47**	**100.00**	**12,178,306.49**	**3.72**	**315,179,282.98**

Provision for bad debts on individual item:

Item	2024.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason of provision
Purchase of goods	426,373.39	426,373.39	100.00	Likelihood of recovery is expected to be low

Provision for bad debts on portfolio basis:

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

Ageing	2024.12.31			2023.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	212,981,199.07	2,172,812.86	1.02	315,521,678.52	2,890,091.59	0.92
1 to 2 years (inclusive of 2 years)	4,267,087.57	228,223.93	5.35	2,252,749.01	182,328.02	8.09
2 to 3 years (inclusive of 3 years)	1,173,664.74	352,919.21	30.07	218,363.74	70,618.48	32.34

3 to 4 years (inclusive of 4 years)	212,029.38	106,804.96	50.37	1,136,271.11	832,171.89	73.24
4 to 5 years (inclusive of 5 years)	1,136,271.11	914,164.31	80.45	125,802.16	100,371.58	79.79
Over 5 years	6,171,795.19	6,171,795.19	100.00	7,331,424.25	7,331,424.25	100.00
Total	**225,942,047.06**	**9,946,720.46**	**4.40**	**326,586,288.79**	**11,407,005.81**	**3.49**

(3) Accrual, recovery or reversal of bad debt provision during the period

Item	Amount of provision for bad debts
Beginning balance	12,178,306.49
Provision for the year	-168,519.77
Recovered or reversal in the year	0.00
Write-off in the year	1,636,692.87
Closing balance	**10,373,093.85**

At 31 December 2024 and 31 December 2023, the Company had no overdue but not impaired accounts receivable.

(4) The accounts receivable write-off in the year amounts to RMB 1,636,692.87.

(5) Accounts receivable due from the top five debtors

As of 31 December 2024, the total amount of the top five debtors in closing balance is RMB 38,551,105.49, accounting for 17.03% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB 393,221.27.

(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 receivables in each reporting period.

3. Other receivables

Item	2024.12.31	2023.12.31
Dividends receivable	594,999,500.00	519,999,500.00
Other receivables	160,356,099.84	166,368,334.30
Total	**755,355,599.84**	**686,367,834.30**

(1) Dividends receivable

Item	2024.12.31	2023.12.31
Topsino	499,999,500.00	499,999,500.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
Joincare Haibin	75,000,000.00	
Subtotal:	**594,999,500.00**	**519,999,500.00**
Less: Provision for bad debts	0.00	0.00
Total	**594,999,500.00**	**519,999,500.00**

(2) Other receivables

① Disclosure by ageing

Item	2024.12.31	2023.12.31
Within one year	159,973,884.38	165,941,822.03
1 to 2 years	252,093.02	195,161.27
2 to 3 years	132,664.47	276,497.86
3 to 4 years	160,349.78	147,742.10
4 to 5 years	124,189.44	201,676.00
Over 5 years	18,392,160.13	18,223,163.69
Subtotal	**179,035,341.22**	**184,986,062.95**
Less: Provision for bad debts	18,679,241.38	18,617,728.65
Total	**160,356,099.84**	**166,368,334.30**

②Disclosure by nature

Item	2024.12.31			2023.12.31		
	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	154,458,802.64	0.00	154,458,802.64	162,423,627.30	0.00	162,423,627.30
Treasury bonds and security deposits	16,954,735.37	16,954,735.37	0.00	16,954,735.37	16,954,735.37	0.00
External entities balances	1,628,134.32	1,297,005.42	331,128.90	2,021,697.55	1,299,303.83	722,393.72
Security deposits	3,764,547.80	405,209.38	3,359,338.42	886,662.78	288,715.23	597,947.55
Amounts of exercised options	0.00	0.00	0.00	597,240.00	0.00	597,240.00
Others	2,229,121.09	22,291.21	2,206,829.88	2,102,099.95	74,974.22	2,027,125.73
Total	**179,035,341.22**	**18,679,241.38**	**160,356,099.84**	**184,986,062.95**	**18,617,728.65**	**166,368,334.30**

③ Information of provision for bad debts

At year end, 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 individual item	0.00	0.00	0.00	0.00	
Amounts of exercised options	0.00	0.00	0.00	0.00	
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 recovered
Total	**154,458,802.64**	**0.00**	**0.00**	**154,458,802.64**	

At year end, 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	7,621,803.21	22.63	1,724,506.01	5,897,297.20	
Receivable of deposits under guarantee, deposits and lease expenses	3,764,547.80	10.76	405,209.38	3,359,338.42	
Other receivables	3,857,255.41	34.20	1,319,296.63	2,537,958.78	
Total	**7,621,803.21**	**22.63**	**1,724,506.01**	**5,897,297.20**	

At year end, 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**	

As of 31 December 2023, Information of provision for bad debts:

As of 31 December 2023, 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 individual item	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	163,020,867.30	0.00	0.00	163,020,867.30	
Amounts of exercised options	597,240.00	0.00	0.00	597,240.00	
Other receivables of each company within the scope of combination	162,423,627.30	0.00	0.00	162,423,627.30	Expected to be recovered
Total	**163,020,867.30**	**0.00**	**0.00**	**163,020,867.30**	

As of 31 December 2023, 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	5,010,460.28	33.19	1,662,993.28	3,347,467.00	
Receivable of deposits under guarantee, deposits and lease expenses	886,662.78	32.56	288,715.23	597,947.55	
Other receivables	4,123,797.50	33.33	1,374,278.05	2,749,519.45	
Total	**5,010,460.28**	**33.19**	**1,662,993.28**	**3,347,467.00**	

As of 31 December 2023, 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	Likelihood of recovery is expected to be low
Provision for bad debts on portfolio basis	0.00	0.00	0.00	0.00	--
Total	**16,954,735.37**	**100.00**	**16,954,735.37**	**0.00**	

④Accrual, recovery or reversal of bad debt provision during the period

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)	
Beginning balance	0.00	1,662,993.28	16,954,735.37	18,617,728.65
Movement of beginning balance during the period				
--transfer to second stage	0.00	0.00	0.00	0.00
--transfer to third stage	0.00	-212,598.74	212,598.74	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	274,111.47	0.00	274,111.47
Reversal in the year	0.00	0.00	0.00	0.00
Transfer in the year	0.00	0.00	0.00	0.00
Write-off in the year	0.00	0.00	212,598.74	212,598.74
Other movement	0.00	0.00	0.00	0.00
Closing balance	**0.00**	**1,724,506.01**	**16,954,735.37**	**18,679,241.38**

⑤Other receivables written off this year is RMB 212,598.74.

⑥Other receivables due from the top five debtors

Name of entity	Nature	Closing balance of other receivables	Ageing	Proportion to total other receivables (%)	Closing balance of provision for bad debts
Shenzhen Fenglei Electric Power Investment Co., Ltd. (深圳市风雷电力投资有限公司)	Current account	129,956,104.29	Within five years	72.59	0.00
Joincare (Guangdong) Special medicine Food Co., Ltd. (健康元(广东)特医食品有限公司)	Current account	20,074,865.75	Within four years	11.21	0.00

Hua Xia Securities Co., Ltd. (华夏证券股份有限公司)	Treasury bonds and security deposits	16,954,735.37	Over five years	9.47	16,954,735.37
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司)	Current account	3,520,072.60	Within two years	1.97	0.00
Tianjin Ocean Engine Information Technology Co., Ltd. (天津巨量引擎信息技术有限公司)	Deposit	1,000,000.00	Within one year	0.56	10,000.00
Total		**171,505,778.01**		**95.80**	**16,964,735.37**

⑦ There were no other receivables derecognised 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	2024.12.31			2023.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	3,676,678,312.11	7,010,047.91	3,669,668,264.20	3,676,678,312.11	7,010,047.91	3,669,668,264.20
Investment in associates	77,716,596.30	0.00	77,716,596.30	78,827,454.82	0.00	78,827,454.82
Total	**3,754,394,908.41**	**7,010,047.91**	**3,747,384,860.50**	**3,755,505,766.93**	**7,010,047.91**	**3,748,495,719.02**

(1) Investment in subsidiaries

Investee	2023.12.31	Increase	Decrease	2024.12.31	Provision for impairment in the year	Closing balance of provision for impairment
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

Investee	2023.12.31	Increase	Decrease	2024.12.31	Provision for impairment in the year	Closing balance of provision for impairment
Joincare Special Medicine Food	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
LivzonBio	294,037,191.00	0.00	0.00	294,037,191.00	0.00	0.00
Fluffy Buddy Animal Health (Guangdong) Co., Ltd.	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**	**0.00**	**0.00**	**3,676,678,312.11**	**0.00**	**7,010,047.91**

(2) Investment in associates and joint ventures

Investee	2023.12.31	Movement in the year								2024.12.31	Closing balance of provision for impairment
		Additions in investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
Associates											
Ningbo Ningrong Biomedical Co., Ltd. (宁波宁融生物医药有限公司)	27,785,384.63	0.00	0.00	-285,753.16	0.00	0.00	0.00	0.00	0.00	27,499,631.47	0.00
Feellife Health Inc. (深圳来福士雾化医学有限公司)	11,416,182.59	0.00	0.00	-1,112,603.35	0.00	-1,342,859.94	0.00	0.00	0.00	8,960,719.30	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd. (江苏百宁盈创医疗科技有限公司)	30,097,462.89	0.00	0.00	1,856,815.03	0.00	6,162.75	0.00	0.00	0.00	31,960,440.67	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	9,528,424.71	0.00	0.00	-232,619.85	0.00	0.00	0.00	0.00	0.00	9,295,804.86	0.00
Total	**78,827,454.82**	**0.00**	**0.00**	**225,838.67**	**0.00**	**-1,336,697.19**	**0.00**	**0.00**	**0.00**	**77,716,596.30**	**0.00**

5. Operating income and operating cost

(1) Operating income and operating cost

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Primary operations	1,819,283,093.21	1,122,717,991.46	2,309,792,979.65	1,280,944,324.62
Other operations	34,868,116.48	16,018,926.30	25,575,430.08	15,675,678.17
Total	**1,854,151,209.69**	**1,138,736,917.76**	**2,335,368,409.73**	**1,296,620,002.79**

(2) Disaggregate information of primary operating income

① Segregation by products

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Chemical pharmaceuticals (化学药物)	1,498,345,409.29	950,815,876.76	2,080,827,107.18	1,150,753,091.34
Traditional Chinese medicine (中药制剂)	60,485,136.88	29,803,702.23	60,534,652.54	35,184,583.04
Health care products (保健食品)	260,452,547.04	142,098,412.47	167,485,390.35	94,205,909.89
Others	0.00	0.00	945,829.58	800,740.35
Total	**1,819,283,093.21**	**1,122,717,991.46**	**2,309,792,979.65**	**1,280,944,324.62**

② Segregation by operating location

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Domestic	1,818,661,909.17	1,122,530,705.91	2,309,519,252.93	1,280,859,972.72
Overseas	621,184.04	187,285.55	273,726.72	84,351.90
Total	**1,819,283,093.21**	**1,122,717,991.46**	**2,309,792,979.65**	**1,280,944,324.62**

③ Segregation by timing of revenue recognition

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
Commodities (Recognized at a point in time)	1,819,283,093.21	1,122,717,991.46	2,309,792,979.65	1,280,944,324.62
Total	**1,819,283,093.21**	**1,122,717,991.46**	**2,309,792,979.65**	**1,280,944,324.62**

(3) Disaggregate information of other operations

Item	2024		2023	
	Revenue	Cost	Revenue	Cost

Rental fees	8,272,509.28	1,243,739.81	8,744,746.23	964,743.31
Technical services	2,582,707.95	931,402.07	2,933,967.45	766,177.99
Others	24,012,899.25	13,843,784.42	13,896,716.40	13,944,756.87
Total	**34,868,116.48**	**16,018,926.30**	**25,575,430.08**	**15,675,678.17**

6. Investment income

Item	**2024**	**2023**
Long-term equity investment income calculated by cost method	397,222,209.30	1,137,547,988.80
Other equity instruments investment income	2,460,491.48	0.00
Long-term equity investments income under equity method	225,838.67	771,206.39
Total	**399,908,539.45**	**1,138,319,195.19**

XVII. Supplement information

1. Schedule of non-recurring gains or losses

Item	**2024**	**2023**
Gain or loss on disposal of non-current assets	37,180,488.55	-169,901.01
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)	156,357,000.69	233,058,407.11
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.	-13,963,725.94	-48,440,235.41
Reversals of provision for impairment of accounts receivable with individual impairment test	0.00	1,013,650.67
Other non-operating income and expenses other than the above	-33,139,440.72	-41,010,372.38
Total amount of non-recurring items	146,434,322.58	144,451,548.98
Less: effects of income tax on non-recurring items	24,269,674.10	21,086,934.90
Less: Non-recurring items attributable to the minority shareholders (after tax)	54,922,278.40	54,721,622.26
Non-recurring items attributable to the shareholders of the Company	**67,242,370.08**	**68,642,991.82**

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

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

For the year ended 31 December 2023

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	11.00	0.76	0.76
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	10.47	0.72	0.72

Joincare Pharmaceutical Group Industry Co., Ltd.

健康元药业集团股份有限公司

7 April 2025