Yunnan Baiyao Group Co., Ltd.

Interim Report 2025

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Section I Important Notes, Contents, and Definitions

supervisors and senior management of the Company confirm the truthfulness, accuracy and completeness of the contents of this Interim Report and there are no misrepresentation, misleading statement or material omission from this Interim Report, and they accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents herein.

Mr. Dong Ming, the person in charge of the Company, Mr. Ma Jia, the accounting officer, and Ms. Xu Jing, the head of accounting center (accounting supervisor), hereby declare that they warrant the truthfulness, accuracy, and completeness of the financial statements in this Interim Report.

All directors of the Company attended the Board meeting in respect of considering and approving this Interim Report.

The Company kindly requests investors to read through this Interim Report and pay

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The profit distribution plan considered and approved by the Board of Directors is as follows: Based on a total of 1,784,262,603 shares, a cash dividend of RMB 10.19 (tax inclusive) for every 10 shares will be paid to all shareholders, with no bonus shares issued (tax inclusive), and no capital reserve to increase the share capital.

This report has been prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Term	Definitions
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
SASAC of Yunnan Province	State-owned Assets Supervision and Administration Commission of Yunnan Government
The Company, Yunnan Baiyao or Yunnan Baiyao Group	Yunnan Baiyao Group Co., Ltd.
New Huadu	New Huadu Industrial Group Co., Ltd.
State-owned Equity Management Company	Yunnan State-owned Equity Operation Management Co., Ltd.
Yunnan Hehe	Yunnan Hehe (Group) Co., Ltd.
Baiyao Holdings	Yunnan Baiyao Holdings Co., Ltd.
YNBY International	YNBY International Limited
Shanghai Pharma	Shanghai Pharmaceuticals Holding Co., Ltd.
Mixed ownership reform	Baiyao Holdings, former controlling shareholder of Yunnan Baiyao, introduced strategic investors New Huadu and Jiangsu Yuyue Science & Technology Development Co., Ltd by capital increase
Merger and overall listing	A transaction that Yunan Baiyao merged with Baiyao Holdings by issuing shares to all shareholders of Baiyao Holdings, including SASAC of Yunnan Province, New Huadu and Jiangsu Yuyue Science & Technology Development Co., Ltd.
Health Products Company	Yunnan Baiyao Group Health Products Co., Ltd.
Yunnan Pharma	Yunnan Pharmaceutical Co., Ltd.
Yunhe Pharma	Yunhe Pharmaceutical (Tianjin) Co., Ltd.
Zhengwu Technology	Yunbaiyao Zhengwu Technology (Shanghai) Co., Ltd.
Reporting period	The period from January 1, 2025 to June 30, 2025
	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi

Section II Company Profile and Key Financial Indicators

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	Yunnan Baiyao	Stock Code	
	Shenzhen Stock Exchange		

) Contact Person and Contact Information

	No. 3686 Yunnan Baiyao Street, Chenggong District, Kunming City, Yunnan Province	No. 3686 Yunnan Baiyao Street, Chenggong District, Kunming City, Yunnan Province

III. Other Information

1. Contact information of the Company

registered address, office address, postal code, website, and e-mail address have changed during the reporting period

Not applicable

2. Information disclosure and location

Whether the information disclosure and location have changed during the reporting period

Not applicable

3. Other information

Whether other information has changed during the reporting period

Not applicable

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Whether the Company needs retroactive adjustment or restatement of accounting data in prior years or not

No

	The reporting period	The same period of the previous year	Increase/decrease during the reporting period compared with the same period of the previous year
Operating revenue (RMB)	21,257,102,896.02	20,455,286,287.52	3.92%
Net profit attributable to shareholders of the listed company (RMB)	3,632,911,303.12	3,188,829,903.10	13.93%
Net profit attributable to shareholders of the listed company after deducting non-recurring profits and losses (RMB)	3,460,915,449.48	3,135,015,340.93	10.40%
Net cash flows from operating activities (RMB)	3,961,187,202.77	3,261,617,391.99	21.45%
Basic earnings per share (RMB/share)	2.04	1.79	13.97%
Diluted earnings per share (RMB/share)	2.04	1.79	13.97%
Weighted average ROE	9.09%	7.93%	Up 1.16 percentage points YOY
	End of the reporting period	End of the previous year	Increase/decrease at the end of the reporting period compared with the end of the previous year
Total assets (RMB)	54,535,490,704.07	52,914,181,333.05	3.06%
Net assets attributable to shareholders of the listed company (RMB)	40,406,601,054.15	38,831,946,424.51	4.06%

Net profit after excluding the impact of share-based payment

	The reporting period
Net profit after excluding the impact of share-based payment (RMB)	3,644,599,967.94

Total share capital of the Company as of the trading day preceding disclosure:

Total share capital of the Company as of the trading day preceding disclosure (shares)	1,784,262,603.00

Preferred share dividend paid	0.00

Perpetual bond interest paid (RMB)	0.00
Fully diluted earnings per share calculated based on the latest share capital (RMB/share)	2.0361

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Not applicable

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Not applicable

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Other profits and losses satisfying the definition of non-recurring profits and losses: profits

Note for the definition of non-recurring profits and losses set out in the *No.1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses*, as recurring profits and losses

Not applicable

The Company does not define any non-recurring profits and losses set out in the *No.1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses* as recurring profits and losses.

medicine and

with those aged 25-34 accounting for over 60% of buyers of TCM wellness products (Source: *2025 Report on Innovation and Development Research of TCM in China*). Therefore, demand for health and wellness-oriented TCM products remains robust.

With policy reforms accelerating the approval of innovative drugs and dynamically adjusting the National Drug Reimbursement List, multi-departmental policies are now providing comprehensive support throughout the

ing a pilot

program for the review and approval of clinical trials for innovative drugs, establishing a fast-track review channel for such drugs. The National Healthcare Security Administration and the National Health Commission have jointly introduced sixteen measures to support the development of innovative drugs, fostering patient capital to support this sector. Statistics from the National Medical Products Administration show that 43 innovative drugs were approved in China in the first half of the year, a 59% increase year-on-year.

Within the comprehensive health industry, the Chinese consumer market in the first half of 2025 exhibited

retail

sales of consumer goods reached RMB 24.5 trillion, marking a 5.0% year-on-year increase. The real per capita disposable income of residents nationwide grew by 5.4%, yet the proportion of household deposits relative to GDP continued to rise. By sector, spending on essentials such as apparel and daily necessities grew slightly slower than the overall retail-sales pace (Source: National Bureau of Statistics). In the oral care sector, Nielsen IQ data reveals a significant divergence in growth between online and offline channels. Offline sales fell roughly 4.3% year-on-year, while online sales surged more than 30%. Generationally, 25- to 45-year-olds are ramping up health spending,

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habitually buy wellness goods online via e-commerce platforms (Source: *2025 Gen-Z Health Consumption Trend Report*; Zhongyan Puhua Industrial *In-depth Research on the Health Products Industry and Future Development Trends Forecast Report, 2025-2030*). The group aged 60 and above is also a sizeable contributor, moving beyond basic healthcare toward chronic-disease prevention and recovery management. In terms of distribution, there is a clear trend toward the integration and growth of online and offline channels. Offline retail chains are increasingly focusing on disease prevention, health education, and health management. The growing penetration of health consumption in sub-county areas is opening up new growth opportunities for the industry.

2. Industry position

The Central Committee of the Communist Party of China and the State Council attach great importance to the development of TCM, positioning the inheritance and innovation of TCM as an important aspect of the socialist cause with Chinese characteristics in the new era. The report to the 20th National Congress of the Communist Party

Provincial Committee of the Communist Party of China and the provincial government place great emphasis on the development of the Chinese medicinal material industry, positioning this industry as the key focus for developing agriculture of Yunnan plateau characterist -

The *Three-year Action Work Plan for the High-quality Development of the TCM Industry in Yunnan Province (2025-2027)* outlines the goal of building industrial clusters with Yunnan Baiyao G

to expand and strengthen the Chinese medicinal material industry.

Yunnan Baiyao has always been committed to the inheritance and innovation of TCM, continuously exploring the intrinsic potential of traditional medicinal products, and promoting the integration of TCM into modern life. The Company continuously injects new vitality into its brand and products, forming a product portfolio with 40 categories and 416 varieties. In the pharmaceutical products domain, Yunnan Baiyao holds 567 drug approvals and 316 product varieties, including 222 types of Chinese patent medicines, 43 of which are exclusive varieties. The Company started with the century-old Yunnan Baiyao powder as its foundation and has gradually created a series of core pharmaceutical products in the field of musculoskeletal and minor wound care, covering all kinds of product forms such as aerosols, plasters, tinctures and woundplast, and has formed a competitive matrix of branded TCM in the areas of cold and anti-inflammatory, gastrointestinal digestion, cardiovascular medicines, and gynecological and pediatric medicines. In the field of health products, combining traditional Yunnan Baiyao products with oral care products, we have successfully created a group of oral care products, with the flagship product of Yunnan Baiyao Toothpaste, which has become a classic case of cross-sector innovation and reshaping of consumption by TCM enterprises. Based on the pharmaceutical science and technology, and drawing on the essence of natural plants,

Leveraging its successful development

in pharmaceutical and health product sectors, the Company has expanded its business footprint into various domains, including natural medicine, TCM decoction pieces, special medicines, medical devices, personal care products, and health supplements

comprehensive health-oriented entity.

In the first half of 2025, Yunnan Baiyao continued to maintain its market leadership in multiple business sectors.

Chinese patent medicine used for joint and muscle pain in the musculoskeletal system. Yunnan Baiyao Woundplast ranked first in retail market share in the topical hemostatic category. Yunnan Baiyao (Powder) ranked first in retail market share among the full-body Chinese patent medicines for bone injuries in the musculoskeletal system (Source: Sinohealth CHIS). Yunnan Baiyao Toothpaste continues to maintain the No.1 market share in the Chinese full-channel market in the first half of 2025 (Source: Nielsen Retail Research Data). In the first half of 2025, Yunnan Baiyao was listed for the 16th consecutive year on the *Fortune China 500 List* published by *Fortune China*, ranking 357th; and was ranked 33rd in the *List of Top 50 Global Pharmaceutical Companies* by *Pharmaceutical Executive* in US.

3. Product and business

The Company has four business groups, namely Pharmaceutical Business Group, Health Products Business Group, TCM Resources Business Group and Yunnan

Pharmaceutical Business Group focuses on the products of Yunnan Baiyao series, (For example, Yunnan Baiyao Aerosol, Yunnan Baiyao Plaster, Yunnan Baiyao Woundplast, etc.), which are mainly used for hemostasis, pain relief, swelling reduction, and blood stasis elimination. The BG extends its offerings to include other branded TCMs with natural characteristics, covering areas such as tonifying *Qi* and blood, treating colds and flu, cardiovascular health, gynecology, pediatrics, and more. The BG is also actively involved in the development of *Panax notoginseng*-based botanical supplements.

Health Products Business Group, with its core focus on the toothpaste category, relies on its robust brand infrastructure encompassing consumers, products, and scenarios. Embracing a user-centric approach, the BG actively explores new consumer scenarios and introduces innovative product categories, particularly in the realms of oral care and Yangyuanqing anti-hair loss solutions, aiming to become the benchmark of the new concept of Chinese healthy lifestyle.

By making full use of the characteristic medicinal plant resources of Yunnan Province, TCM Resources Business Group, while ensuring high quality, high efficiency and low cost supply of raw materials for Chinese

duction, research and marketing integrated digital intelligence platform + 1 new specialized market for TCM materials at the origin + multi-

Yunnan Pharma remains steadfast in pursuit of maintaining its leading market share among pharmaceutical distribution companies in Yunnan Province. It has achieved full coverage in all 16 prefectures and cities of Yunnan Province, with its channels radiating across major retail chain pharmacies. It also assists governments and medical institutions in building better management and service systems, providing high-quality and modern pharmaceutical supply chain service solutions for upstream and downstream customers.

4. Business data overview

In the first half of 2025, the Company maintained robust growth by focusing on its strategic planning and overcoming multiple challenges in the external environment. During the reporting period, the Company recorded operating revenue of RMB 21.257 billion, up 3.92% year on year; net profit attributable to the parent company reached RMB 3.633 billion, rising 13.93% from RMB 3.189 billion in the previous year and hitting a record high for the same period; and net profit attributable to the parent company after deducting non-recurring profits and losses of RMB 3.461 billion, up 10.40% from RMB 3.135 billion in the previous year and hitting a record high for the same period.

for the reporting period reached RMB 3.961

featuring overall coordination by the Group Party Committee, implementation by secondary-level Party Committees, and classified advancement by grassroots Party organizations. This created a new framework characterized by Party Committee leadership, collaboration among Party, government, labor union, and youth league organizations, and broad participation of all employees. As a result, Party building has taken on a new outlook marked by firm ideals,

competitiveness, and capacity for sustainable high-quality development have all been continuously strengthened.

(2) Pursuing strategic alignment with high standards to continuously enhance business development value

During the reporting period, the Company advanced the implementation of its strategic plan in accordance with the *2024-2028 Strategic Planning of Yunnan Baiyao Group*, focusing on strategic positioning, development

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management system continued to be refined, strategic management capabilities were enhanced, and strategic awareness was continuously strengthened for guiding business operation development and optimizing resource allocation. During the reporting period, the Company focused on its core responsibilities and principal businesses, returning to the essence of manufacturing. It comprehensively and systematically enhanced operational efficiency across the entire industrial chain, value chain, and all production factors, continuously strengthening its core competitiveness. Its overall business performance maintained rapid growth momentum, with significantly enhanced management capabilities and notable achievements in quality improvement and efficiency gains. Growth rates, operational quality, and developmental vitality were further consolidated.

2. Focusing on the principal businesses and optimizing the structure to achieve high-quality business development

(1) Pharmaceutical Business Group

During the reporting period, the principal business income of the Pharmaceutical Business Group reached RMB 4.751 billion, up 10.8% year on year. Among the core products, Yunnan Baiyao Aerosol achieved sales revenue of more than RMB 1.453 billion, with a year-on-year growth of 20.9%; Yunnan Baiyao Plaster, Yunnan Baiyao Capsule, Yunnan Baiyao Woundplast and Yunnan Baiyao (Powder) recorded significant growth in sales revenue over the same period of last year. Other branded TCM products showed impressive growth. The sales revenue of Ginseng and Tuckahoe Spleen and Stomach Strengthening Granule exceeded RMB 100 million, the sales revenue of Pudilan Anti-inflammatory Tablets approached RMB 100 million, the sales revenue of Radix

Notoginseng Saponin Dispersible Tablets achieved significant growth. Among botanical supplements, the sales revenue of Qixuekang Oral Liquid amounted to RMB 202 million, growing by approximately 116.2% year-on-year.

In the first half of 2025, guided by its strategic vision, the Pharmaceutical Business Group prioritized

achieved remarkable results, with products such as aerosols and medicated plasters showing significant year-on-year growth. Large-scale coordinated operations have directly driven strategic chain sales growth. Meanwhile, the

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potential tracks such as cardiovascular system, respiratory system, digestive system, and continued to enrich the product pipeline to build a large ecosystem in the pharmaceutical industry. During the reporting period, the Pharmaceutical Business Group continued to promote various key tasks from marketing, channel cultivation, academic and clinical and other aspects. In marketing, the Pharmaceutical Business Group implemented a full-

designed to deeply integrate brand awareness, effectiveness, and sales across sports, music, and O2O transaction scenarios. It executed specialized, universally relatable, and highly interactive content marketing around key themes

Douyin and REDnote, widespread dissemination was achieved. In channel expansion, the division continued to

ensuring clear product traceability. It actively developed online market, achieving O2O sales growth of over 20% year-on-year, and promoting enhanced recognition and sales of products such as Qixuekang and Ginseng and Tuckahoe Spleen and Stomach Strengthening Granule through online content marketing. By deepening strategic cooperation with JD Health, the Company achieved a significant rise in rankings for its main series of essential

e Company made great

breakthroughs in online pharmaceutical sales, attracting 48.45 million visitors through e-commerce platforms and converting 3.54 million consumers. This generated a total GMV of RMB 254 million, laying a solid foundation for future growth in online channels. In terms of academic and clinical study, the division has made steady progress in clinical research on Yunnan Baiyao (Powder) and Yunnan Baiyao Capsule in the treatment of diabetic foot and bone pain, Gongxuening Capsule in the treatment of abnormal uterine bleeding and the reduction of vaginal bleeding

after medication abortion, and Qixuekang Oral Liquid in the improvement of heart and blood vessel health and the prevention and treatment of plateau reaction, creating broader application scenarios for the products.

Group will, on the one hand, inherit, safeguard, and develop the superior products of Baiyao, optimize the existing product system and provide a comprehensive operation plan to achieve strategic growth of the products on other high-potential core tracks, focusing on cardiovascular, respiratory, digestive, gynecological, and other major disease treatment areas. On the other hand, it will continue to enhance existing products through secondary development aligned with strategic objectives while selectively expanding into external projects to complete our product portfolio and strengthen our pharmaceutical system.

(2) Health Products Business Group

During the reporting period, the Health Products Business Group achieved an operating income of RMB 3.442 billion, with a year-on-year growth of 9.46%. In the oral care sector, Yunnan Baiyao Toothpaste maintained its position as the top-ranked brand in terms of omni-channel market share in China during the first half of 2025 (Source: Nielsen Retail Research Data). In the hair care and anti-hair loss segment, Yangyuanqing recorded sales revenue of

In the first half of 2025, the TCM Resources Business Group focused on authentic Yunnan medicinal materials and strategic advantage varieties of Baiyao and achieved significant results thanks to the coordinated efforts across

+ 3- d source bases were licensed, securing full coverage of innovative seed sources for the ten major Yunnan medicinal plants. In variety breeding, two new *Paris polyphylla* cultivar certificates were obtained, high-yielding and high-quality *Panax notoginseng* target plants were selected, and seed quality standards for *Paris polyphylla* and *Saussurea costus* were released. The planting area for improved

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In cultivation, we have obtained GAP certification for *Panax notoginseng* and expanded our GAP-certified bases for *Carthamus tinctorius*, *Amomum villosum*, *Poria cocos*, *Saussurea costus*, and *Panax notoginseng* by over 7,000 mu. We actively incorporated low-altitude economy and IoT technologies, installing IoT equipment across 11 variety bases covering more than 30,000 mu. Regarding branded medicinal materials, in response to downward pressure on Chinese medicinal material market prices during the first half of the year, the BG proactively adjusted its business strategy. By optimizing product mix and expanding sales channels, it increased market share, offsetting price declines with volume growth. Shipment volume for the first half of the year rose by 38.3% year-on-year. In the market sector, breakthroughs have been achieved in cross-border Chinese medicinal material operations. The first successful customs clearance of Chinese medicinal materials at the Mohan and Mengkang border crossings has been completed, laying the groundwork for expanding into Southeast Asian and neighboring international markets and establishing a cross-border supply chain system for Chinese medicinal materials. Digital Intelligence Yunnan TCM focused on platform-based and ecosystem-driven development, with seven regional warehouses under its

billion, with 18,000 farming households now registered on the platform. In addition, the platform is the only one in the province that offers a complete tax compliance solution for Chinese medicinal materials throughout the entire chain, further strengthening its core competitiveness. The natural plant extract business has actively advance69 0 595.2 842.04

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strengthened our service team and enhanced professional expertise, thereby continuously solidifying the foundation for the development of pharmaceutical services.

Looking ahead, the TCM Resources Business Group will continue to undertake the strategic positioning and -quality development of the TCM industry in Yunnan Province, tap the advantages of Chinese medicinal material resources in Yunnan, and push forward the high- Chinese medicinal materials into a competitive advantage for the industry, as well as an advantage for the long-term -quality development of the national TCM industry.

(4) Yunnan Pharmaceutical Co., Ltd.

During the reporting period, Yunnan Pharma took multiple measures to stabilize the revenue base, realizing main business income of RMB 12.164 billion and a net profit of RMB 351 million, up 17.75% year-on-year. In terms of products, non-pharmaceutical businesses such as medical devices, cosmeceuticals, and foods for special medical purposes have begun to yield results, with sales growing 10.6% year-on-year. Under the hospital-adjacent store model, specialized pharmacies actively capturing prescription outflow from hospitals have seen significant growth in new specialty drug business, with sales increasing 57% year-on-year.

In the first half of 2025, through Party-building leadership, optimized management and control, and a lean and efficient workforce, the Company continued to strengthen its two core businesses, hospital pharmaceutical distribution and commercial distribution, while focusing on cultivating growth areas such as medical devices and specialty pharmacies, by stabilizing existing markets and expanded innovative businesses operationally, implementing cost reduction and efficiency enhancement in management and adopting a development strategy that equally prioritized risk control and growth. It also strategically positioned itself in pharmaceutical brand operation services. To enhance operational efficiency and adapt to a highly regulated environment, the Company accelerated the development of a digital supply chain collaboration platform. Leveraging pharmaceutical traceability codes and - to-end coverage, multi- medical institution clients while enhancing the quality and efficiency of supply chain management. As a leading industry toward high-quality development characterized by digital intelligence and standardization.

Looking ahead, Yunnan Pharma will continue to consolidate and expand its market share in existing hospitals -up, double- ting new growth drivers by expanding incremental businesses such as non-pharmaceutical operations, specialty pharmacies, and pharmaceutical brand management services. At the same time, we will deepen upstream value creation, strengthen lean operations, optimize supply chain management across the entire value chain, and strive to further enhance operational efficiency and quality. By refining customer-relationship management, reforming internal and external credit processes, establishing dedicated task forces, rolling out tiered customer-and-receivables controls, exploring closed-loop collaboration among hospitals, enterprises, banks and merchants, tightening risk-customer oversight, and improving procurement and inventory turnover, we will effectively improve the composition of receivables and stock. With full supply-chain synergy, we will help build a patient-centric, closed-loop care ecosystem, driving high-quality and healthy development.

(5) Continuously promoting the optimization of the business deployment and improvement of the operating quality of the emerging business units

During the reporting period, the Company promoted the deployment optimization of the emerging business units, driving the development of business units such as the Medical Device BU and the Tonic Health & Skin Beauty BU through model innovation, product innovation, and other initiatives.

The Medical Device BU focuses on three major categories: pain therapy, topical plasters, and eye care. During the reporting period, the BU maintained steady growth in overall revenue by stabilizing its core business centered on products such as bandages and adhesive plasters. By focusing on the supply chain, it continuously optimized its production workforce, enhanced quality and efficiency, and significantly improved profitability. In terms of products, it has expanded and refined the lightweight, waterproof, elastic, and breathable bandage categories, achieving significant growth compared to the same period last year. The Tonic Health & Skin Beauty BU leveraged

with an aim to establish itself as a leading brand in traditional Chinese dietary therapy and herbal skincare.

(6) Continuously seeking innovation while upholding integrity to achieve tangible and significant R&D outcomes

Upholding an innovation-driven development philosophy, the Company consistently leverages its strengths in

On one hand, we develop TCM by pursuing innovation and integrity. We are committed to practical germplasm

resource research and development. By combining independent R&D with collaborative research, we aim to

initiative will advance breeding studies for authentic medicinal materials such as *Panax notoginseng* and *Paris polyphylla*. By strengthening innovation in Chinese patent medicines, we have made significant progress in the research and development of innovative TCMs. On the other hand, we pursue differentiated strategies in in innovative drug deployment. Based on the criteria of technology frontier, clinical demand and resource endowment, we take the initiative to integrate into the national and local biomedical strategies, and deploy and develop innovative drugs with more competitiveness and market prospects. During the reporting period, upholding the innovation-driven strategy, the Company has promoted the transformation of results, continuously improved the growth momentum, and promoted scientific planning of short-, medium- and long-term projects in an orderly manner.

For short-term projects, we will focus on secondary innovation development of marketed products and rapid drug and medical device development. Currently, 16 major TCM varieties are undergoing secondary development, with 37 projects underway. Progress on key projects during the reporting period is as follows:

For medium-term projects, we have made every effort to promote the development of innovative TCMs and continued to build star products of Yunnan Baiyao transdermal preparations. Progress on key projects during the reporting period is as follows:

For the long-term projects, especially the innovative drug projects, we will place radiopharmaceuticals at the core, align projects with social needs and cutting-edge science, and advance a pipeline of innovative drugs that e growth momentum. Progress on key projects during the reporting period is as follows:

In the second half of 2025, the Company will further establish an R&D innovation system and operational strategically leverage -tier talents, including leading R&D professionals and management personnel, to match our world-class hardware platforms. The Company will continue to broaden the connotation of innovation. Relying on lean and digital means, we will introduce positive incentives to encourage innovation, create a positive atmosphere for innovation, establish sufficient project reserves, and accelerate the implementation of innovative projects to promote the transformation of results.

(7) Continuously deepening the transformation strategy of digital intelligence to improve quality and efficiency of the Company

Looking forward, the Company will continue to empower the effective development of its business and provide competitive strengths through its digital intelligence capabilities, explore the direction of transformation of technologies such as AI, big data, and cloud computing into industrial chain aspects such as planting, processing, research and development, production, and marketing. Defining innovation through digital transformation, we will deepen the integration of data elements with TCM to forge new productive forces, breathing new life into traditional Chinese medicine.

(III) Business model

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pharmaceutical industry group

chain, refining its focus on core areas, expanding the leadership of advantageous products, and accelerating the construction of the industrial system.

-branded TCM

materials. We will focus on expanding the long-term potential of pharmaceuticals, health products, TCM resources, and commercial logistics, thus achieving self-

orientation, we actively explore strategic mergers and acquisitions, strategic cooperation, and other models to complement and strengthen the existing industrial segments, and quickly break through the existing growth bottlenecks. This dual approach enables the Company to establish a sound and resilient industrial portfolio system and to achieve sustainable, high-quality development.

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The Company believes in the pivotal role of talent in driving its development. It has established a systematic and scientific training system that offers diverse career development pathways, fostering both specialized knowledge and comprehensive skills, with the mutual development of talents and the Company as the objective. The Company concentrates its superior resources and actively introduces high-level professionals from multiple fields, including drug R&D, digital construction, and strategic investment. It continues to enhance its business capabilities in multiple dimensions, such as innovative R&D, lean operations, and investment and mergers & acquisitions. By nurturing internal talents, actively recruiting external experts, and fully utilizing its organizational

the Yunnan Baiyao brand, the Company has expanded from a pharmaceutical brand into a multi-brand ecosystem covering personal healthcare products, crude drugs, and comprehensive health products. We have built a diverse portfolio of brands and continuously expanded our reach to target audiences, enhancing our brand value over the long term. The Company has been consistently listed in the brand value rankings of internationally authoritative organizations. During the reporting period, it was once again ranked 33rd in the *List of Top 50 Global Pharmaceutical Companies* by *Pharmaceutical Executive* in US. Moreover, it has been repeatedly included in the *est Brands* published by Interbrand, and the *Kantar BrandZ Top 100 Most Valuable Chinese Brands* list.

(II) Full industrial chain advantage

lead -

technology, brand, channel, capital and talent, as well as the demonstration, leading and driving role of the leading enterprise in industrial development. We have built a digitalized industrial chain ecosystem for TCM materials with and marketing integrated digital intelligence platform + 1 new specialized market for TCM materials at the origin + multi-
the standardization, scaling, branding and digitalization of the TCM industry and transform resource advantages into industrial competitive advantages and long-term sustainable development advantages, so as to support

Driven by its long-term and continuous investment in key strategic varieties of TCM materials, the Company has achieved a complete and closed-loop industrial chain from seed selection and cultivation to production and processing. This has established a robust supply system for strategic medicinal materials, effectively ensuring the quality stability of TCM raw materials and controlling the price fluctuations of strategic TCM raw materials. This system has laid the groundwork for the long-term and sustainable development of Yunnan Baiyao.

(III) Continuous innovation capability

Yunnan Baiyao consistently meets the rapidly evolving and upgrading consumer demand through continuous innovation. The Company is committed to integrating TCM into modern life through the consumer-centered - -industry-academia-research-medicine

We have evolved from a single hemostatic product to a vast Yunnan Baiyao industrial group, covering various

sectors of the health industry, and created classic examples of innovation and the integration of TCM products into

Looking ahead, the Company will continue to enhance its innovation capabilities by continuously improving the level of R&D and promoting digital and intelligent reform. We have set up more than 10 national and provincial scientific research platforms and R&D centers with many research institutions and universities, focusing on the field of medicine, strengthening the introduction of talents, scientific research and cooperation and exchanges, and enhancing collaboration between basic and clinical research to truly achieve the effective transformation of research achievements into cross-

the core direction of its strategic transformation, deeply integrating advanced technologies such as AI, big data and cloud computing into planting, processing, R&D, production, marketing and other aspects, accelerating the transformation of digital intelligence, and focusing on the modernization of TCM and the intelligent upgrading of health products.

(IV) Talent team strengths

The Company has established a long-term mechanism for talent security to deepen the market-oriented selection and employment mechanism, improve the mechanisms for talent introduction, training, and selection, and foster an environment conducive to the growth of its talent pool. By focusing on both internal team development and the continuous external introduction of outstanding talents, we have built management teams with high professionalism and strong market awareness across business areas. The Company is committed to enhancing the specialization, professionalism, and market orientation of its cadre and talent teams, continuously optimizing their professional and knowledge structures to create a supportive environment for talent growth, and enhance the loyalty, contribution and sense of fulfillment among our talents. The Company continually refines its efficient incentive mechanism based on its strategic goals, and gives priority to those who have made significant contributions, as well as key front-line positions in emerging industries, R&D, innovation, reform, and other critical areas when allocating resources, to maximize the enthusiasm and creativity of cadres and employees, promote the Company towards high-quality development, and lay a strong foundation for achieving win-win cooperation among all stakeholders.

(V) Channel advantages

In terms of pharmaceuticals, the Company has built a marketing network covering medical institutions and retail pharmacies across various provinces, regions, counties, and towns in China, and continues to conduct high-quality medical research projects to strengthen the medical foundation of its products and enhance collaboration with healthcare institutions. In the retail sector, we have nationwide coverage, serving 5,000 top-tier chains and

reaching over 400,000 retail stores across China. Especially in areas such as East China, Central China, and Yunnan Province, the Company has achieved the high coverage, high penetration rate, and strong market service capabilities, an

integrated online and offline channels to execute omnichannel marketing. Beyond offering more high-quality products, it continuously enhances its professional capabilities to deliver a broader range of health services.

Regarding health products, Yunnan Baiyao has established a comprehensive nationwide sales team dedicated to comprehensive health products, covering all terminals. Yunnan Baiyao Toothpaste continues to maintain a leading market share in China with a high brand penetration in the oral product category. Through ongoing optimization of its full chain channels, the Company has not only strengthened its position in traditional offline channels but also experienced significant growth in emerging business models such as on-demand retail, community group purchases, and interest-based e-com

adapt, taking measured steps forward along the way, all of which enhance its ability to quickly respond to evolving business trends. Such channel advantages of Yunnan Baiyao have significantly enhanced market competitiveness of the Company, laying the foundation to continuously commercialize new products.

III. Analysis on Principal Businesses

Overview

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Year-on-year changes in the key financial data

Unit: RMB

	The reporting period	The same period of the previous year	Year-on-year increase/decrease	Reasons for changes
Operating revenue	21,257,102,896.02	20,455,286,287.52	3.92%	Mainly due to increase in industrial sales revenue by RMB 851 million.
Operating cost	14,697,868,069.29	14,462,809,950.85	1.63%	Mainly due to increase in industrial sales cost resulting from the increase in industrial sales income during the reporting period.
Sales expenses	2,516,371,857.04	2,296,821,490.59	9.56%	Industrial sales volume and sales expenses increased correspondingly during the reporting period.
Administrative expenses	363,479,043.45	327,410,020.48	11.02%	No significant changes.
Financial expenses	-23,106,607.43	-129,619,278.35	82.17%	Mainly due to YOY decrease in interest income and interest expenses.
Income tax expenses	587,271,873.85	482,065,489.87	21.82%	Mainly due to the corresponding increase in income tax expenses caused by increase in total profits during the reporting period.
R&D investment	155,900,139.57	148,043,019.34	5.31%	Increase in R&D investments during the reporting period.

Net cash flows from operating activities	3,961,187,202.77	3,261,617,391.99	21.45%	Mainly due to increase in the cash received from sales of goods or rendering of services during the reporting period by RMB 1.527 billion compared to the same period last year and increase in the cash paid for other operating activities during the reporting period by RMB 531 million compared to the same period last year.
Net cash flows from investing activities	-955,287,317.14	-205,582,688.32	-364.67%	Mainly due to a decrease of RMB 1.208 billion in the difference between the amount of time deposits maturing and the amount deposited compared to the previous period, an increase of RMB 1.9 billion in the amount of wealth management products purchased compared to the same period last year, an increase of RMB 2.1 billion in the amount of

Income from plantation sales	932,453.26	0.00%	2,387,937.40	0.01%	-60.95%
Income from other businesses	21,301,801.13	0.10%	37,689,688.44	0.18%	-43.48%
By products					
Industrial products (Self-made)	8,504,399,783.93	40.01%	7,652,967,384.61	37.41%	11.13%
Wholesale and retail	12,708,142,389.60	59.78%	12,742,489,364.88	62.29%	-0.27%
Agricultural products	932,453.26	0.00%	2,387,937.40	0.01%	-60.95%
Others	22,326,468.10	0.11%	19,751,912.19	0.10%	13.03%
Income from other businesses	21,301,801.13	0.10%	37,689,688.44	0.18%	-43.48%
By regions					
Domestic	21,026,816,805.98	98.92%	20,241,882,062.31	98.96%	3.88%
Overseas	230,286,090.04	1.08%	213,404,225.21	1.04%	7.91%

profit

Unit: RMB

	Operating revenue	Operating cost	Gross margin	Increase/decrease of operating revenue compared with the same period of the previous year	Increase/decrease of operating cost compared with the same period of the previous year	Increase/decrease of gross margin compared with the same period of the previous year
By industries						
Income from industrial sales	8,504,399,783.93	2,727,055,894.21	67.93%	11.13%	9.20%	0.57%
Income from commercial sales	12,708,142,389.60	11,938,266,700.05	6.06%	-0.27%	-0.02%	-0.24%
By products						
Industrial products (Self-made)	8,504,399,783.93	2,727,055,894.21	67.93%	11.13%	9.20%	0.57%
Wholesale and retail	12,708,142,389.60	11,938,266,700.05	6.06%	-0.27%	-0.02%	-0.24%
By regions						
Domestic	21,026,816,805.98	14,476,952,657.34	31.15%	3.88%	1.51%	1.60%

cipal

business data should be subject to the one after the statistical caliber at the end of the reporting period is adjusted in the latest year

Not applicable

) -principal Businesses

Unit: RMB

	Amount	Proportion in total profits	Reasons	Whether it is sustainable
Investment income	839,628,716.65	19.84%	Mainly consisted of investment income from Shanghai Pharmaceuticals Holding Co., Ltd investment income from disposal of trading financial assets and other non-current financial assets.	No
Profits and losses from changes in fair value	70,037,496.76	1.66%	Mainly consisted of the change in net assets held for trading and other non-current financial assets.	No
Asset impairment	-41,743,184.35	-0.99%	Mainly consisted of provision for inventory write-down.	No
Non-operating revenue	17,525,440.99	0.41%	Mainly consisted of income not related to daily business activities.	No
Non-operating expenses	5,969,854.92	0.14%	Mainly consisted of expenses not related to daily business activities.	No
Credit impairment losses (loss is -	-98,382,642.61	-2.32%	Mainly consisted of provision for bad debt for accounts receivable in the commercial sector.	No
Other income	27,406,398.49	0.65%	Mainly consisted of the government subsidies.	No
Gains from disposal of assets	2,552,729.83	0.06%	Mainly consisted of proceeds from the disposal of non-current assets and proceeds from the disposal of right of use assets.	No

Note: Investment income from Shanghai Pharma amounted to RMB 784 million. This investment represents a strategic collaboration between the two parties, facilitating synergies in their respective industries. The investment income is sustainable.

V. Analysis on Assets and Liabilities

1. Significant changes in assets composition

Unit: RMB

	End of the reporting period		End of the previous year		Increase/decrease in proportion	Statement on significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Cash and bank balance	11,293,829,360.87	20.71%	10,887,983,161.30	20.58%	0.13%	No significant changes.
Accounts receivable	10,513,898,708.36	19.28%	9,923,361,104.39	18.75%	0.53%	No significant changes.
Inventories	5,835,419,536.07	10.70%	6,294,368,316.30	11.90%	-1.20%	Inventory management efficiency was improved, accelerating inventory turnover.
Investment property	50,308,207.99	0.09%	49,884,012.15	0.09%	0.00%	No significant changes.
Long-term equity investments	13,157,456,514.01	24.13%	12,561,276,081.35	23.74%	0.39%	Mainly due to sustained investment income from Shanghai Pharma.
Fixed assets	3,012,711,745.68	5.52%	3,012,878,828.09	5.69%	-0.17%	No significant changes.
Construction in progress	752,520,380.49	1.38%	703,439,112.24	1.33%	0.05%	No significant changes.
Right-of-use assets	289,367,883.81	0.53%	291,177,021.52	0.55%	-0.02%	No significant changes.
Short-term loans	10,169,668.64	0.02%	423,380,272.64	0.80%	-0.78%	During the reporting period, credit loans and discounting of internal unit bills decreased.
Contractual liabilities	1,607,722,042.64	2.95%	1,916,123,387.16	3.62%	-0.67%	Mainly due to decrease in advance payments received by Pharmaceutical Business Group.
Long-term loans	2,100,000.00	0.00%	2,100,000.00	0.00%	0.00%	No significant changes.
Leasing liabilities	187,252,205.06	0.34%	190,656,990.23	0.36%	-0.02%	No significant changes.
Financial assets held for trading	3,121,018,919.96	5.72%	2,547,113,523.40	4.81%	0.91%	Mainly due to the purchase of bank wealth management products and securities firm wealth management products with relatively high security and good liquidity during the period.
Notes receivable	763,243,829.02	1.40%	929,651,911.37	1.76%	-0.36%	Mainly due to the increase in

						of the period.
Receivables financing	1,170,435,781.56	2.15%	1,887,789,780.16	3.57%	-1.42%	Mainly due to a decrease in bank-accepted bills held at the end of the period.
Other receivables	353,575,655.07	0.65%	108,427,198.33	0.20%	0.45%	Mainly due to an increase in dividends receivable.
Other current assets	1,290,287,380.95	2.37%	788,108,579.54	1.49%	0.88%	Mainly due to increases in time deposits and funds awaiting foreign exchange conversion.
Other non-current financial assets	206,670,363.44	0.38%	387,688,897.11	0.73%	-0.35%	Mainly due to disposal of investments held at the beginning of the period.
Development expenses	39,843,228.73	0.07%	25,422,461.13	0.05%	0.02%	Addition of newly capitalized projects during the reporting period.
Other non-current assets	163,488,603.52	0.30%	116,374,395.93	0.22%	0.08%	Mainly due to an increase in prepaid fixed asset purchase payments at the end of this period.
Receipts in advance	964,631.77	0.00%	446,673.78	0.00%	0.00%	Increase in prepaid rent at the end of the period.
Other payables	693,672,581.84	1.27%	466,603,767.14	0.88%	0.39%	Mainly due to an increase in VAT payable but not yet paid at the end of this period.
Other current liabilities	1,562,291,988.77	2.86%	1,386,632,676.75	2.62%	0.24%	Mainly due to an increase in accrued but unpaid expenses.
Estimated liabilities	19,837,374.22	0.04%	12,726,280.09	0.02%	0.02%	Increase in the provision for returns payable in this period.
Deferred tax liabilities	128,209,511.70	0.24%	93,867,331.53	0.18%	0.06%	Mainly due to an increase in deferred income tax liabilities, which is primarily attributable to changes in income tax rates.

2. Major overseas assets

Not applicable

3. Assets and liabilities at fair value

4. Restrictions on asset rights as of the end of the reporting period

Item	Closing book value (RMB)	Reason for restriction
Cash and bank balance	16,404,177.76	Earmarked for housing maintenance in reformed housing
Cash and bank balance	2,648,494.30	Performance bond deposit, bank acceptance bill deposit, performance bond deposit, etc.
Cash and bank balance	3,120,832.53	Property preservation
Assets in special account for system reform	579,156,892.96	Special fund for paying the cost of employee status conversion in state-owned enterprises
Total	601,330,397.55	--

VI. Investment Analysis

1. Overview

Investment during the reporting period (RMB)	Investment during the same period of the previous year (RMB)	Percentage of change
3,486,707,527.53	4,085,229,378.59	-14.65%

2. Significant equity investments made during the reporting period

Not applicable

3. Significant non-equity investments in progress during the reporting period

Unit: RMB

Project	Investment method	Investment in fixed assets or not	Involved industry in investment projects	Amount invested in the reporting period	Cumulative actual investment as of the end of reporting period	Source of funding	Progress of project	Estimated income	Cumulative income as of the end of the reporting period	Reasons for unmet progress and estimated income

4. Financial assets investment

(1) Securities investment

Unit: RMB

Type of securities	Stock code	Stock abbreviation	Initial investment cost	Accounting measurement model	Opening book value	Profits or losses on changes in fair value during the reporting period	Cumulative changes in fair value included in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Profits and losses during the reporting period	Closing book value	Accounting items	Source of funding
Domestic and overseas stocks	HK.02633	Jacobson Pharma	238,699,200.00	Fair value	190,764,240.00	27,023,640.00			217,787,880.00	42,922,580.95		Other non-current financial assets	Self-raised
Domestic and overseas stocks	HK.02161	JBM (Healthcare)	25,039,800.00	Fair value	133,544,228.40	-8,167,621.77			125,376,606.63	18,528,149.44		Financial assets held for trading	Self-raised
Domestic and overseas stocks	HK.03681	SinoMab BioScience	354,119,828.19	Fair value	45,702,769.70	16,058,833.71			61,761,603.41	52,022,960.46		Financial assets held for trading	Self-raised
Total			617,858,828.19	--	370,011,238.10	34,914,851.94	0.00	0.00	404,926,090.04	113,473,690.85	0.00	--	--

(2) Investments in derivatives

Not applicable

The Company had no investments in derivatives during the reporting period.

5. Use of proceeds

Not applicable

The Company had no use of proceeds during the reporting period.

VII. Significant Assets and Equity Sales

1. Significant assets sales

Not applicable

The Company had no significant assets sales during the reporting period.

2. Significant equity sales

Not applicable

VIII. Analysis on the Major Holding Companies and Joint-stock Companies

Major subsidiaries and joint-stock companies with a net profit impact of over 10%

Unit: RMB

Company name	Company type	Principal businesses	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Yunnan Pharmaceutical, Co., Ltd.	Subsidiary	Wholesale and retail of pharmaceuticals	1,000,000,000.00	16,661,549,297.92	6,835,764,950.30	12,361,038,014.12	435,731,509.29	347,925,145.03
Yunnan Baiyao Group Health Products Co., Ltd.	Subsidiary	Production and sales of oral hygiene products	84,500,000.00	9,117,181,304.35	6,581,025,234.12	3,450,999,664.58	833,740,507.21	694,668,921.96
YNBY International	Subsidiary	Mainly engaged in goods and commodities trading business		419,970,831.90	323,826,733.95	365,374,936.94	2,830,632.32	2,133,674.99
Shanghai Pharmaceuticals Holding Co., Ltd.	Joint-stock company	R&D, manufacturing, and sales of API, pharmaceutical products (including but not limited to chemical Active Pharmaceutical Ingredients (APIs), chemical preparations, TCM materials, Chinese patent medicines, TCM decoction pieces, biochemical drugs, biological products, narcotics, psychotropic drugs, and toxic drugs for medical use (Adapted to the scope of business), vaccines) of various dosage forms (including but not limited to tablets, capsules, aerosols, immune preparations, granules, plasters, pills, oral liquids, inhalants, injections, liniments, tinctures, suppositories) health products, medical devices, and	3,696,414,318.00	238,067,056,071.37	88,857,904,563.65	141,592,782,502.79	6,833,619,624.55	4,994,784,030.29

		related products, manufacturing and sales of pharmaceutical equipment, engineering installation and maintenance, warehousing and logistics, sea, land, and air freight forwarding business, industrial investment, asset management, provision of international economic and trade information and consulting services, self-owned house leasing, import and export business of various self-operated and agent drugs and related goods and technologies.						

Note: In accordance with relevant company regulations, the Health Products Company recognized brand usage fees totaling RMB 592 million payable to the parent company for the use of the billion for the first half of 2025.

Acquisition and disposal of subsidiaries during the reporting period

Company name	Approaches of acquiring and disposing of subsidiaries during the reporting period	Influences on overall production, operation and performance
Yunnan Baiyao Group Digital Intelligence Technology Co., Ltd.	Newly incorporated	No significant influence.
PT YNBY Healthcare Indonesia	Newly incorporated	No significant influence.
Yunnan Baiyao Group Chinese Medicinal Material Development (Weishan) Co., Ltd.	Newly incorporated	No significant influence.

Description of the major holding companies and joint-stock companies: None.

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X. Risks and Countermeasures

(I) Policy changes

In recent years, a series of supportive policies for the pharmaceutical industry have been introduced successively, opening up favorable development opportunities for pharmaceutical enterprises. Meanwhile, the healthcare reform will be further deepened, and the routine centralized volume-based procurement will cover more pharmaceuticals. Comprehensive revisions to laws and regulations pertaining to drug supervision are also on the horizon. All these factors are exerting higher requirements for the healthy development of the pharmaceutical industry. Given this context, the Company will place even greater emphasis on aligning with the Chinese pharmaceutical policy direction, intensify its efforts in tracking, analyzing, and comprehending critical industry information, and promptly grasp industry development and shifting trends. By devising suitable strategies, the Company aims to alleviate the pressure and uncertainty arising from policy changes on production and operations, ultimately achieving sustained growth.

(II) Market uncertainties

Due to fluctuating raw material costs, price controls on pharmaceutical products, and intensified competitions at the terminal level, the pharmaceutical industry is experiencing significant operational pressure. Health consumer products are facing challenges from increasingly rational consumer behavior and fragmented demand. In response to these pressures, the Company will continue to leverage its full industry chain competitiveness and innovation as key drivers. By continuously consolidating the supply chain foundation, enhancing operational efficiency and refining management of channels and retail, the Company aims to deepen its innovation, cost, and channel advantages, which enables the Company to navigate through economic cycles and achieve sustainable, high-quality development in the competitive market.

(III) Transformation of innovation and R&D achievements

In pursuit of fulfilling technological advantages and enhancing core competitiveness, the Company has consistently escalated its investment in drug R&D over recent years. Generally, new drug R&D is featured with large amount of investment, long R&D cycle, less-than-expected industry transformation rate, market uncertainty after industrialization in the future, etc. Any changes in relevant policies and market demands will be likely to affect the commercial value of the products under R&D. Upon completion of R&D, the successful commercialization of a new drug stands as an important factor influencing R&D yields. The Company is poised to meticulously assess the R&D projects of novel drugs within the framework of its strategic direction. Resources will be apportioned to key projects, bolstering risk management capabilities throughout the R&D. Collaborative IUR efforts will be fortified, optimizing the transformation of achievements and reducing the uncertainties associated with R&D investments.

(IV) External expansion

By implementing an industrial development strategy to seek both internal growth and external expansion, the Company actively advances towards its strategic goals and strives to inject new momentum into sustainable

development. In the process of pursuing external expansion, a key challenge for the Company is how to leverage investment and innovation to introduce new variables, build a new Baiyao platform, integrate more external resources, and develop a complete industry chain, to ultimately establish a strong foothold in a highly competitive and rapidly changing market. The Company will remain strategy-driven and user-centric, continuously sharpening market insight to build a healthy, sustainable portfolio.

XI. Implementation of the Market Capitalization Management System and Valuation Improvement Plan

Whether the Company implemented the market capitalization management system

Yes

Whether the Company disclosed the valuation improvement plan

No

practices, ensure the compliance, scientific rigor, and effectiveness of such activities, maximize corporate value and shareholder interests, and actively respond to the call in the *Supervision, Preventing Risks, and Promoting High-Quality Development of the Capital Market* to encourage listed companies to establish market capitalization management systems, the th Board of Directors held its first meeting of 2025 on March 31, 2025, and approved the *Market Capitalization Management System of Yunnan Baiyao Group Co., Ltd*. For details, please refer to the system disclosed on the same day on www.cninfo.com.cn.

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Yes

The Company disclosed the (Announcement No.: 2024-12) on March 9, 2024.

Firmly upholding the principle of rewarding shareholders, and consistently focusing on its principal businesses and maintaining prudent operations, the Company kept enhancing shareholder returns, while continuously advancing high-quality development. In April 2025, in active response to the call in the *State -Quality Development of the Capital Market* to encourage listed companies to establish market capitalization management systems, the Company formulated the *Market Capitalization Management System of Yunnan Baiyao Group Co., Ltd* in accordance with the *of China*, the *Republic of China*, the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, the *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Standardized Operation of Listed Companies on the Main Board*, and the *Listed Company Regulatory Guidance No. 10 - Market Capitalization Management*, other laws and regulations and normative documents as well as the *Articles of Association of Yunnan Baiyao Group Co., Ltd*. In accordance with the regulations and in light of our own circumstances, we adopted a comprehensive set of measures, including enhancing the quality of information disclosure, managing investor

relations, conducting cash dividends, and encouraging major shareholders to increase their holdings, to promote

-quality development achievements.

(I) Constantly improving the quality and efficiency of production and operation

In the first half of 2025, the Company maintained robust growth by focusing on its strategic planning and overcoming multiple challenges in the external environment. During the reporting period, the Company recorded operating revenue of RMB 21.257 billion, up 3.92% year on year; net profit attributable to the parent company reached RMB 3.633 billion, rising 13.93% from RMB 3.189 billion in the previous year and hitting a record high for the same period; and net profit attributable to the parent company after deducting non-recurring profits and losses of RMB 3.461 billion, up 10.40% from RMB 3.135 billion in the previous year and hitting a record high for the same period.

billion, representing a 21.45% increase compared to the same period last year. The weighted average return on net assets was 9.09%, an increase of 1.16 percentage points over the same period of the previous year; basic earnings per share was RMB 2.04 per share, an increase of 13.97% over the same period of the previous year. Meanwhile,

share of 40.01% of total operating revenue, representing a 2.6 percentage point rise compared to the same period last year. Industrial revenue grew at a rate of 11.13%.

The Company continued to maintain a healthy asset structure. As of the end of the reporting period, the Company had total assets of RMB 54.535 billion, net assets attributable to shareholders of the listed company of RMB 40.407 billion, the asset-liability ratio of 25.91%, and the cash and bank balance of RMB 11.294 billion.

(II) Enhancing returns to shareholders in multiple dimensions

The Company has taken multi

and increase in shareholdings by major shareholders.

During the reporting period, the Company completed the distribution of its 2024 annual dividend totaling RMB 2.114 billion, with a cash dividend of RMB 11.85 per 10 shares. This cash dividend, combined with the special dividend already distributed in 2024, results in a total cumulative cash dividend of RMB 4.277 billion, representing

ble to shareholders of the listed company for 2024. On August 28, 2025, the Company held the fifth session of the 10th Board of Directors for 2025 to consider and approve the proposal for a special dividend plan for 2025. The Company proposes to distribute a cash dividend of RMB10.19 (including tax) per 10 shares to all shareholders on the basis of the total share capital of the Company of 1,784,262,603 shares as at the end of the second quarter of 2025, and to distribute 0 bonus shares (including tax), and not to convert the capital reserve to share capital. The total amount of the special dividends for 2025 will be RMB 1,818,163,592.46, accounting for 50.05% of net profit attributable to the parent company of the Company in first half of 2025. This proposal is subject to review and approval of the general meeting.

In August 2024, Yunnan State-

-owned Equity

months

from the date of the first increase (August 6, 2024), and planned to increase its shareholding in a cumulative amount of not less than RMB 500 million and not more than RMB 1 billion. From August 6, 2024 to February 5, 2025, State-owned Equity Management Company cumulatively increased its shareholding in the Company by 17,807,463 shares through the trading system of Shenzhen Stock Exchange (SZSE) by means of centralized bidding transactions,

improvements to enhance our intrinsic value, we aim to promote the healthy and sustainable development of the Company by continuously exploring and practicing the methodology of high-quality development. We will adhere

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and healthy development of the capital market.

stronger support for local governance and for the development of the Chinese medicinal material industry in our partner villages.

(II) Consolidated achievements in poverty alleviation and rural revitalization

The resident work team of Yunnan Baiyao, working hand-in-

A comprehensive investigation was conducted on all households at risk of returning to poverty in 2025. Following

-tier review and four- al monitoring households (24 people) in Chazhiluo Village were assessed. Five households (21 people) were ultimately cleared of risk. One household with two members remains at risk (one household of one person with no labor capacity under subsistence guarantee). For these households, the work team has drawn up tailored support plans household by household and fine-

re fully implemented and effectively advancing the stable transition from consolidating poverty-alleviation gains to rural revitalization.

(III) Routine duties of resident work teams

The work team actively attends village-committee meetings, contributing i

and warmth. When faced with mining hazards, medical-insurance payment difficulties, or natural-disaster threats, the team works with the village Party committee and the committee of villagers to intensify patrols and on-call duty, conduct door-to-

property and ensuring village assignments proceed smoothly.

(IV) Vigorously driving the development of the TCM materials cultivation industry

Promotion of the intercropping model of the *Dolomiaea costus*. Large-scale trials of the intercropping model of *Dolomiaea costus* have proven successful,

-mu trial plots yielded 500 jin of corn and 1,500 jin of *Dolomiaea costus* per mu. After deducting costs, net income rose by roughly RMB 2,000 per mu,

-ever collective-economy revenue from medicinal-herb cultivation. This short-cycle, high-return model has acted like a shot in the

practice on more than 500 mu, with expected additional income topping RMB 800,000. Empowered by the

industry chain of the Company, cultivation of TCM materials in Pantian Township is shifting from small, scattered plots to a quality-driven TCM base.

Promotion of *Bletilla striata* cultivation. With two years of small-

guidance, Bletilla striata cultivation has achieved remarkable results. However, as 2025 large-scale rollout

enthusiasm. Then, the resident work teams, along with the village Party committee, the committee of villagers and five Party branches, convened a special

Bletilla striata seedlings worth RMB 16,000 by lottery among leading entrepreneurs, Party branch leaders and cooperatives, promoting medium-scale

-building-led, industry-

striata seedlings to establish ten demonstration plots totaling four mu, quadrupling the trial area, and created a WeChat group for growers to share know-how, laying the groundwork for large-scale rollout.

(V) Improving infrastructures for a brighter future

Yunnan Baiyao continued to make greater investment to construct the infrastructure of the assisted villages.

-level intangible cultural heritage, the Company made another investment, amounting to RMB 150,000, in addition to the initial RMB 300,000 outlay, for design and decoration of the inheritance exhibition hall of peakcock dance, construction of the village bulletin board, and repair of the exterior wall of the Party member activity room of Xinle Village. Now fully completed and open to the public, the project is actively advancing Lisu intangible cultural-heritage protection and rural revitalization.

(VI) Consumption-based assistance for a shared rural-revitalization canvas

Ahead of the 2025 Spring Festival, the Company purchased a total of 4,637 agricultural and sideline products

problem of sales channels for agricul

this year, Yunnan Baiyao Group fully leveraged its industrial strengths to purchase 6,111.1 kg of medicinal herbs, primarily *Gentiana macrophylla* and *Angelica sinensis*, worth RMB 406,700 from Shangri-La Hezheng Tibetan Medicine Co., Ltd and Diqing Sanjiang Bio-

challenges and broadening their path to prosperity.

Section V Significant Events

I. Commitments of the Com A
Other Related Entities Fulfilled during the Reporting Period or Ongoing at the Period-End

Applicable

Commitments	Commitment Party	Commitment Type	Contents	Commitment Time	Commitment Period	Performance Status
Commitments made in the acquisition report or equity change report	Yunnan Investment Group	Commitments to maintain the independence of the listed company	To protect the legitimate rights and interest of any and all of the shareholders of the listed company, our company undertakes to warrant: 1. The personnel independence of the listed company, that is: (1) The general manager, deputy general manager, CFO, secretary of the Board of Directors, and other senior management personnel of the listed company will work full-time and receive compensation in the listed company, with holding no positions other than directors or supervisors or receiving no compensation in any other enterprises under the control of our company, for continuously maintaining the independence of personnel of the listed company; (2) The listed company has a complete and independent labor, personnel, and salary management system, which is fully independent from our company and any other enterprises under our control; (3) The directors, supervisors, and senior management personnel of the listed company are elected or appointed in accordance with legal procedures, and our company will not interfere with the personnel appointment and removal decisions already made by the Board of Directors and the general meeting of the listed company. 2. The asset independence of the listed company, that is: (1) The listed company has independent and complete assets, all of which are under the control of the listed company and are independently owned and operated by the listed company; (2) Our company and any other enterprises under our control do not and will not in any way occupy the funds, assets, and other resources of the listed company in violation of laws and regulations; (3) Our company and any other enterprises under our control will not use the assets of the listed company as guarantee for our and their debts in violation of	December 10, 2021	Remain effective during the period of holding indirect stake in Yunnan Baiyao	In progress

			regulations. 3. The financial independence of the listed company, that is: (1) The listed company continues to maintain its independent financial department and independent financial accounting system; (2) The listed company opens an independent bank account and does not share a bank account with our company or any other enterprises under our control; (3) The listed company is able to make interference with its asset utilization scheduling; (4) The ial personnel who will not work part-time or receive remuneration in any other enterprises under our control; (5) The listed company legally pays taxes independently. 4. The institutional independence of the listed company, that is: (1) The listed company continues to maintain a sound corporate governance structure and has an independent and complete organizational structure; (2) The general meeting, Board of Directors, independent directors, Supervisory Committee, general manager, etc. of the listed company independently exercise their powers in accordance with laws, regulations, and the listed independent and complete organizational structure, without institutional confusion with any other enterprises under our control. 5. The business independence of the listed company, that is: (1) The listed company has the assets, personnel, qualifications, and capabilities to independently carry out business activities, and also has the capabilities to independently and continuously operate in the market; (2) The listed company has minimized related party transactions between our company and any other enterprises under our control and the listed company as much as possible, and fairly carry out necessary and inevitable related party transactions at fair prices in accordance with market-oriented principles, with transaction procedures and information disclosure obligations fulfilled in accordance with relevant laws, regulations, and normative documents. 6. The listed company maintains independence from our company and any other enterprises under our control in any other aspects.			
Commitments made in the acquisition report or equity	Yunnan Investment Group	Commitments regarding related party transactions	1. After the completion of this equity transfer, our company will consciously safeguard the interest of the listed company and any and all of its shareholders, and minimize and avoid related party transactions with the listed company. We will not, by virtue of our	December 10, 2021	Remain effective during the period of holding indirect	In progress

change report			indirect stake in the listed company, seek for improper benefits or harm any interest of the listed company and any and all of its shareholders in related party transactions. 2. Our company does not and will not, by virtue of our indirect stake in the listed company and its own controlling influence, seek from the listed company for better commercial terms for business cooperation than that given to the third parties in the market for itself or for any other enterprises under our control. 3. Our company does not and will not, by virtue of our indirect stake in the listed company and its own controlling influence, seek for privileges for itself or any other enterprises under our control to enter into transactions with the listed company. 4. After completing this equity transfer, our company will strictly adhere to the provisions Republic of China, the Articles of Association of Yunnan Baiyao Group, the Rules of Procedure for the General Meetings, and the Decision System for Related Party Transactions of the Listed Company when engaging in inevitable related party transactions with the listed company. We are committed to conducting these transactions in a transparent, fair, and equitable manner. This involves adhering to commercial principles such as reasonable transaction contracts with the listed company, ensuring that pricing policies are developed based on market fairness, impartiality, and openness. This approach guarantees the fairness of transaction prices. 5. After the completion of this equity transfer, our company and any other enterprises under our control will not illegally occupy the funds and assets of the listed company, and under no circumstances will the listed company be required to provide any form of guarantees to our company or any other enterprises under our control.		stake in Yunnan Baiyao	
Commitments made in the acquisition report or equity change report	State-owned Assets Supervision and Administration Commission of Yunnan of New Huadu	Commitments regarding horizontal competition	In the future, when the time is ripe, SASAC of Yunnan Province and New Huadu shall urge Baiyao Holdings to gradually inject the high-development areas into Yunnan Baiyao Group. Both SASAC of Yunnan Province and New Huadu will also strictly comply with the regulations to avoid horizontal competition.	March 23, 2017	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	In progress
Commitments	New Huadu	Commitments	1. New Huadu and any other enterprises under our control will try the	March 23,	Remain	In progress

made in the acquisition report or equity change report		regarding related party transactions	best to avoid related party transactions with Yunnan Baiyao. For inevitable related party transactions or those occurring for reasonable reasons, New Huadu will undertake to conduct such transactions on an equal and voluntary basis in the principles of fairness, impartiality, and compensation for equal value, with the transaction prices to be determined based on the reasonable prices recognized in the market. 2. New Huadu and any other enterprises under our control will strictly comply with the avoidance provisions on related party transactions relevant regulations. All related party transactions involved will be carried out in accordance with the decision-making procedures for related party transactions for Yunnan Baiyao, and legal procedures will be followed to ensure not to harm any legitimate rights and interest of Yunnan Baiyao and any other shareholders through related party transactions. 3. If New Huadu and any other enterprises under our control violate any of the above statements and commitments, leading to any damages to any rights and interest of Yunnan Baiyao, New Huadu agrees to bear any and all of the corresponding compensation liabilities for such damages so caused to Yunnan Baiyao.	2017	effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	
Commitments made during asset restructuring	State-owned Equity Management Company, New Huadu and its acting-in-concert parties	Commitments regarding related party transactions	1. State-owned Equity Management Company has undertaken the previous commitments of SASAC of Yunnan Province: After the completion of this significant asset restructuring, SASAC of Yunnan Province will try its best to avoid related party transactions with the listed company. For inevitable related party transactions or those occurring for reasonable reasons, SASAC of Yunnan Province will undertake to conduct such transactions on an equal and voluntary basis in the principles of fairness, impartiality, and compensation for equal value, with the transaction prices to be determined based on the reasonable prices recognized in the market. SASAC of Yunnan Province will strictly comply with the provisions of relevant laws, regulations, normative documents, and the articles of association of the listed company, perform the decision-making procedures and information disclosure obligations for related party transactions, and warrant not to harm any legitimate rights and interest of the listed company and any other shareholders through related party transactions. This commitment letter shall come into effect and be irrevocable as of the date of official signature by SASAC of Yunnan Province. SASAC of Yunnan Province warrants the effective	October 31, 2018	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	In progress

			fulfillment of these commitments, and the listed company has the right to supervise its fulfillment of this commitment letter. If SASAC of Yunnan Province fails to effectively fulfill this commitment letter, leading to any actual losses to the listed company, SASAC of Yunnan Province will compensate for any and all of such direct or indirect losses so caused to the listed company. 2. New Huadu and its acting-in-concert parties undertake that: after the completion of this merger and overall listing, our company/I and any enterprises under our/my control will try the best to avoid related party transactions with the listed company. For inevitable related party transactions or those occurring for reasonable reasons, our company/I undertake (s) to conduct such transactions on an equal and voluntary basis in the principles of fairness, impartiality, and compensation for equal value, with the transaction prices to be determined based on the reasonable prices recognized in the market. Our company/I and any other enterprises under our/my control will strictly comply with the provisions of relevant laws, regulations, normative documents, and the articles of association of the listed company, perform the decision-making procedures and information disclosure obligations for related party transactions, and warrant not to harm any legitimate rights and interest of the listed company and any other shareholders through related party transactions. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company/me. Our company/I warrant(s) the effective fulfillment of these commitments, and the listed company has the right to supervise the fulfillment of this commitment letter. If our company/I fail(s) to effectively fulfill this commitment letter, leading to any actual losses to the listed company, our company/I will compensate for any and all of such direct or indirect losses so caused to the listed company.			
Commitments made during asset restructuring	State-owned Equity Management Company, New Huadu	Commitments to maintain the independence of the listed company	After the completion of this merger and overall listing, our company/institution will maintain independence from the listed company in terms of personnel, assets, business, institutions, and finance in accordance with relevant laws, regulations, and normative documents. We will not, by virtue of the identity as a related party of the listed company, engage in the acts that affect the independence of finances, or harm any rights and interest of the listed company and any other shareholders. Instead, we will effectively ensure the	October 31, 2018	Remain effective during the period of holding the shares of Yunnan Baiyao (directly and indirectly)	In progress

independence of the listed company in terms of personnel, assets, business, institutions, finance, etc. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company/institution. Our company/institution warrants the

			their then latest relevant regulations. 3. Our company/institution undertakes to effectively fulfill the relevant compensatory measures formulated by the listed company and the relevant commitments made by our company/institution. If our company/institution violates these commitments and causes any losses to the listed company or investors, our company/institution is willing to legally bear any and all of the corresponding compensation liabilities for such losses.			
Commitments made during asset restructuring	Directors, supervisors, and senior management of the listed company	Commitments regarding compensatory measures after dilution of immediate returns	1. I undertake not to transfer benefits to any other units or individuals without compensations or under unfair conditions, nor to harm any interest of the listed company in any other way. 2. I undertake to restrain my official consumption. 3. I undertake not to use the assets of the listed company to engage in investment or consumption activities unrelated to my duties. 4. I undertake that the compensation			

			businesses of the listed company. 2. New Huadu undertakes that: As of the issuance date of this commitment letter, our company and any enterprises under our control have not invested in any company, enterprise or other operating entity engaged in any business the same as, or similar to, the principal businesses of the listed company or co-operating or co-engaged, with others, in business the same as, or similar to, the principal businesses of the listed company. After the completion of this transaction, our company and any enterprises under our control will not directly or indirectly engage in any form (including but not limited to investment, M&A, affiliation, joint ventures, cooperation, partnership, contracting or leasing operations, and equity participation) in businesses that are the same as or similar to, and constitute a competition with, the principal businesses of the listed company, nor will we directly or indirectly own any absolute or relative control over any other companies, enterprises or operating entities that engage in businesses that are the same as or similar to, and constitute a competition with the principal businesses of the listed company. During the commitment period mentioned above, if the listed company actually further expands its existing principal businesses, and our company and any enterprises under our control have not yet engaged in production or operation of such new businesses, our company and any enterprises under our control will not engage in such new businesses that compete with the principal businesses of the listed company unless the listed company notifies us in writing that it would no longer engage in such new businesses. During the aforementioned commitment period, if our company and any enterprises under our control obtain from any third party any business opportunity that competes or may compete with the principal businesses of the listed company, we shall immediately notify the listed company. If the listed company provides a positive response that it is willing to take advantage of that business opportunity within the reasonable period specified in the notice, our company and any enterprises under our control will abandon that business opportunity. If our company and any enterprises under our control violate any of the above statements and commitments, leading to any damages to any rights and interest of the listed company, our company agrees to			

			and effectiveness. Our company undertakes and warrants the information provided or disclosed in this transaction is authentic, accurate, complete, and effective, without false records, misleading statements, or material omissions, and is willing to bear any and all of the corresponding individual and joint legal liabilities for that.			
Commitments made during asset restructuring	New Huadu and its acting-in-concert parties	Commitments regarding the authenticity, accuracy, and completeness of the information provided	Our company and our acting-in-concert parties have provided necessary, authentic, accurate, complete, and effective documents, materials, or oral statements and explanations for this transaction at this stage, without any concealments, false records, or significant omissions. The provided copy materials or photocopies are consistent and aligned with the original materials or originals. The signatures and seals on the provided documents and materials are authentic, with necessary legal procedures for such signatures and seals having been fulfilled, and legal authorizations having been obtained. All statements and explanations of facts are consistent with the facts that occurred. According to the progress of this transaction, our company and our acting-in-concert parties will provide relevant information and documents in a timely manner in accordance with relevant laws, regulations, rules, and relevant provisions of the CSRC and the stock exchange, and ensure that the information and documents to be constantly provided still meet the requirements of authenticity, accuracy, completeness, and effectiveness. Our company and our acting-in-concert parties undertake and warrant the information provided or disclosed in this significant asset restructuring is authentic, accurate, complete, and effective, without false records, misleading statements, or material omissions, and are willing to bear any and all of the corresponding individual and joint legal liabilities for that.	June 10, 2021	Remain effective	In progress
Commitments made during asset restructuring	Directors, supervisors, and senior management of the listed company	Commitments regarding compensatory measures after diluting immediate returns by this restructuring	1. I undertake not to transfer benefits to any other units or individuals without compensations or under unfair conditions, nor to harm any interest of the listed company in any other way. 2. I undertake to restrain my official consumption. 3. I undertake not to use the assets of the listed company to engage in investment or consumption activities unrelated to my duties. 4. I undertake that the compensation system to be formulated by the Board of Directors or Remuneration Committee in the future will be linked to the implementation of compensatory measures taken by the listed company. 5. If the listed company subsequently introduces equity incentive policies, I	June 10, 2021	Remain effective	In progress

			incentives to be announced in the future will be linked to the implementation of the compensatory measures taken by the listed company. 6. If, during the period after the date of issuance of this commitment letter and before the completion of this transaction by the listed company, the CSRC makes other regulatory requirements regarding compensatory measures and related commitments, and the above commitments fail to meet such new regulatory regulations of the CSRC, I undertake to issue supplementary commitments in accordance with the then latest CSRC regulations. 7. If I violate any of the above commitments, leading to any losses to the listed corresponding compensation liabilities for such losses so caused to the listed company or investors.			
Commitments made during asset restructuring	State-owned Equity Management Company	Commitments to maintain the independence of the listed company, reduce and regulate related party transactions, and avoid horizontal competition	1. On October 31, 2018, SASAC of Yunnan Province, as a shareholder of the listed company, issued the *Commitment Letter of SASAC of Yunnan Province on Maintaining the Independence of the Listed Company*, *Commitment Letter of SASAC of Yunnan Province on Reducing and Regulating Related Party Transactions*, and *Commitment Letter of SASAC of Yunnan Province on Avoiding Horizontal Competition*. On April 7, 2020, our company issued the *Commitment Letter of State-owned Equity Management Company on Its Undertaking of the Relevant Commitments Made in the Process of* *Commitment Letter on Undertaking* committing to fully undertake, as of the date of completion of this equity transfer (calculated from the date of registration of the underlying equity in the name of our company), the responsibilities and obligations specified in the commitment documents previously made by SASAC of Yunnan Province and continuously effective at the time of this equity transfer as set out in the following list. The list includes the foregoing three commitment letters issued by SASAC of Yunnan Province. 2. As of the date of signing this commitment letter, our company has always strictly fulfilled the commitments to maintain the independence of the listed company, reduce and regulate related party transactions, and avoid horizontal competition in accordance with the requirements of the *Commitment Letter on Undertaking*, and has not violated any of the commitments made. After the completion of this transaction, our company will continue to strictly fulfill the *Commitment Letter on Undertaking* to safeguard	June 10, 2021	Remain effective	In progress

			the interest of the listed company and any and all of its shareholders.			
Commitments made during asset restructuring	New Huadu and its acting-in-concert parties	Commitments to maintain the independence of the listed company, reduce and regulate related party transactions, and avoid horizontal competition	1. As of the date of signing this commitment letter, our company has always strictly fulfilled the *Commitment Letter on Maintaining the Independence of the Listed Company*, *Commitment Letter on Reducing and Regulating Related Party Transactions*, and *Commitment Letter on Avoiding Horizontal Competition* all issued on -in-concert parties have always strictly fulfilled the *Commitment Letter on Reducing and Regulating Related Party Transactions* issued on October 31, 2018, and have not violated any of the commitments made. After the completion of this transaction, our company and our acting-in-concert parties will continue to strictly fulfill this commitment letter to safeguard the interest of the listed company and any and all of its shareholders. 2. -in-concert parties will maintain independence from the listed company in terms of personnel, assets, business, institutions, and finance in accordance with relevant laws, regulations, and normative documents, and will not, by virtue of the identity as a shareholder and a related party of the listed company, engage in the acts that affect institutions, and finances, or harm any rights and interest of the listed company and other shareholders. Instead, they will effectively ensure the independence of the listed company in terms of personnel, assets, business, institutions, finance, etc. 3. As of the date of acting-in-concert parties and any other companies or enterprises under their control have not engaged in any business that constitute a horizontal competition with the principal businesses of the listed company and any other companies or enterprises under its control. In order to avoid horizontal competition with the listed company and safeguard the legitimate rights and interest of the listed company and other shareholders, after the completion of this transaction, our -in-concert parties and any other companies or enterprises under their control will not directly engage in businesses that are the same as, or similar to, and constitute a competition with, the principal businesses of the listed company. 4. This commitment letter shall come into effect and be irrevocable as of the date of official signature by our company and our acting-in-	June 10, 2021	Remain effective	In progress

concert parties. Our company and our acting-in-concert parties warrant the effective fulfillment of these commitments, and the listed

			stake in Shanghai Pharma after it issues bonus shares or convert public reserve funds into share capital.			
Whether the commitments are fulfilled as scheduled	Yes					

II.
Parties for Non-Operating Purposes

Not applicable

y the controlling shareholder or any of its related parties for non-operating purposes.

III. Non-compliant Provision of External Guarantees

Not applicable

There was no non-compliant provision of external guarantees during the reporting period.

IV. Engagement and Disengagement of Auditor

Whether the interim financial statements were audited or not

No

) **B**

A

Not applicable

) **B**

A

Not applicable

)

Not applicable

There was no bankruptcy or reorganization related events during the reporting period.

VII. Legal Matters

Material litigation or arbitration matters

Not applicable

During the reporting period, the Company had no material litigation or arbitration matters.

Other litigation

Applicable

Basic Information of Litigation (Arbitration)	Amount Involved	Any Estimated Liability Caused or Not	Litigation (Arbitration) Progress	Litigation (Arbitration) Trial Results and Impacts	Enforcement of Litigation (Arbitration) Judgments	Disclosure Date	Disclosure Index
Contract dispute lawsuit filed by Shanghai Yuanye Industrial Co., Ltd vs. Yunnan Baiyao Holdings Investment Co., Ltd and related parties	157,531.78	No	The first instance has not been heard yet	No updates at present	No updates at present		
Summary of	39,268.94	No	Some cases have	Summary of litigation events	Some are in the process of		

events not meeting the disclosure standards for being included in significant litigation (arbitration)			been filed to be tried; some are being under trials to be adjudicated; some have been adjudicated; some have been closed.	has no significant impact on the Company	being fulfilled or are being enforced against the opposing party in the lawsuit		

IX. Punishments and Rectifications

Not applicable

There was no punishment or rectification involving the Company during the reporting period.

X. Credit Quality of the Company as well as its Controlling Shareholder and De Facto Controller

Not applicable

XI. Significant Related Party Transactions

1. Connected transactions in relation to daily operations

Not applicable

There were no related party transactions related to daily operations during the reporting period.

2. Related party transactions arising from acquisition or sale of assets or equity

Not applicable

There were no related party transactions arising from acquisition or sale of assets or equity during the reporting period.

3. Related party transactions regarding joint investments in third parties

Not applicable

There were no related party transactions regarding joint investments in third parties during the reporting period.

4. Amounts due to and from related parties

Not applicable

There were no amounts due to and from related parties during the reporting period.

5. Transactions with related finance companies

Applicable Not applicable

There were no deposit, loan, credit or other financial business occurring between the Company and its related finance companies/related parties.

6. Transactions with related parties by finance company controlled by the Company

Applicable Not applicable

There were no deposit, loan, credit or other financial business occurred between any finance companies under the control of the Company and related parties.

7. Other significant related party transactions

Applicable Not applicable

There were no significant related party transactions during the reporting period.

XII. Major Contracts and Their Performance

1. Entrustment, contracting and leases

(1) Entrustment

Applicable Not applicable

There were no entrustment events of the Company during the reporting period.

(2) Contracting

Applicable Not applicable

There were no contracting events of the Company during the reporting period.

(3) Leases

Applicable Not applicable

There were no leases of the Company during the reporting period.

2. Major guarantees

Applicable Not applicable

There were no major guarantees of the Company during the reporting period.

3. Entrusted wealth management

Applicable

Type	Source of funding	Amount	Undue amount	Unrecovered overdue amount	Provision for impairment on unrecovered overdue amount
Bank financial products	Self-owned capital	252,204.3	262,204.3	0	0
Brokerage financial products	Self-owned capital	50,020	55,020	0	0
Total		302,224.3	317,224.3	0	0

Details of high-risk entrusted wealth management products with a significant amount per single item or of low safety and poor liquidity

Applicable Not applicable

Cases under which it is expected that the principal of entrusted financing cannot be recovered, or there may be other circumstances that may result in impairment

Applicable Not applicable

4. Other Significant Contracts

Not applicable

There were no other significant contracts of the Company during the reporting period.

XIII. Explanation for Other Significant Events

Applicable

1. Progress on the joint fund establishment with a professional investment institution

On January 7, 2025, the Company and BOC International Capital Limited executed the *Supplemental Agreement to the Partnership Agreement of Yunnan TCM Comprehensive Health Innovation Equity Investment Fund Partnership (Limited Partnership)*. The supplemental agreement amends certain provisions of the *Partnership Agreement of Yunnan TCM Comprehensive Health Innovation Equity Investment Fund Partnership (Limited Partnership)* d its industrial and commercial registration and has obtained its private-fund filing with the Asset Management Association of China. More details can be found in the *Announcement on the Progress of Establishing a Fund with a Professional Investment Institution* (Announcement No. 2025-01), disclosed by the Company on January 9, 2025 at http://www.cninfo.com.cn. The Partnership has now completed its initial capital contribution (10 % of total committed capital).

2. Senior management reaching statutory retirement age

On January 28, 2025, the Company issued the *Announcement on Senior Management Reaching Statutory Retirement Age* (Announcement No. 2025-06). Mr. Qin Wanmin, Chief Innovation Officer and Senior Vice President, resigned from all positions at the Company and its controlling subsidiaries upon reaching the mandatory retirement age. Mr. Yang Yong, Chief Compliance Officer and Senior Vice President, also tendered his resignation from all positions at the Company and its controlling subsidiaries upon reaching the mandatory retirement age.

3.

(1) On January 11, 2025, the Company disclosed the

Share Pledge (Announcement No. 2025-02). On January 10, 2025, the Company received a notice from its shareholder State-owned Equity Management Company, stating that State-owned Equity Management Company

total share capital).

(2) On January 18, 2025, the Company disclosed the

Section VI Changes in Shareholdings and Particulars about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before this change		Increase/decrease (+, -)					After this change	
	Quantity	Proportion	New shares	Bonds Shares	Capital reserve converted into share capital	Others	Subtotal	Quantity	Proportion
I. Shares subject to trading moratorium	11,567,358	0.65%	0	0	0	-98,869	-98,869	11,468,489	0.64%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned legal persons	0	0.00%	0	0	0	0	0	0	
3. Shares held by other domestic shareholders	11,567,358	0.65%	0	0	0	-98,869	-98,869	11,468,489	0.64%
Of which: shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%

98,6 469.63 63.624 929 6.29 Q8Q EM9.32 51.984 reW*CID 53/F2 -98,6 469.63 63.624 72.34 387.41 Tm0 g0 G/MCID /F2 444 .0.2

listed foreign shares									
3. Overseas-listed foreign shares	0								

					held by senior management	accordance with regulatory requirements
Chen Fashu	9,395,621	0	0	9,395,621	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Chen Yanhui	133,009	0	0	133,009	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Yin Pinyao	252,000	63,000	0	189,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Qin Wanmin	378,000	0	126,000	504,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Yang Yong	75,768	0	25,256	101,024	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Wang Jin	378,000	0	0	378,000	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Yu Juan	105,000	0	1,875	106,875	Locked-up shares held by senior management	Implemented in accordance with regulatory requirements
Total	11,567,358	252,000	153,131	11,468,489	--	--

II. Issuance and Listing of Securities

Applicable Not applicable

III. Number of Shareholders of the Company and Their Shareholdings

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	161,130	Total number of preferred shareholders with resumed voting rights at the end of the reporting period (if any)	0

Shareholdings of ordinary shareholders holding more than 5% of the shares or the top 10 ordinary shareholders (excluding lending of shares through securities finance)

Name of shareholder	Nature of shareholder	Shareholding ratio	Number of ordinary shares held at the end of the reporting period	Change during the reporting period	Number of ordinary shares subject to trading moratorium	Number of ordinary shares not subject to trading moratorium	Pledged, marked or frozen	
							Status	Quantity
Yunnan State-owned Equity Operation Management Co., Ltd.	State-owned legal person	26.20%	467,431,774	321,600	0	467,431,774	Pledged	115,500,000

New Huadu Industrial Group Co., Ltd.	Domestic non-state-owned legal person	24.42%	435,742,244	0	0	435,742,244	Pledged	75,000,000
Yunnan Hehe (Group) Co., Ltd.	State-owned legal person	8.19%	146,185,851	0	0	146,185,851	NA	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	3.98%	71,090,729	5,878,000	0	71,090,729	NA	0
China Securities Finance Corp.	Domestic non-state-owned legal person	2.09%	37,373,108	0	0	37,373,108	NA	0
Central Huijin Investment Ltd.	State-owned legal person	0.93%	16,617,440	0	0	16,617,440	NA	0
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI 300 Trading Open-End Index Securities Investment Fund	Others	0.89%	15,829,085	509,301	0	15,829,085	NA	0
China Construction Bank Corporation E Fund CSI 300 Medical and Healthcare Trading Open-End Index Securities Investment Fund	Others	0.82%	14,666,946	-1,811,360	0	14,666,946	NA	0
Chen Fashu	Domestic natural person	0.70%	12,527,495	0	9,395,621	3,131,874	NA	0
UBS Asset Management (Singapore) Ltd. -UBS Lux Investment SICAV	Overseas legal person	0.67%	11,878,208	-1,221,420	0	11,878,208	NA	0

Strategic investors or general legal persons who become the top 10 ordinary shareholders due to rights issue (if any)	Not applicable
Related or acting-in-concert parties among the shareholders above	Chen Fashu is the de facto controller of New Huadu Industrial Group Co., Ltd. It is unclear whether there are any related relationships among other shareholders or whether there is any concerted action as defined by the *Administrative Measures for Information Disclosure of Changes in Shareholdings of Listed Companies*.
Above shareholders involved in entrusting/being entrusted with voting rights and giving up voting rights	Not applicable
Special account for share repurchases (if any) among the top 10 shareholders	Not applicable

Shareholdings of the top 10 ordinary shareholders not subject to trading moratorium (excluding lending of shares through securities finance, and locked-up shares held by senior management)

Name of shareholder	Number of ordinary shares not subject to trading moratorium held at the end of the reporting period	Type of shares	
		Type	Quantity
Yunnan State-owned Equity Operation Management Co., Ltd.	467,431,774	RMB-denominated ordinary share	467,431,774

New Huadu Industrial Group Co., Ltd.	435,742,244	RMB-denominated ordinary share	435,742,244
Yunnan Hehe (Group) Co., Ltd.	146,185,851	RMB-denominated ordinary share	146,185,851
Hong Kong Securities Clearing Company Limited	71,090,729	RMB-denominated ordinary share	71,090,729
China Securities Finance Corp.	37,373,108	RMB-denominated ordinary share	37,373,108
Central Huijin Investment Ltd.	16,617,440	RMB-denominated ordinary share	16,617,440
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI 300 Trading Open-End Index Securities Investment Fund	15,829,085	RMB-denominated ordinary share	15,829,085
China Construction Bank Corporation E Fund CSI 300 Medical and Healthcare Trading Open-End Index Securities Investment Fund	14,666,946	RMB-denominated ordinary share	14,666,946
UBS Asset Management (Singapore) Ltd. -UBS Lux Investment SICAV	11,878,208	RMB-denominated ordinary share	11,878,208
China Construction Bank Corporation E Fund CSI 300 Trading Open-End Index Securities Investment Fund	11,317,260	RMB-denominated ordinary share	11,317,260
Related or acting-in-concert parties among the top 10 ordinary shareholders not subject to trading moratorium, and the top 10 ordinary shareholders not subject to trading moratorium and the top 10 ordinary shareholders	Whether there is any related relationship between the above shareholders or concerted action as stipulated in the *Administrative Measures for Disclosure of Changes in Shareholdings of Shareholders of Listed Companies* is not known.		
Top 10 ordinary shareholders involved in securities margin trading (if any)	Not applicable		

Shareholders holding more than 5% of shares, top 10 shareholders and top 10 shareholders not subject to trading moratorium participating in the lending of shares in the securities finance

Not applicable

Changes in top 10 shareholders and top 10 shareholders with shares not subject to trading moratorium compared to the previous period due to lending/returning of shares in the securities finance

Not applicable

Whether the top 10 ordinary shareholders and the top 10 ordinary shareholders not subject to trading moratorium of the Company conducted any agreed repurchase transactions during the reporting period

No

The top 10 ordinary shareholders and the top 10 ordinary shareholders not subject to trading moratorium of the Company did not conduct any agreed repurchase transactions during the reporting period.

IV. Changes in Shareholdings of Directors, Supervisors and Senior Management

Not applicable

There was no change in the shareholdings of the directors, supervisors, and senior management of the Company during the reporting period. For details, please refer to the 2024 Annual Report.

V. Changes in Controlling Shareholders or De Facto Controllers

Changes in controlling shareholders during the reporting period

Not applicable

There was no change in the controlling shareholders of the Company during the reporting period.

Change of de facto controllers during the reporting period

Not applicable

There was no change in the de facto controllers of the Company during the reporting period.

VI. Preference Shares

Applicable Not applicable

There were no preference shares in the Company during the reporting period.

Section VII Bonds

Applicable Not applicable

Section VIII Financial Statements

)

Whether the Interim Report has been audited

No

II. Financial Statements

The units in the Notes to the Financial Statements are presented in RMB.

1. Consolidated balance sheet

Prepared by: Yunnan Baiyao Group Co., Ltd.

June 30, 2025

Unit: RMB

Item		
Current assets:		
Cash and bank balance	11,293,829,360.87	10,887,983,161.30
Provision of settlement fund		
Placements with banks and other financial institutions		
Financial assets held for trading	3,121,018,919.96	2,547,113,523.40
Derivative financial assets		
Notes receivable	763,243,829.02	929,651,911.37
Accounts receivable	10,513,898,708.36	9,923,361,104.39
Accounts receivable financing	1,170,435,781.56	1,887,789,780.16
Prepayment	242,041,101.08	303,563,844.07
Premium receivable		
Reinsurance premium receivable		
Reserves for reinsurance contract receivable		
Other receivables	353,575,655.07	108,427,198.33
Including: Interest receivable		
Dividends receivable	193,031,770.84	10,348,033.98
Financial assets held under resale agreements		
Inventory	5,835,419,536.07	6,294,368,316.30
Including: Data resources		
Contractual assets		
Held-for-sales assets	3,363,423.87	
Non-current assets due within one year	487,601,083.33	480,295,722.22
Other current assets	1,290,287,380.95	788,108,579.54
Total current assets	35,074,714,780.14	34,150,663,141.08

Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investment		
Long-term receivables		
Long-term equity investments	13,157,456,514.01	12,561,276,081.35
Investment in other equity instruments	71,745,000.00	71,745,000.00
Other non-current financial assets	206,670,363.44	387,688,897.11
Investment properties	50,308,207.99	49,884,012.15
Fixed assets	3,012,711,745.68	3,012,878,828.09
Construction in progress	752,520,380.49	703,439,112.24
Productive biological assets	730,574.79	816,524.85
Oil and gas assets		
Right-of-use assets	289,367,883.81	291,177,021.52
Intangible assets	551,903,081.08	561,795,787.78
Including: Data resources		
Development expenses	39,843,228.73	25,422,461.13
Including: Data resources		

Acting underwriting of securities		
Payroll payable	1,078,562,124.67	1,283,950,828.82
Taxes and duties payable	693,672,581.84	466,603,767.14
Other payables	1,562,291,988.77	1,386,632,676.75
Including: Interest payable		
Dividends payable		86,490,742.04
Fees and commissions payable		
Reinsurance amounts payable		
Held-for-sales liabilities		
Non-current liabilities due within one year	100,970,331.44	88,436,075.74
Other current liabilities	635,018,348.15	620,862,624.93
Total current liabilities	12,813,745,845.59	12,858,491,395.24
Non-current liabilities:		
Reserves for insurance contract		
Long-term loans	2,100,000.00	2,100,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	187,252,205.06	190,656,990.23
Long-term payables	577,050,317.74	591,533,288.57
Long-term payroll payable	1,265,761.77	1,296,365.44
Estimated liabilities	19,837,374.22	12,726,280.09
Deferred income	303,124,497.76	295,493,565.32
Deferred income tax liabilities	128,209,511.70	93,867,331.53
Other non-current liabilities	1,931,554.36	1,931,554.36
Total non-current liabilities	1,220,771,222.61	1,189,605,375.54
Total liabilities	14,034,517,068.20	14,048,096,770.78
Share capital	1,784,262,603.00	1,784,262,603.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	17,689,984,883.02	17,637,148,823.48
Less: Treasury stock		
Other comprehensive income	-98,004,904.77	-101,263,356.31
Special reserves		
Surplus reserves	2,530,458,968.58	2,530,458,968.58
Provision for general risk		
Undistributed profit	18,499,899,504.32	16,981,339,385.76

parent company	40,406,601,054.15	38,831,946,424.51
Minority interests	94,372,581.72	34,138,137.76
equity	40,500,973,635.87	38,866,084,562.27
	54,535,490,704.07	52,914,181,333.05

2. Balance sheet of parent company

Unit: RMB

Item		
Current assets:		
Cash and bank balance	8,146,520,744.76	8,385,552,777.48
Financial assets held for trading	3,116,418,919.96	2,496,810,753.70
Derivative financial assets		
Notes receivable	598,517,313.80	675,593,542.66
Accounts receivable	2,132,667,904.07	1,940,715,863.84
Accounts receivable financing	503,251,844.24	591,699,974.35
Prepayment	1,349,462,450.98	1,351,285,270.04
Other receivables	6,516,373,040.55	6,501,863,512.27
Including: Interest receivable		
Dividends receivable	193,031,770.84	10,348,033.98
Inventory	610,055,221.84	1,160,234,826.84
Including: Data resources		
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year	487,601,083.33	480,295,722.22
Other current assets	780,660,624.63	443,410,111.63
Total current assets	24,241,529,148.16	24,027,462,355.03
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	15,523,839,836.50	14,927,341,039.68
Investment in other equity instruments		
Other non-current financial assets	206,170,363.44	387,188,897.11
Investment properties	360,596,170.57	350,771,014.59
Fixed assets	1,654,883,930.37	1,657,360,463.22
Construction in progress	36,341,395.36	63,945,254.57
Productive biological assets		
Oil and gas assets		

Right-of-use assets	150,960,981.16	195,572,313.66
Intangible assets	230,918,598.24	232,180,054.34
Including: Data resources		
Development expenses	39,843,228.73	25,422,461.13
Including: Data resources		
Goodwill		
Long-term deferred expenses	32,219,539.25	40,087,609.94
Deferred income tax assets	374,465,965.13	387,502,971.84
Other non-current assets	424,860,497.12	404,946,229.16
Total non-current assets	19,035,100,505.87	18,672,318,309.24
Total assets	43,276,629,654.03	42,699,780,664.27
Current liabilities:		
Short-term loans		400,133,333.33
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		
Accounts payable	4,353,320,174.25	4,018,681,496.23
Receipts in advance	825,402.71	355,324.62
Contractual liabilities	1,122,873,111.28	1,534,629,073.69
Payroll payable	829,980,581.17	940,019,555.32
Taxes and duties payable	307,298,382.98	207,921,216.70
Other payables	10,809,728,552.56	10,071,969,063.28
Including: Interest payable		
Dividends payable		86,490,742.04
Held-for-sales liabilities		
Non-current liabilities due within one year	11,820,022.95	

Other non-

Including: Interest expenses	10,739,501.71	27,648,907.91
Interest income	49,581,264.78	162,711,635.16
Plus: other income	27,406,398.49	47,920,871.74
-	839,628,716.65	477,498,314.49
Including: Income from investment in associates and joint ventures	783,530,345.39	506,633,970.31
Investment income from derecognition of financial assets at amortized cost		
-		
-		
-	70,037,496.76	4,596,876.81
-	-98,382,642.61	-82,762,335.12
-	-41,743,184.35	-3,578,594.53
-	2,552,729.83	-1,592,134.63
-	4,220,316,255.72	3,672,352,263.88
Plus: Non-operating revenue	17,525,440.99	4,431,701.71
Less: Non-operating expenses	5,969,854.92	4,755,624.76
-	4,231,871,841.79	3,672,028,340.83
Less: Income tax expenses	587,271,873.85	482,065,489.87
-	3,644,599,967.94	3,189,962,850.96
(I) Classification by operation continuity		
1. Net profit from continuing operations (net loss is indicated -	3,644,599,967.94	3,189,962,850.96
2. Net profit from discontinued operations (net loss is indicated -		
(II) Classification by ownership		
1. Net profits attributable to the shareholders of the parent -	3,632,911,303.12	3,188,829,903.10
2. -	11,688,664.82	1,132,947.86
VI. Other comprehensive income, net of tax	4,613,102.15	-8,020,440.18
Other comprehensive income attributable to owners of parent company, net of tax	3,258,451.54	-8,367,865.60
(I) Other comprehensive income that cannot be reclassified into profits or losses	-1,680,417.88	2,004,091.79
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profits or losses under the equity method	-1,680,417.88	2,004,091.79
3. Changes in fair value of other equity instrument investments		
4.		
5. Others		
(II) Other comprehensive income that will be reclassified into profits or losses	4,938,869.42	-10,371,957.39
1. Other comprehensive income that can be reclassified into profits or losses under the equity method	2,427,464.76	-7,829,531.07

-	-26,399,519.27	-5,605,130.40
-		-1,085,296.81
-	2,856,099,050.47	1,701,757,701.21
Plus: Non-operating revenue	11,400,991.25	705,167.42
[redacted]		

Net increase in customer deposits and placements from financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interest, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchase business funds		
Net cash received from acting trading of securities		
Receipts from tax refunds	3,375,249.41	5,182,541.29
Other cash receipts related to operating activities	380,592,063.79	355,397,604.71
Subtotal of cash inflows from operating activities	24,002,572,014.20	22,451,954,609.95
Cash paid for goods purchased and services received	15,188,614,073.94	15,211,108,311.76
Net increase in loans and advances to customers		
Net increase in deposits with central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements to banks and other financial institutions		
Cash paid for interest, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	1,531,166,171.38	1,450,599,844.70
Payments of all types of taxes	1,479,024,101.67	1,217,056,511.47
Other cash paid relating to operating activities	1,842,580,464.44	1,311,572,550.03
Subtotal of cash outflows from operating activities	20,041,384,811.43	19,190,337,217.96
Net cash flows from operating activities	3,961,187,202.77	3,261,617,391.99
II. Cash flows from investment activities:		
Cash received from disposal of investments	2,345,628,996.48	3,145,988.51
Cash received from returns on investments	38,011,539.40	69,197,636.37
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	982,974.51	262,565.39
Net cash received from disposal of subsidiaries and other business units	1,680,000.00	
Other cash received relating to investment activities	145,116,700.00	3,807,040,500.00
Subtotal of cash inflows from investment activities	2,531,420,210.39	3,879,646,690.27
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	204,046,627.53	248,334,378.59
Cash paid for acquisition of investments	2,800,040,000.00	900,000,000.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		

Other cash paid relating to investment activities	482,620,900.00	2,936,895,000.00
Subtotal of cash outflows from investment activities	3,486,707,527.53	4,085,229,378.59
Net cash flows from investment activities	-955,287,317.14	-205,582,688.32
III. Cash flows from financing activities:		
Cash received from absorption of investments	84,483,323.35	
minority shareholder investment	84,483,323.35	
Cash received from borrowings	10,169,668.64	1,486,779,951.02

7. Consolidated statement of changes in owners equity

Item	H1 2025														
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Undisturbed profits	Others	Subtotal	Minority interests	
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the previous year	1,784,262,603.00				17,637,148,823.48		-101,263,356.31		2,530,458,968.58		16,981,339,385.76		38,831,946,424.51	34,138,137.76	38,866,084,562.27
Plus: Changes in accounting policies															
Correction of errors in the prior period															
Others															
II. Opening balance of the current period	1,784,262,603.00				17,637,148,823.48		-101,263,356.31		2,530,458,968.58		16,981,339,385.76		38,831,946,424.51	34,138,137.76	

3. Distribution to owners (or shareholders)											-2,114,351,184.56		-2,114,351,184.56		-2,114,351,184.56
4. Others															0.00
(IV) Internal carry-over of															0.00
1. Transfer of capital reserves to capital (or share capital)															0.00
2. Transfer of surplus reserves to capital (or share capital)															0.00
3. Covering loss with surplus reserves															0.00
4. Change of defined benefit plan carried forward to retained earnings															0.00
5. Other comprehensive income carried forward to retained earnings															0.00
6. Others															0.00
(V) Special reserves															0.00
1. Provision for the period															0.00
2. Utilization for the period															0.00
(VI) Others					15,826,190.78								15,826,190.78		15,826,190.78
IV. Closing balance for the period	1,784,262,603.00				17,689,984,883.02		-98,004,904.77		2,530,458,968.58		18,499,899,504.32		40,406,601,054.15	94,372,581.72	40,500,973,635.87

Unit: RMB

Item	H1 2024														
														Minority interests	equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Provision for general risk	Undisturbed profits	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the previous year	1,796,862,549.00				18,246,619,742.09	707,428,892.15	-89,538,172.13		2,530,458,968.58		18,102,147,836.12		39,879,122,031.51	26,238,350.71	39,905,360,382.22
Plus: Changes in accounting policies															
Correction of errors in the prior period															
Others															
II. Opening balance of the current period	1,796,862,549.00				18,246,619,742.09	707,428,892.15	-89,538,172.13		2,530,458,968.58		18,102,147,836.12		39,879,122,031.51	26,238,350.71	39,905,360,382.22
III. Increase/decrease for the period (decrease is indicated with -	-12,599,946.00				-609,470,918.61	-707,428,892.15	-11,725,184.18				-1,120,808,450.36		-1,047,175,607.00	7,899,787.05	-1,039,275,819.95
(I) Total comprehensive income					15,534,263.30		-8,367,865.60				4,749,415,499.55		4,756,581,897.25	1,480,373.28	4,758,062,270.53
(II) Contribution and withdrawal of capital by owners	-12,599,946.00				-694,828,946.15	-707,428,892.15									
1. Ordinary shares invested by owners															
2. Capital invested by holders of other equity instruments															
3. Amount of share payment credited to															
4. Others	-12,599,946.00				-694,828,946.15	-707,428,892.15									
(III) Profit distribution											-5,870,223,949.91		-5,870,223,949.91	-8,040,928.52	-5,878,264,878.43
1. Withdrawal of															

surplus reserves															
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-5,870,223,949.91		-5,870,223,949.91	-8,040,928.52	-5,878,264,878.43
4. Others															
(IV) Internal carry-over of															

8.

Amount for the current period

Unit: RMB

Item	H1 2025										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undisturbed profits	Others	
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the previous year	1,784,262,603.00				17,839,540,148.42		-61,502,389.01		2,529,297,618.08	2,287,686,657.27		24,379,284,637.76
Plus: Changes in accounting policies												
Correction of errors in the prior period												
Others												
II. Opening balance of the current period	1,784,262,603.00				17,839,540,148.42		-61,502,389.01					

1. Transfer of capital reserves to capital (or share capital)												
2. Transfer of surplus reserves to capital (or share capital)												
3. Covering loss with surplus reserves												
4. Change of defined benefit plan carried forward to retained earnings												
5. Other comprehensive income carried forward to retained earnings												
6. Others												
(V) Special reserves												
1. Provision for the period												
2. Utilization for the period												
(VI) Others					15,826,190.78							15,826,190.78
IV. Closing balance for the period	1,784,262,603.00				17,855,366,339.20		-60,755,342.13		2,529,297,618.08	2,698,199,803.38		24,806,371,021.53

Amount for the previous year

Unit: RMB

Item	H1 2024											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undisturbed profits	Others	equity
		Preferred shares	Perpetual bonds	Others								
I. Closing balance of the previous year	1,796,862,549.00				18,449,011,067.03	707,428,892.15	-54,646,721.46		2,529,297,618.08	3,750,505,582.48		25,763,601,202.98
Plus: Changes in accounting policies												
Correction of errors in the prior period												
Others												
II. Opening balance of the current period	1,796,862,549.00				18,449,011,067.03	707,428,892.15	-54,646,721.46		2,529,297,618.08	3,750,505,582.48		25,763,601,202.98
III. Increase/decrease for the period (decrease -	-12,599,946.00				-679,221,383.70	-707,428,892.15	-5,825,439.28			-2,206,000,985.13		-2,196,218,861.96
(I) Total comprehensive income							-5,825,439.28			1,499,912,441.30		1,494,087,002.02
(II) Contribution and withdrawal of capital by owners	-12,599,946.00				-694,828,946.15	-707,428,892.15						
1. Ordinary shares invested by owners												
2. Capital invested by holders of other equity instruments												
3. Amount of share payment credited to												
4. Others	-12,599,946.00				-694,828,946.15	-707,428,892.15						
(III) Profit distribution										-3,705,913,426.43		-3,705,913,426.43
1. Withdrawal of surplus reserves												
2. Distribution to owners (or shareholders)										-3,705,913,426.43		-3,705,913,426.43
3. Others												
(IV) Internal carry-over												

1. Transfer of capital reserves to capital (or share capital)												
2. Transfer of surplus reserves to capital (or share capital)												

III. Basic Information of the Company

1. Place of registration, form of organization and address

the change, the share capital of the Company increased from 694,266,479 shares to 1,041,399,718 shares.

The Company underwent a merger and overall listing with Baiyao Holdings by issuing shares to three shareholders of Baiyao Holdings: SASAC of Yunnan Province, New Huadu and Jiangsu Yuyue. This merger and overall listing were successfully completed on June 1, 2019, with the Company as the existing entity. As a result, the Company acquired all the assets, liabilities, businesses, contracts, and other rights and obligations of Baiyao Holdings. Following the completion of the transaction, the 432,426,597 shares of the listed company previously held by Baiyao Holdings were canceled. The merger and overall listing brought in a newly registered capital of 1,277,403,317.00 after this change.

A total of 236,003,599 newly issued shares subject to trading moratorium were issued, with a listing date of July 3, 2019, and the shares were listed on the Shenzhen Stock Exchange. Upon completion of this transaction, SASAC of Yunnan Province and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and neither of them obtained control over the Company.

On May 22, 2020, SASAC of Yunnan Province transferred its 321,160,222 shares of the Company to State-owned Equity Management Company at nil consideration. Upon completion of this transfer, State-owned Equity Management Company and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company,

shareholder.

On December 8, 2021, SASAC of Yunnan Province transferred 100% of its shares of State-owned Equity Management Company into Yunnan Investment Group. After the equity transfer, Yunnan Investment Group held 321,160,222 shares of the Company through the State-owned Equity Management Company, accounting for 25.04% of the total share capital of the Company. State-owned Equity Management Company and New Huadu with its acting-in-

situation of not having a de facto controller or controlling shareholder.

Annual Equity Distribution Plan had been considered and approved

follows: Based on the total share capital on the equity registration date when the distribution plan was implemented in the future, a cash dividend of RMB 16.00 (including tax) for every 10 shares and 4.00 bonus shares (including tax) for every 10 shares would be distributed to all shareholders, and there would be no conversion of share capital from the capital reserve. On April 21, 2020, the fourth session of the ninth Board of Directors of the Company in 2020 and the third session of the ninth Supervisory Committee of the Company in 2020 respectively considered and approved the *Proposal on Granting Stock Options (Initially Granted Part) to Incentive Participants of the 2020 Equity Incentive Plan*. As of December 31, 2022, the Company had completed distributing dividends of 513,206,278 shares and stock exercises of 941,029 shares, increasing its share capital to 1,796,862,549 shares.

On April 23, 2024, the Company disclosed the *Announcement on Completion of Cancellation of the Repurchased Shares and Changes in Shares* (Announcement No. 2024-21). The Company completed the cancellation of the aforesaid 12,599,946 repurchased shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on April 19, 2024. Upon completion of the cancellation of the shares repurchased,

the total number of shares of the Company was 1,784,262,603.00. The shares repurchased for cancellation will not

As of June 30, 2025, the Company has a total capital of 1,784,262,603 shares, with 0 shares in treasury. The situation that the Company has no de facto controller and no controlling shareholder remain unchanged.

3. Business nature and principal businesses of the Company

The business nature and operating activities of the Company and its subsidiaries (collectively referred to as) mainly include: R&D, manufacturing, and sales of chemical APIs, chemical preparations, Chinese patent medicines, TCM materials, biological products, medical devices, healthcare food, food, beverages, special labor protection products, non-household textile products, daily chemical products, cosmetics, outdoor products; Sales of rubber pastes, plasters, disinfectant products, electronic and digital products; Information technology, science and technology and economic and technological consulting services; Import and export of goods; Property operation and management (carrying out business activities with qualification certificates), wholesale and retail of drugs, logistics and distribution, etc (For items that require approval according to law, business activities of these projects can only be carried out after approval by relevant departments).

4. These financial statements were approved for reporting by a resolution of the Board of Directors of the Company dated August 28, 2025.

As of June 30, 2025, there were 114 consolidated financial statements. For details, please refer to Note IX in Other The Group had 3 new entities included in its consolidated financial statements compared to the end of the previous year. For details,

IV. Basis for Preparation of Financial Statements

1. Basis for preparation

The financial statements of the Group are prepared on the basis of going concern assumptions, based on actual transactions and events that occur and in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance *(*issued by Decree No. 33 of the Ministry of Finance, revised by Decree No. 76 of the Ministry of Finance), 40 specific accounting standards, *Guidelines for the Application of Accounting Standards for Business Enterprises*, interpretations of *Accounting Standards for Business Enterprises* and other relevant provisions promulgated and revised on and after February 15, 2006 (*Accounting Standards for Business Enterprises*), as well the disclosure provisions of the *Rules No.15 for Governing the Disclosure of Information by Companies Issuing Public Securities - General Provisions for Financial Reporting (Revised in 2023)* issued by CSRC.

In accordance with the relevant provisions of the *Accounting Standards for Business Enterprises* accounting is based on the accrual basis. Except for certain financial instruments, these financial statements are prepared at historical cost. In case of asset impairment, provision for impairment would be made according to the relevant regulations.

2. Going concern basis

The Company and the Group evaluated their abilities to continue as a going concern for at least 12 months from the end of the reporting period and there are no material matters affecting their abilities to continue as a going

concern.

V Significant Accounting Policies and Accounting Estimates

Notes on specific accounting policies and accounting estimates:

Based on the actual production and operation characteristics and in accordance with the provisions of relevant accounting standards for enterprises, the Group has formulated a number of specific accounting policies and accounting estimates for transactions and matters such as revenue recognition and R&D expenses. For details, see the descriptions under Section 31 s of significant accounting judgments and estimates made by the management, please refer to Section 36 Other Significant Accounting Policies V.

1. Statement of compliance with the ASBEs

The financial statements prepared by the Company are in compliance with the requirements of the *Accounting Standards for Business Enterprises* (ASBEs), and have reflected truly and completely such relevant information as the financial positions of the Company and the Group as of June 30, 2025 as well as the business results and cash flows of the Company and the Group for the first half of 2025. In addition, all significant aspects of the financial statements of the Company and the Group also comply with the disclosure requirements about the financial statements and their notes in the *Rules No.15 for Governing the Disclosure of Information by Companies Issuing Public Securities - General Provisions for Financial Reporting* as amended by the CSRC in 2023.

2. Accounting period

reporting period less than a full accounting year. The accounting year of the Group is the calendar year that starts from January 1 and ends on December 31.

3. Operating cycle

The normal operating cycle refers to the period from purchasing the assets for processing to realizing the cash or cash equivalents. The operating cycle of the Group consists of 12 months which is the standard of the classification for the liquidity of the assets and liabilities.

4. Reporting currency

RMB is the currency used in the major economic environment where the Company and its domestic

foreign subsidiaries select HKD as their reporting currencies based on the currency of the primary economic environment in which they operate. The currency used by the Group in preparing the financial statements is RMB.

5. Determination method and selection basis of materiality standards

Applicable Not applicable

Item	Materiality standards
Significant accounts receivable, bad debt provisions to be recovered or reversed	The single provision amount accounts for more than 10% of the total amount of bad debt provision for various types of receivables and the amount is greater than RMB 5 million

Actual write-off of significant receivables	The value of a single item is greater than RMB 5 million
Significant construction in progress	Projects with budgets exceeding RMB 50 million or deemed to be of significance
Significant advance receipts	The amount of a single advance receipt with an age of more than 1 year is greater than RMB 5 million
Significant contract liabilities	A single contractual liability with an age of more than 1 year accounts for more than 10% of the total contractual liabilities and the amount is greater than RMB 100 million
Significant accounts payable aged over one year or overdue	The amount of a single account payable is greater than RMB 5 million
Significant other payables aged over one year or overdue	The amount of a single item is greater than RMB 5 million
Significant dividends payable outstanding for over one year	The amount of a single item is greater than RMB 100 million
Receipts and payments of significant cash related to investment activities	The amount of a single item is greater than RMB 100 million
Significant offshore operating entity	The net assets of the economic entity exceed RMB 100 million
Significant structured entity	The net assets of the structured entity exceed RMB 2 million
Significant non-wholly-owned subsidiaries	The net assets of the subsidiary exceed RMB 100 million
Significant capitalized R&D projects	The year-end balance of a single project exceeds RMB 50 million
Significant outsourced project under research	The amount of a single project accounts for more than 20% of the total R&D investment
Significant investment activities	A single investment activity accounts for more than 10% of the total cash inflow or outflow related to the investment activities and the amount is greater than RMB 1 billion

Significant joint ventures or associates

6. Accounting treatment for business combination under common control and not under common control

A business combination refers to the transaction or matter in which one reporting subject formed due to the combination of two or above separate entities. A business combination can be classified as the combination under common control and not under common control.

(1) Business combination under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination under common control, the party that obtains the control of the other parties on the combination date is the acquirer, and other parties involving in the business combination are the acquirees. The combination date is the date on which the acquirer effectively obtains the control of the acquirees.

Assets and liabilities that are obtained by the acquirer in a business combination shall be measured at their book value at the combination date as recorded by the acquirees. The difference between the book value of the net assets obtained and the book value of the consideration paid by the acquirer for the combination (or the aggregate par value of the issued shares) shall be adjusted to share premium under capital reserve (or capital premium). If the share

accordance with the determination standards as contained in the *Circular on the Publishment of Interpretation No.5 on Accounting Standards for Business Enterprises Issued by the Ministry of Finance (*Finance and Taxation (2012) No. 19) and Section 51 of *Accounting Standards for Business Enterprises No.33 - Consolidated Financial Statements* (See Item (2)).

for in accordance with the previous paragraphs and Section 17 -term equit

statements, the initial cost of the investment shall be the sum of the book value of equity investment held in the acquiree prior to the acquisition date and the amount of additional investment made to the acquiree at the acquisition date. Other comprehensive income relating to the equity interest held in the acquiree prior to the acquisition date shall be, upon disposal of the investment, accounted for in accordance with the same basis as that the acquiree adopts in directly disposing of relevant assets or liabilities.

In the consolidated financial statements, the equity interest held in the acquiree prior to the acquisition date is re-measured according to its fair value at the acquisition date; the difference between the fair value and the book value is recognized as investment income for the current period. Other comprehensive income relating to the equity interest held in the acquiree prior to the acquisition date shall be accounted for in accordance with the same basis as that the acquiree adopts in directly disposing of relevant assets or liabilities.

7. Judgement criteria of control and preparation of consolidated financial statements

(1) Criteria for the recognition of scope of consolidated financial statements

The scope of consolidation shall be determined based on the concept of control. Control means that the Group has the ability to use its power over the investee to influence the amount of its returns. The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries, which are defined as those entities controlled by the Group.

Once any change in the facts and circumstances arises which leads to a change in the elements involved in the definition of control, the Group will conduct an assessment.

(2) Preparation of consolidated financial statements

Subsidiaries are consolidated from the date on which the Group obtains their net assets and actual control over their operating decisions, and are deconsolidated from the date when such control ceases. For subsidiaries being disposed of, the business results and cash flows prior to the date of disposal are duly included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of during the period, the opening balances of the consolidated balance sheet would not be restated. For subsidiaries acquired from a business combination not under common control, their operating results and cash flows subsequent to the acquisition date are included in the consolidated income statement and consolidated cash flow statement, and the opening balances and comparative figures in the consolidated financial statements would not be restated. For subsidiaries acquired from a business combination under common control and acquirees from a merger by absorption, their operating

results and cash flows from the date of commencement of the period in which the combination occurred to the date of combination are included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements would be restated.

In preparing the consolidated financial statements, where the accounting policies or the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises not under common control, the financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant intra-group balances, transactions and unrealized profits are offset in preparing the consolidated financial statements.

attributable to the Company are recognized as minority interests and profits and losses attributable to minority

s attributable to minority interests is recognized as

-term equity

(please see Item

10. Foreign currency business and foreign currency statement translation

The method for determining the conversion exchange rate in foreign currency transactions

Upon initial recognition, the foreign currency transactions of the Group are converted into the amount of reporting currency according to the spot exchange rate of the trading day (usually referring to the median price of).

(1) Translation of foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, if the foreign currency monetary items are translated at the spot rate of the balance sheet date, the resulting exchange difference, except for Exchange differences arising from special loans in foreign currencies related to the acquisition and construction of assets eligible for capitalization, which shall be treated in accordance with the principle of capitalization of borrowing costs; Exchange differences of hedging instruments used to operate effective hedging of net investment abroad (this difference is included in other comprehensive income and is not recognized as current profits and losses until the net investment is disposed of) and foreign currency monetary items classified as measured at fair value through other comprehensive income, shall be recorded into current profits and losses, provided that exchange differences resulting from changes in other book balances other than amortized costs (including impairment) shall be recorded in other comprehensive income.

The non-monetary foreign currency items measured at historical cost shall be measured at the amount of reporting currency that is translated into based on the spot rate on the transaction date. For non-monetary foreign currency items measured at fair value, the exchange rate prevailing at the date when the fair value is determined is used for translation, and the difference between the translated amount of the reporting currency and the original amount of the reporting currency shall be treated as the change in fair value (including change of exchange rate) and recorded in current profits and losses or recognized as other comprehensive income.

(2) Translation of foreign currency financial statement

Foreign currency financial statements of overseas operations are translated into RMB statements in the following ways: The items of assets and liabilities in the balance sheet were translated at the spot exchange rate on ot rate at the time of occurrence except

average exchange rate of the current period on the date of occurrence of the transaction. The undistributed profit at the beginning of the year is the undistributed profit at the end of the year after the conversion of the previous year; The undistributed profit at the end of the period is calculated and shown on the basis of each item of profit distribution after translation; The difference between the total amount of asset items and liability items and

statements and recognized as other comprehensive income. Upon disposal of an overseas operation and loss of control, the conversion difference of the foreign currency statement related to the overseas operation, as shown red to the profits and losses of the disposal of the current period in full or in proportion to the disposal of the overseas operation.

Foreign currency cash flow and cash flow of overseas subsidiaries shall be translated at the spot exchange rate in the period when the cash flow is generated. The effect of exchange rate changes on cash is presented separately

in the cash flow statement as an adjustment item.

The figures for the beginning of the year and the actual figures for the previous year are presented in accordance with the amounts of the financial statements of the previous year after translation.

Upon the disposal of all the
overseas operations due to the disposal of part of the equity investment or other reasons, the translation difference
ity of the overseas operations attributable to the parent

and losses of the disposal period.

When part of the equity investment is disposed of or the proportion of overseas operating interest is reduced for other reasons but the control of overseas operations is not lost, the difference in the translation of foreign currency statements related to the disposal part of the overseas operation w
equity and will not be transferred to the current profits and losses. Upon disposal of part of the equity of the overseas operation as an associate or joint venture, the translation difference of the foreign currency statement related to the overseas operation shall be transferred to the profits and losses of the disposal period in proportion to the disposal of the overseas operation.

If there are foreign currency monetary items that substantially constitute net investments in overseas operations, the exchange difference resulting from changes in exchange rates shall be recognized as other comprehensive
pon
disposal of the overseas operations, it shall be included in the profits and losses of the disposal period.

11. Financial instruments

When the Group becomes a party to a financial instrument contract, it shall recognize a financial asset or financial liability.

(1) Classification, recognition and measurement of financial assets

The Group has classified the financial assets as financial assets at amortized cost; financial assets at fair value through other comprehensive income and financial assets at fair value through profits and losses based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are measured at fair value on initial recognition. For financial assets at fair value through profits and losses, the related transaction costs are recognized directly in profits and losses; and for other categories of financial assets, the related transaction costs are recognized in initial recognition amounts. For the accounts receivable or notes receivable arising from the sale of products or the provision of services that do not contain or take into account a significant financing component, the amount of consideration to which the Group is expected to be entitled shall be taken as the initial recognition amount.

Financial assets at amortized cost

contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic borrowing arrangement, that is, the cash flows generated on a specific date are only payments of principal and

interest based on the outstanding principal amount. For such financial assets, the effective interest rate method is used for subsequent measurement at amortized cost, and any profits or losses arising from amortization or impairment is included in the current profits and losses.

Financial assets at fair value through other comprehensive income

The

contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic borrowing arrangement. The Group measures such financial assets at fair value and their changes are recognized in other comprehensive income, but impairment losses or gains, exchange profits and losses and interest income calculated under the effective interest rate method are recognized in current profits and losses.

In addition, the Group has designated certain non-trading equity instrument investments as financial assets at fair value through other comprehensive income. The Group recognizes the relevant dividend income of such financial assets in current profits and losses and the fair value changes in other comprehensive income. Upon the derecognition of the financial assets, the accumulated profits and losses previously recognized in other comprehensive income are transferred from other comprehensive income to retained earnings and are not recognized in the current profits and losses.

Financial assets at fair value through profits and losses

comprehensive income as described above are classified as financial assets at fair value through profits and losses. In addition, at the time of initial recognition, in order to eliminate or significantly reduce accounting misalignments, the Group designated certain financial assets as financial assets at fair value through profits and losses. Such financial assets are subsequently measured at fair value, with changes in fair value recognized in the current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profits and losses and other financial liabilities at the time of initial recognition. For financial liabilities at fair value through profits and losses, the related transaction costs are recognized directly in profits or losses, and for other financial liabilities, the related transaction costs are recognized in their initial recognition amounts.

Financial liabilities at fair value through profits and losses

The financial liabilities at fair value through profits and losses include financial liabilities held for trading (including derivatives that are financial liabilities) and those designated as financial liabilities at fair value through profits and losses at the initial recognition.

Financial liabilities held for trading (including derivatives that are financial liabilities) are subsequently

the cumulative change in its fair value caused by changes in its own credit risk included in other comprehensive income is transferred to retained earnings when such liabilities are derecognized. Other changes in fair value are included in current profits and losses. If the treatment of the effect of the change in the credit risk of the financial liabilities in the manner described above would cause or widen the accounting mismatch in profits and losses, the Group would recognize the full profits or losses of the financial liabilities (including the amount affected by the change in the credit risk of the enterprise) in the current profits and losses.

Other financial liabilities

Financial liabilities other than those resulting from the transfer of financial assets that does not meet the conditions for derecognition or continues to be involved in the transfer of financial assets, and other financial liabilities excluding financial guarantee contracts are classified as financial liabilities at amortized cost, which are subsequently measured at amortized cost, and the profits and losses resulting from the derecognition or amortization are included in current profits and losses.

(3) Recognition basis and measurement method for transfer of financial assets

A financial asset is derecognized if it meets any of the following conditions: The contractual right to receive the cash flow of the financial asset is terminated; The financial asset has been transferred, and substantially all the risks and returns of ownership of the financial asset have been transferred to the transferee; The financial asset has been transferred, substantially all the risks and returns of ownership of the financial asset have neither been transferred nor retained, but the control over the financial asset has been relinquished.

If neither substantially all the risks and returns of ownership of a financial asset are transferred nor retained, and the control over the financial asset is not relinquished, the underlying financial asset shall be recognized to the extent of its continuing involvement in the transferred financial asset, and the related liability shall be recognized accordingly. The extent of continued involvement in the transferred financial asset is the level of risk to which the enterprise is exposed as a result of changes in the value of that financial asset.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the consideration received as a result of the transfer and the cumulative change in the fair value originally included in other comprehensive income is included in the current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned between the portion derecognized and the portion not for derecognition according to their relative fair value. The difference between the sum of the consideration received as a result of the transfer and the cumulative changes in fair value originally included in other comprehensive income that should be apportioned to the portion derecognized and the above-mentioned book value apportioned are recognized in current profits and losses.

If the Group sells the financial assets by recourse or makes endorsement transfer of the financial assets it holds, it is necessary to determine whether virtually all risks and returns in the ownership of the financial asset have been transferred. If the Group has transferred substantially all the risks and returns related to the ownership of a financial

asset to the transferee, the Group shall derecognize the financial asset. If substantially all the risks and returns related to the ownership of a financial asset are retained, the financial assets shall not be derecognized. If substantially all the risks and returns related to the ownership of the financial asset are neither transferred nor retained, whether the enterprise retains control of the asset shall be determined and accounting treatment shall be made in accordance with the principles described in the preceding paragraphs.

(4) Derecognition of financial liabilities

A financial liability (or a portion thereof) is derecognized when the present obligation is discharged. If an agreement is entered into between the Group (the borrower) and the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from those of the original financial liability, the original financial liability is derecognized and the new financial liability is recognized at the same time. If the Group materially modifies the contractual terms of the original financial liability (or part thereof), it shall derecognize the original financial liability and recognize a new financial liability in accordance with the modified terms.

If a financial liability is derecognized in whole or in part, the difference between the book value of the derecognized portion and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in current profits and losses.

(5) Offsetting of financial assets and financial liabilities

When the Group has the legal rights to offset the financial assets and financial liabilities whose amounts have been recognized, the legal rights are currently exercisable, and the Group plans to settle with net amount or realize the financial asset and repay the financial liability simultaneously, the financial assets and financial liabilities can be presented in the balance sheet with the net amount after they are mutually offset. Apart from this, financial assets and financial liabilities shall be presented separately in the balance sheet and not be offset against each other.

(6) Methods for determining the fair value of financial assets and financial liabilities

Fair value is the price that a market participant would receive to sell an asset or pay to transfer a liability in an orderly transaction occurring on the measurement date. Regarding the financial instruments for which there is an active market, the Group uses quoted prices in an active market to determine their fair values. A quoted price in an active market is a price that is readily available on a regular basis from an exchange, broker, trade association, pricing service agency, etc., and represents the price of a market transaction that actually takes place in a fair trade. If there is no active market for the financial instrument, the Group uses valuation techniques to determine its fair value. The valuation techniques include reference to prices used in recent market transactions by the parties who are familiar with the situation and willing to deal, reference to the current fair value of other substantially identical financial instruments, the discounted cash flow method, and option pricing models. In the valuation, the Group will adopt the valuation techniques applicable in the current situation and supported by sufficiently available data and other information, select the input values that are consistent with the characteristics of the asset or liability considered by market participants in the transaction of the relevant asset or liability, and give priority to the relevant observable input values when possible. The non-observable input values will be used only when the relevant observable input values are unavailable or not practicable to obtain.

(7) Equity instruments

(including refinancing), repurchase, sale or cancellation of equity instruments is treated as changes in equity, and the transaction expenses related to equity transactions are deducted from equity. The Group does not recognize the changes in fair value of equity instruments.

Dividends ( ) distributed during the existence

(8) Impairment of financial assets

The financial assets for which the Group needs to recognize impairment losses are financial assets at amortized cost, debt instruments at fair value through other comprehensive income, lease receivables, which mainly include notes receivable, accounts receivable, receivables financing, other receivables, debt investments, other debt investments, long-term receivables, etc. In addition, for contractual assets and certain financial guarantee contracts, impairment provisions are made and credit impairment losses are recognized in accordance with the accounting policies described in this section.

Recognition of provision for impairment losses

On the basis of expected credit losses, the Group makes an impairment provision and recognizes credit impairment losses for each of the above items in accordance with its applicable expected credit losses measurement method (general method or simplified method).

Credit losses represent the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received by the Group, discounted at the original effective interest rate, i.e., the present value of all cash shortfalls. Financial assets purchased or originated by the Group that are credit impaired shall be discounted at the credit-adjusted effective interest rate of the financial assets.

The general method of measurement of expected credit losses means that the Group assesses at each balance sheet date whether the credit risk of financial assets (including contractual assets and other applicable items, the same below) has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Group measures the loss provision at an amount equivalent to the expected credit losses over the entire duration; If credit risk does not increase significantly since the initial recognition, the Group measures the loss provision at an amount equivalent to expected credit losses over the next 12 months. The Group will consider all the reasonable and evidence-based information, including forward-looking information, when assessing expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition, and measures the provision for losses based on expected credit losses over the next 12 months.

Criteria for determining whether credit risk has increased significantly since the initial recognition

If the probability of default of a financial asset during the estimated duration determined on the balance sheet date is significantly higher than the probability of default during the estimated duration determined at the time of

initial recognition, it indicates that the credit risk of the financial asset has significantly increased. Except in exceptional circumstances, the Group uses the change in default risk occurring over the next 12 months as a reasonable estimate of the change in default risk occurring over the duration to determine whether credit risk has increased significantly since the initial recognition.

The portfolio-

Method for calculating aging years based on credit risk characteristics portfolio: The Group calculates the aging years of accounts receivable based on the principle of First Occurrence, First Recovery.

Recognition criteria for provision of bad debts of a single account receivable: The Group conducts separate impairment tests on accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit status of the debtor, low possibility of future repayment, and credit impairment that has occurred.

c. Accounts receivable financing

Notes and accounts receivable measured at fair value through other comprehensive income are presented as accounts receivable financing if their maturities are within one year (including one year) from the initial recognition date. The Group measures the loss provision at the amount equivalent to expected credit losses in the entire duration.

Apart from the accounts receivable financing for single assessment of credit risk, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining the portfolio
Related party within the consolidation scope	This portfolio represents amounts receivable of the Company within the scope of consolidation.
Account age portfolio	The portfolio takes the age of receivables as the credit risk characteristics.

Method for calculating aging years based on credit risk characteristics portfolio: The Group calculates the aging years of accounts receivable based on the principle of First Occurrence, First Recovery.

Recognition criteria for provision of bad debts of a single account receivable: The Group conducts separate impairment tests on accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit status of the debtor, low possibility of future repayment, and credit impairment that has occurred.

d. Other receivables

Based on whether the credit risk of other receivables has increased significantly since initial recognition, the Group measures the loss provision at the amount equivalent to expected credit losses in the next 12 months or the entire duration. Apart from the other receivable for single assessment of credit risk, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining the portfolio
Related party within the consolidation scope	This portfolio represents amounts receivable of the Company within the scope of consolidation.
Account age portfolio	The portfolio takes the age of receivables as the credit risk characteristics.

Method for calculating aging years based on credit risk characteristics portfolio: The Group calculates the aging years of accounts receivable based on the principle of First Occurrence, First Recovery.

Recognition criteria for provision of bad debts of a single account receivable: The Group conducts separate impairment tests on accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit status of the debtor, low possibility of future repayment, and credit impairment that has occurred.

12. Notes receivable

11.

13. Accounts receivable

1

14. Accounts receivable financing

Notes and accounts receivable at fair value through other comprehensive income are presented as accounts receivable financing if their maturities are within one year (including one year) from the initial recognition date. The Notes and accounts receivable with the maturity of more than 1 year since the initial recognition date are presented as other debt investments. For the relevan
under this Note.

15. Other receivables

Method of determining expected credit losses on other receivables and the accounting treatment

Method of determining expected credit losses on other receivables and the accounting treatment

For the method of determining expected credit losses on other receivables and the accounting treatment, please

16. Inventories

(1) Categories of inventories

Inventories mainly include raw materials, packaging and low-value consumable goods, products in process, goods in stock, consumable biological assets, development costs, development products, etc.

(2) Pricing of inventories

Inventories are initially measured at actual cost. The cost of inventories includes procurement cost, processing cost and other costs. Inventories are measured by the weighted average method upon delivery.

(3) Determination of net realizable value of inventories and method of making provision for inventory impairment

The net realizable value of inventories refers to the estimated selling price deducted by estimated costs until they are made into finished goods, estimated selling expense and relevant taxes in daily activities. The determination of the net realizable value of inventories is based on conclusive evidence obtained, taking into account the purpose for which the inventories are held and the effect of events after the balance sheet date.

Inventories are measured at the lower of cost or net realizable value at the balance sheet date, and provision for their impairment shall be made when the net realizable value is below the cost of inventories. Provision for inventory impairment is made on the basis of the difference whereby the cost of one single inventory item exceeds its net realizable value. For inventories with large quantities and low unit prices, provision for inventory impairment shall be made according to inventory categories. Inventories that are related to product series produced and sold in the same region and have the same or similar end use or purpose, and are difficult to be documented separately from other items that shall be combined for making provision for inventory impairment.

After provision for inventory impairment is made, if the factors that once resulted in the impairment disappear, leading to the net realizable value of inventories higher than their book value, the provision of inventory impairment shall be reversed to the extent of provision previously made, and the reversed amount shall be recognized in current profits and losses.

(4) The inventory system shall be the perpetual inventory system.

(5) Amortization of low-value consumables and packaging materials

The low-value consumables and packaging materials are amortized using a one-off amortization method.

17. Long-term equity investments

Long-term equity investments in this section refers to any equity investment by which the Group has control, common control or significant influence over the investee. Long-term equity investments by which the Group does not have control, common control or significant influence over the investee are accounted for as financial assets at fair value through profits or losses. If they are non-trading, the Group may elect to designate them as financial assets at fair value through other comprehensive income at the time of initial recognition. For the accounting policies,

IV.

ractually agreed sharing of control over an arrangement, and the activities under which must be decided by unanimous agreement from parties who share the control. Significant influence is the power of the Group to participate in the decision-making for financial and operating policies of an investee, but not to control or common control the formulation of such policies together with other parties.

(1) Determination of investment cost

For long-term equity investments acquired relating to business combination under common control, the initial

equity from the combined party as a

consolidated financial statements of the ultimate controlling party. The difference between the said initial investment cost and the sum of cash being paid, non-cash assets being transferred and book value of liabilities being assumed shall be adjusted against the capital reserve; or, in case of insufficient capital reserve to cover the difference, against the retained earnings accordingly. In case that the consideration of the business combination is satisfied by issuing equity securities, the initial investment cost of the long-term equity investments is determined on the date

the book

With the sum of par values of shares being issued as the share capital, the difference between the said initial investment cost and the sum of par values of shares being issued shall be adjusted against the capital reserve; or, in case of insufficient capital reserve to cover the difference, against the retained earnings accordingly. Where a business combination under common control is achieved by acquiring the equity of a combined party under common control in phases through multiple transactions, following policies shall apply depending on whether those

unt for all transactions together as the one

deal to obtain the control; if not, the initial investment cost of the long-term equity investments shall be determined

m the combined party as

controlling party, while the difference between the initial investment cost and the sum of book value of long-term equity investments before the consolidation and that of consideration newly paid to acquire additional equities on the date of consolidation shall be adjusted against the capital reserve, or, in case of insufficient capital reserve to cover the difference, against retained earnings accordingly. Accounting treatment is currently not required for other comprehensive income that has been recognized due to the adoption of equity method in accounting or the classification as financial assets at fair value through other comprehensive income in respect of equity investments held before the date of consolidation.

For the long-term equity investments acquired relating to business combination not under common control, the initial investment cost is the cost of combination on the date of acquisition which equals to the aggregate fair value of assets transferred, liabilities incurred or assumed and equity securities issued by the acquirer. Where a business combination not under common control is achieved by acquiring the equity of a combined party under common control in phases through multiple transactions, following policies shall apply depending on whether those

er as the one

deal to obtain the control; if not, the initial investment cost of the long-term equity investments that is re-accounted for using the cost method shall be the sum of book value of long-term equity investments previously held by the acquirer in the acquiree and new investment cost. Accounting treatment is currently not required for other comprehensive income in respect of equity investments that have been accounted for using the equity method.

The intermediary expenses on items such as audit, legal service and valuation advisory for business combination and other related administrative expenses incurred by the combining party or acquirer are recognized in current profits and losses upon their occurrence.

Long-term equity investments other than those formed by business combination is initially measured at cost which varies depending on the different ways of acquiring the long-term equity investments and is determined by considering the amount of actual cash paid by the Group, the fair value of the equity securities issued by the Group, the conventional value stipulated in the investment contract or agreement, the fair value or original book value of the assets surrendered in the non-cash and bank balance swap transaction, the fair value of the long-term equity investments itself, and etc. The expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investments are also included in the investment cost. For additional long-term equity investments that entitles the Company with significant influence or common control but not control over the investee, its cost of investment is the sum of fair value of equity investments that have been held plus new cost of investment pursuant to the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instrument*.

(2) Subsequent measurement and recognition method of profits and losses

A long-term equity investment with common control (excluding that constituting a joint venture) over or significant influence on the investee is accounted for by using the equity method, and a long-term equity investment

Long-term equity investment accounted for with cost method

When a long-term equity investment is accounted for with cost method, its price is measured at initial investment cost, and when the long-term equity investment is added or disposed, its cost is adjusted accordingly. The cash dividend or profit declared by the investee, except for the cash dividend or profit declared but not yet granted that is included in the price or consideration actually paid upon the acquisition of the investment, shall be recognized as investment income for the period.

Long-term equity investment accounted for with equity method

When a long-term equity investment is accounted for with equity method and its initial investment cost is e net assets attributable to the investor because of the investment, its initial cost shall not be adjusted; if lower, the difference shall be recognized in the current profits and losses, and its cost shall be adjusted accordingly.

When a long-term equity investment is accounted for with equity method, the investment income and other comprehensive income arising therefrom are recognized in accordance with the proportion of net profits and losses and other comprehensive income of the investee attributable to the investor, and the book value of long-term equity investments is adjusted accordingly; if any profit or cash dividend is declared by the investee, the book value of long-term equity investments shall be reduced according to the part of profit or dividends attributable to the investor; and losses, other comprehensive income and profit distribution, such change shall be adjusted against the book value of long-term equity investments and net profits and losses based on fair value of the identifiable assets at the time of acquisition, after making appropriate adjustments to net profits thereto. In case of any inconsistency between the accounting policies and accounting periods adopted by the investee and by the Group, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Group, and the gain on investment and other comprehensive income shall be recognized accordingly. In respect of the transactions between the Group and its associates and joint ventures in which the assets invested or disposed of are not part of the business, the share of unrealized profits and losses arising from inter-group transactions shall be offset by the portion attributable to the Group, and the profits and losses on investment shall be recognized accordingly. However, any unrealized loss arising from inter-group transactions between the Group and an investee is not offset to the extent that the loss is impairment loss of the assets transferred. Where the Group invests to its joint ventures or associates an asset forming part of a business, giving rise to the acquisition of a long-term equity investment by the investor without obtaining control, the initial investment cost of the additional long-term equity investments shall be recognized at fair value of the business invested. The difference between initial investment cost and book value of the business invested will be fully included in current profits and losses. Where the Group disposes of an asset forming part of a business to its associates or joint ventures, the difference between the consideration received and the book value of the business shall be fully included in current profits and losses. Where the Group acquires from its associates or joint ventures an asset forming part of a business, the profits or losses related to the transaction shall be accounted for and recognized in accordance with the *Accounting Standards for Business Enterprises No. 20 - Business Combination*.

s of the investee shall be recognized to the extent that the book value of the long-

term equity investment and any long-

investee are written down to zero. If the Group has to assume additional obligations to the loss of the investee, the estimated liabilities shall be recognized for the estimated obligation assumed and charged to investment loss for the period. Where the investee makes profits in subsequent periods, the Group shall re-recognize its share of the profits after setting off against the share of unrecognized losses.

Acquisition of minority interests

When preparing the consolidated financial statements, the Company adjusts the capital reserve and, if the capital reserve is insufficient, adjusts the retained earnings based on the difference between the additional long-term

subsidiary accrued from the acquisition date (or consolidation date) in proportion to the additional shareholdings.

Disposal of long-term equity investments

In the consolidated financial statements, if the parent company disposes part of the long-term equity investment in the subsidiary

the net assets of the subsidiary attributable to the disposal of the long-term equity investment is recognized in the

any disposes part of the long-term equity investment in the subsidiary

resulting in the loss of its control over the subsidiary, the accounting treatment shall be in accordance with the

business combination under common control

In other cases, upon the disposal of a long-term equity investment, the difference between the book value of the investment and the price received is recognized in the current profits and losses.

For a long-term equity investment that is accounted for using the equity method where the remaining equity after disposal continues to be accounted for using the equity method, the portion of other comprehensive income previ

uity of the investee other than net profits and losses, other comprehensive income and profit distribution, shall be transferred to current profits and losses on pro rata basis.

For a long-term equity investment accounted for using the cost method where the remaining equity after disposal continues to be accounted for using cost method, other comprehensive income recognized using the equity method or in accordance with the standard for recognition and measurement of financial instruments prior to the acquisition of control over the investee shall be treated in accordance with the same basis as the investee directly disposes of relevant asset or liability, and transferred to current profits and losses on pro rata basis. The change in

in net assets of the investee by using the equity method other than net profits and losses, other comprehensive income and profit distribution shall be transferred to current profits and losses on pro rata basis.

In preparing separate financial statements, if control is lost over the investee upon partial disposal of equity investment, the remaining equity with common control or an ability to impose a significant influence over the investee after disposal shall be accounted for using the equity method, and shall be adjusted as if it has been

accounted for using the equity method since it was acquired. The remaining equity without common control or an ability to impose a significant influence over the investee after disposal shall be accounted for based on the standard for recognition and measurement of financial instruments, and the difference between its fair value and book value on the date of loss of control shall be included in current profits and losses. In respect of other comprehensive income recognized using the equity method or in accordance with the standard for recognition and measurement of financial instruments prior to the acquisition of control over the investee, it shall be accounted for in accordance with the same basis as the investee directly disposes of relevant asset or liability when the control is lost. The change in

other comprehensive income and profit distribution shall be transferred to current profits and losses at the time when the control over investee is lost. Where the remaining equity after disposal is accounted for using the equity method,

ard on pro rata basis. Where the

remaining equity after disposal is accounted for in accordance with the standard for recognition and measurement

If the common control or significant influence of the Group over the investee is lost upon partial disposal of equity investment, the remaining equity after disposal shall be accounted for in accordance with the standard for recognition and measurement of financial instruments. The difference between its fair value and book value on the date of loss of common control or significant influence shall be included in current profits and losses. For other

Investment properties shall be initially measured at cost. The subsequent expenses related to investment properties shall be recognized as cost of the investment properties only if it is probable that economic benefits associated with the assets will flow to the Group and the cost of the assets can be measured reliably. Other subsequent expenses shall be recognized in the current profits and losses when incurred.

The Group uses the cost model for subsequent measurement of investment properties and depreciates or amortizes them according to the policies consistent with that for buildings or land use rights.

For the method of impairment test and provision for impairment loss of investment properties, please refer to Section -

When the purpose of an investment property changes to self-use, from the date of the change, the investment property shall be reclassified as a fixed asset or intangible asset. When the purpose of a self-use property changes to earning rental income or capital appreciation, from the date of the change, the fixed asset or intangible asset shall be reclassified as an investment property. Upon reclassification, for investment properties measured using the cost model, the carrying value before reclassification is recognized as the carrying value after reclassification. For investment properties measured using the fair value model, the fair value on the date of reclassification is recognized as the carrying value after reclassification.

An investment property is derecognized upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net proceeds from sale, transfer, retirement or damage of an investment property after its book value and related taxes and expenses are recognized in the current profits and losses.

19. Fixed assets

(1) Recognition criteria

Fixed assets refer to the tangible assets held by the Company for producing goods, rendering services, renting or operation and administration purposes with useful life of over one accounting year. The fixed assets are recognized only when the economic interests related thereto are likely to flow into the Group and its cost can be measured reliably. The fixed assets are initially measured at cost with consideration of the impact of estimated disposal costs.

(2) Depreciation method

Category	Depreciation method	Depreciation life (year)	Rate of residual value (%)	Annual depreciation rate (%)
Building for production	Straight-line method	39	5	2.44
Machine and equipment for production	Straight-line method	10	5	9.5
Transportation equipment	Straight-line method	10	5	9.5
Electronic device and management tools	Straight-line method	5	5	19

Machine and equipment for non-production purpose	Straight-line method	10	5	9.5
Building for non-production purpose	Straight-line method	45	5	2.11
Others	Straight-line method	5	5	19

The expected residual value refers to the anticipated condition of the fixed asset at the end of its estimated useful life. It represents the estimated amount that the Group would receive from the disposal of the asset, net of any expected disposal costs incurred.

(3) Impairment test method and provision for impairment of fixed assets

The impairment testing method and provision for impairment of fixed assets can be found in Section 25 - under Note V.

(4) Other information

Subsequent expenditures related to fixed assets that are expected to generate economic benefits and can be reliably measured are capitalized as part of the fixed asset's cost, and the carrying value of the replaced portion is derecognized. Other subsequent expenditures are recognized in the current period's income statement upon occurrence.

When a fixed asset is classified as held for disposal or is expected to no longer generate economic benefits through use or disposal, it is derecognized. Proceeds from the sale, transfer, scrapping, or destruction of fixed assets, net of their carrying value

The Group reviews the useful lives, estimated residual values, and depreciation methods of fixed assets at least annually. Changes in these estimates are treated as changes in accounting estimates.

20. Construction in progress

The cost of construction in progress is measured according to the actual expense for the construction in progress, including all the necessary expenses incurred in the process of construction, borrowing costs to be capitalized before the project is ready for its intended use and other related costs.

The construction in progress is transferred to fixed assets after it is ready for its intended use.

For the method of impairment test and provision for impairment loss of construction in progress, please refer to Section 25 -

21. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary costs, and exchange differences arising from foreign currency borrowings. Where the borrowing costs can be directly attributable to the acquisition and construction or production activities of assets eligible for capitalization, it shall be capitalized on the basis that the expense for the asset has already been incurred, the borrowing costs have been incurred and the acquisition and construction or production activities necessary to prepare the asset for its intended use or for sale have already commenced; after the acquired or produced asset eligible for capitalization is available for its intended use or for sale, the capitalization shall be stopped. Other borrowing costs shall be recognized as

biological asset is the necessary expense incurred before the asset achieves the intended purpose of production and operation that can be directly attributable to the asset, including borrowing costs that meet the capitalization conditions.

The Group reviews the useful life and estimated net residual value of a productive biological asset and the depreciation method applied at least at each year-end. Any change shall be accounted for as a change in accounting estimate.

The difference between the disposal proceeds from the sale, liquidation, death or destruction of productive biological assets less their book value and related taxes and charges is included in the current profits and losses.

The Group determines whether a productive biological asset has any signs of impairment on each balance sheet date. If the asset shows signs of impairment, the recoverable amount is estimated. The recoverable amount is estimated on a single asset basis. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs shall be determined. If the recoverable amount of an asset is lower than its book value, the provision for asset impairment shall be made according to the difference and recorded in the current profits and losses.

Once the above asset impairment loss is recognized, it shall not be reversed in subsequent accounting periods.

If a productive biological asset changes its use and becomes a consumptive biological asset, the cost of the change of use is determined at the book value at the time of the change of use. If the productive biological asset changes its use and becomes a public welfare biological asset, whether there is any impairment is determined in accordance with the provisions of *Accounting Standard for Business Enterprises No. 8 - Asset Impairment*. When an impairment occurs, an impairment provision shall be first made and then determined on the basis of the book value after such provision is made.

23. Oil and gas assets

Not applicable.

24. Intangible assets

(1) Useful life and its basis for determination, estimate, amortization method or review procedure

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Group.

An intangible asset shall be initially measured at cost. The expenses incurred on an intangible asset shall be recognized as cost of the intangible asset only if it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Other expenses shall be recognized in the current profits and losses when incurred.

Land use right acquired shall normally be recognized as an intangible asset. For self-constructed buildings (e.g. plants), the expenses on the land use right and cost of the buildings shall be separately accounted for as an intangible asset and fixed asset. For buildings and structures purchased, the purchase consideration shall be allocated among the land use right and the buildings on a reasonable basis. In case there is difficulty in making a reasonable allocation, the consideration shall be recognized in full as a fixed asset.

An intangible asset with a definite useful life is amortized on average and by stages using the straight line method by deducting the estimated net residual value and accrued provision for impairment loss from the original value over the estimated useful life from the time when it is available for use. An intangible asset with an indefinite useful life is not amortized.

During the end of the period, the Company shall check the useful life and the amortization method of intangible assets with limited useful life and carry out accounting estimate change in case that a change happens. In addition, the Company shall check the useful life of intangible assets with indefinite useful life. If there are evidences showing that the intangible assets can bring economic benefit for the Company within the foreseeable period, the Company shall estimate the useful life and carry out amortization according to the amortization policy for intangible assets with finite useful life.

-patent technology, and trademarks. The amortization periods and conditions for the main intangible assets are as follows:

Land use rights are amortized over the remaining useful life specified in the land use right certificate, with an average annual amortization period of 30-50 years. When the purchase price of land and buildings cannot be reasonably allocated between land use rights and buildings, the entire amount is treated as fixed assets.

Software, patent technology, and non-patent technology are amortized over the estimated useful life of 10 years, with an average annual amortization period.

Franchise rights are amortized over the estimated useful life of 30 years, with an average annual amortization period.

(2) Scope of R&D expenses and related accounting treatment

The expense attributable to the intangible asset at its development phase can be reliably measured.

All the expenses on R&D which cannot be distinguished between the research phase and development phase are recognized in the profits and losses when incurred.

The specific criteria for dividing internal R&D projects into research phase and development phase are as follows: Once the corresponding project meets the aforementioned conditions and is approved through a review process, it enters the development phase and begins capitalization.

(3) The impairment testing method and provision for impairment of intangible assets

For the impairment testing method and provision for impairment of intangible assets, please refer to Section - under Note V.

25. Impairment of long-term assets

For non-current non-financial assets such as fixed assets, construction in progress, right of use assets, intangible assets with limited useful life, investment real estate measured at cost and long-term equity investments in subsidiaries, joint ventures and associates, the Group determines whether there are signs of impairment on the balance sheet date. If the asset shows signs of impairment, the recoverable amount is estimated, and impairment test is conducted. Goodwill, intangible assets with indefinite useful lives and intangible assets that have not yet ready for use are tested annually for impairment regardless of whether there is an indication of impairment.

If the impairment test results show that the recoverable amount of an asset is lower than its carrying value, the impairment provision shall be made and the impairment loss shall be recorded according to the difference. The recoverable amount is the higher between the net value of the fair value of the asset less the disposal expense and the present value of the estimated future cash flow of the asset. The fair value of the asset is determined based on the sales agreement price in fair transactions. Where there is no sales agreement but there is an active market for the asset, the fair value shall be de Where there is neither sales

based on the proportion of the book value of each asset other than goodwill in the asset group or combination of asset groups.

Once the above asset impairment loss is recognized, it shall not be reversed in subsequent accounting periods for the part whose value is restored.

26. Long-term deferred expenses

Long-term unamortized expenses are the expenses that have been incurred but shall be borne in the reporting -term deferred expenses mainly consist of building renovations and project improvements. These long-term deferred expenses are amortized using the straight-line method over the estimated period of benefit.

27. Contractual liabilities

The contractual liabilities refer to the obligation of the Group to transfer goods to customers for consideration received or receivable. If the customer has paid the contractual consideration or the Group has obtained an unconditional right of collection prior to the transfer of goods by the Group to the customer, the Group presents the amount received or receivable as a contractual liability on the date when the actual payment is made by the customer or the payment due date, whichever is earlier. Contractual assets and contractual liabilities under the same contract are presented on a net basis, and contractual assets and contractual liabilities under different contracts are not offset.

28. Employee compensation

(1) Accounting treatment for short-term employee compensation

The employee compensation of the Group includes short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits. Where:

Short-term compensation mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, union funds and employee education funds, non-monetary benefits, etc. The Group recognizes short-term employee compensation actually incurred during the accounting period in which employees provide services to the Group as a liability and includes it in current profits and losses or related asset cost. Non-monetary benefits are measured at fair value.

(2) Accounting treatment for post-employment benefits

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuity. The post-employment benefits plan includes the establishment of a defined contribution plan and the establishment of a defined benefit plan. If a defined contribution plan is adopted, the corresponding amount due is included in the relevant asset cost or current profits and losses at the time of occurrence.

employment contract, or a compensation proposal is made to encourage the employee to voluntarily accept the reduction, the employee compensation liabilities arising from termination benefits shall be recognized and included in current profits and losses when the Group cannot unilaterally withdraw the termination benefits provided as a result of the termination plan or the reduction proposal, or the Group recognizes the costs associated with the

reorganization involving the payment of termination benefits, whichever is earlier. However, if the termination benefits cannot be fully paid within 12 months after the end of the annual reporting period, they shall be treated as other long-term employee compensations.

(3) Accounting treatment for termination benefits

Internal employee retirement plans are treated in the same way as the termination benefits mentioned above.

the basis of equity instruments in exchange for services rendered by employees or other parties. The share-based payments are divided into equity-settled share-based payment and cash-settled share-based payment.

Equity-settled share-based payments

Equity-settled share-based payments in exchange for services rendered by employees shall be measured at days the fair value of the equity instruments granted to employees. For the equity-settled share-based payment that can only be vested after services during a waiting period are provided, or required performance conditions are met, the amount of such fair value is calculated on a straight-line basis, based on the best estimate of the number of equity instruments that can be vested during the waiting period, and is included in the relevant costs or expenses, or if available immediately after grant, included in the relevant costs or expenses on the grant date, increasing capital reserves accordingly.

On each balance sheet date during the waiting period, the Group makes the best estimate based on the latest follow-up information such as changes in the number of employees that satisfy vesting conditions, and revises the number of equity instruments expected to be vested. The impact of the above estimates is included in the relevant costs or expenses for the period, and capital reserves are adjusted accordingly.

The equity-settled share-based payments in exchange for services rendered by other parties shall be measured at the fair value of the services on the acquisition date if the fair value of services rendered by other parties can be reliably measured. However, if the fair value of services rendered by other parties cannot be reliably measured, but the fair value of the equity instruments can be reliably measured, the equity-settled share-based payments shall be measured at the fair value of the equity instruments on the acquisition date of the services, and included in the

When the fair value of equity instruments granted cannot be reliably measured, the intrinsic value of the equity instruments is used to measure their value on the grant date, subsequent balance sheet dates, and settlement dates.

Cash-settled share-based payments

A cash-settled share-based payment shall be measured in accordance with the fair value of liability determined based on the shares or other equity instruments undertaken by the Group. If the cash-settled share-based payment can be vested immediately after granting, it shall be included in the relevant costs or expenses on the grant date, increasing the liabilities correspondingly. For the cash-settled share-based payment that can only be vested after services during a waiting period are provided or required performance conditions are met, on each balance sheet date during the waiting period, the services obtained during the current period are included in the cost or expense at the fair value of the liabilities assumed by the Group based on the best estimate of the situation of vesting, increasing the corresponding liabilities correspondingly.

The Group shall, on each balance sheet date and each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

(2) Accounting treatment for modification and termination of share-based payment plan

When the Group makes a modification to the share-based payment plan, if the modification increases the fair

value of the equity instrument granted, the increase in services obtained is recognized in accordance with the increase in the fair value of the equity instrument. The increase in the fair value of equity instruments refers to the difference between fair values of the equity instruments before and after the modification on the date of modification. If a modification reduces the total fair value of share-based payments or is otherwise unfavorable to the employees, the acquired services continue to be accounted for as if the change never occurs, unless the Group cancels some or all of the equity instruments granted.

If a grant of equity instruments is canceled during the waiting period, the Group treats the cancellation of the granted equity instruments as accelerated exercise of right and includes the amount to be recognized over the remaining waiting period in the current profits and losses immediately, and recognizes the capital reserve at the same time. If employees or other parties can choose to meet the non-vesting conditions but have not met the conditions within the waiting period, the Group treats it as cancellation of equity instruments granted.

(3) Accounting treatment for share-based payment transactions involving the shareholders or de facto controllers of the Group and Company

Transactions involving share payments between the shareholders or de facto controllers of the Group and

provisions if either one of the settlement enterprises and receiving enterprises is within the Group, while the other one is outside the Group:

If the settlement enterprise settles by its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; otherwise, they shall be treated as the cash-settled share-based payment.

If the settlement enterprise is an investor of the enterprise receiving the services, it shall be recognized as a long-term equity investment in the enterprise receiving the services according to the fair value of the equity instrument on the grant date or the fair value of the liability assumed, and the capital reserve (other capital reserve) or liability shall be recognized at the same time.

If the enterprise receiving the services has no settlement obligation or the equity instrument granted to its employees is its own equity instrument, the share-based payment transaction shall be treated as the equity-settled share-based payment. If the enterprise receiving the services has settlement obligation and the equity instrument granted to its employees is not its own equity instrument, the share-based payment transaction shall be treated as the cash-settled share-based payment.

For the share-based payment transaction occurring among the enterprises within the Group, where the enterprise receiving the services and the settlement enterprise are not the same enterprise, the recognition and measurement of the share-based payment transaction in the individual financial statements of the enterprise receiving the services and the settlement enterprise shall be processed in accordance with the above principles.

31. Revenue

Disclose the accounting policies for revenue recognition and measurement by business type

between the Group and the customer meets the following conditions, revenue is recognized when the customer obtains control of the relevant goods (including services, the same below) : The parties to the contract have approved the contract and undertake to perform their obligations; The contract specifies the rights and obligations of the parties to the contract in relation to the goods transferred or the provision of services; The contract has clear payment terms related to the transferred goods; The contract is commercial in nature, i.e. the performance of the contract will

as a result of the transfer of goods to customers is likely to be recovered. Gaining control of the relevant goods means being able to dominate the use of that goods and derive almost all of the economic benefits from it.

On the commencement date of the contract, the Group identifies the individual performance obligation existing in the contract and allocates the transaction price to each individual performance obligation in proportion to the individual selling price of the goods promised by each individual performance obligation. Factors such as variable consideration, significant financing elements in the contract, non-cash consideration, and consideration payable to customers are considered in determining the transaction price.

For each individual performance obligation in the contract, the Group will recognize the transaction price allocated to the individual performance obligation in accordance with the performance progress during the relevant performance period as revenue if one of the following conditions is met: The customer acquires and consumes the

rformance at the same time as the Group fulfills its obligations; The

oup is entitled to receive payment

throughout the contract period for the cumulative part of the performance completed to date. The performance progress is determined by the input or output method, depending on the nature of the goods transferred. When the performance progress cannot be reasonably determined, and the costs incurred by the Group are expected to be compensated, revenue is recognized at the amount of the costs incurred until the progress of performance can be reasonably determined.

If one of the above conditions is not met, the Group recognizes revenue at the point at which the customer obtains control of the relevant goods at the transaction price apportioned to the individual performance obligation. In determining whether a customer has acquired control of the goods, the Group considers the following indications: The enterprise has the current right of collection in respect of the goods, that is, the customer has the current payment obligation in respect of the goods; The enterprise has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; The enterprise has physically transferred the goods to the customer, that is, the customer has physically possessed the goods; The enterprise has transferred the main risks and returns in the ownership of the goods to the customer, that is, the customer has obtained the main risks and returns in the ownership of the goods; The customer has accepted the goods; Other indications that the customer has taken control of the goods.

Revenue recognition principles for specific scenarios are as follows:

(1) Domestic sales:

Revenue is recognized when control is transferred to the customer upon delivering the products to the and obtaining customer acknowledgement through a signed confirmation, as stipulated in the sales contract or order.

Revenue is recognized when control is transferred to the customer upon delivering the products to the pleting the customer's inspection based on relevant standards, as stipulated in the sales contract or order.

Revenue is recognized when the services have been provided, and the right to collect service fees is obtained.

(2) International sales:

Revenue is recognized when control is transferred to the customer upon the products being dispatched and customs clearance procedures being completed, as stipulated in the sales contract or order.

Situations where similar businesses adopt different operation models involving different revenue recognition methods and measurement methods:

Not applicable.

32. Contract cost

Incremental cost incurred by the Group to acquire contract that is expected to be recovered is taken as the contract acquisition cost and recognized as an asset. However, if the amortization period of the asset does not exceed one year, it is included in the current profits and losses when it occurs.

The cost incurred for the performance of the contract is recognized as an asset if it does not fall within the scope of *Accounting Standard for Business Enterprises No. 14 - Revenue (Revised in 2017)* and meets the following conditions: The cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), cost expressly borne by the customer, and other costs incurred solely as a result of the contract;

This cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as for the recognition of the commodity revenue associated with the assets and are recognized in current profits and losses.

When the carrying amount of an asset related to contract costs exceeds the difference between the following two amounts, an impairment provision is recognized for the excess amount, and an asset impairment loss is recognized: (1) The expected remaining consideration to be obtained from transferring the goods related to that asset. (2) The estimated costs necessary to complete the transfer of the related goods. If there is a change in the factors

-related government subsidies and income-related government subsidies. The Group defines government subsidies obtained for the acquisition or otherwise formation of long-term assets as asset-related government subsidies. Other government subsidies are defined as income-related government subsidies. If the government document does not specify the recipients of the subsidies, the subsidies divided into asset-related government subsidies and income-related government subsidies in the following way: (1) If the government documents specify the specific project for which the subsidy is targeted, the division shall be made according to the relative proportion of the disbursement amount forming assets and the disbursement amount included in the expenses in the budget of the specific project, and the division proportion shall be reviewed on each balance sheet date and changed if necessary; (2) Where the government document only has a general description of the purpose and no specific project is specified, it shall be regarded as an income-related government subsidy. For a government subsidy in the form of transfer of cash and bank balance, the subsidy is measured at the amount received or receivable. For a government subsidy in the form of transfer of non-cash and bank balance, it is measured at fair value; if the fair value cannot be reliably determinable, the subsidy is measured at nominal amount. Government subsidies measured at nominal amounts are directly included in current profits and losses.

The Group usually recognizes and measures governm

treatments shall be made separately for different parts. If it is difficult to distinguish, it shall be classified as the income-related government subsidy.

Government subsidies related to ordinary activities are recorded in other income in accordance the substance of economic operations. Government subsidies unrelated to daily activities are included in non-operating revenue and expense.

When confirmed government subsidies need to be returned and there is a related balance of deferred income,

statement or adjusted against the carrying value of the asset (for government subsidies that were initially offset against the carrying value of the asset); in other cases, it is recognized directly in the current profits and losses.

34. Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

The current income tax liabilities (or assets) generated in the current period and previous periods are measured on the balance sheet date in accordance with the expected payable (or refunded) income tax amount calculated according to the tax law. The taxable income amount on which the current income tax expense is calculated is based on the corresponding adjustment of the pre-tax accounting profit of the reporting period in accordance with the relevant provisions of the tax law.

(2) Deferred income tax assets and deferred income tax liabilities

The deferred income tax assets and deferred income tax liabilities can be determined with the balance sheet liability method, based on the difference between the book value of certain assets and liabilities and the tax basis, as well as the temporary difference between the tax basis and the book value of the items not recognized as assets and liabilities but whose tax basis can be determined according to the tax law.

For taxable temporary differences relating to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profit and taxable income (or deductible losses) at the time of occurrence, the relevant deferred tax liabilities are not recognized (except for individual transactions in which the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences). In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred tax liabilities are not recognized if the Group is able to control the timing of the reversal of the temporary difference and it is likely that the temporary difference will not be reversed in the foreseeable future. Subject to the above exceptions, the Group recognizes all other deferred tax liabilities arising from taxable temporary differences.

For deductible temporary differences relating to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profit and taxable income (or deductible losses) at the time of occurrence, the relevant deferred tax assets are not recognized (except for individual transactions in which the initial recognition of assets and liabilities results in equal amounts of taxable temporary differences and deductible temporary differences). For deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the relevant deferred tax asset is not recognized if it is not likely that the temporary differences will reverse in the foreseeable future and it is not likely that taxable income

will be available against which the deductible temporary differences can be utilized in the future. Subject to the above exceptions, the Group recognizes other deferred income tax assets arising from deductible temporary differences to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

For the deductible losses and tax credits that can be carried forward to future years, the Group recognizes the corresponding deferred tax assets to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled according to the tax law.

On the balance sheet date, the Group reviews the book value of deferred income tax assets. If no sufficient taxable income is probably obtained in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is probable to obtain sufficient taxable income taxes, such write-off amount shall be reversed.

(3) Income tax expense

Income tax expenses include current income tax expenses and deferred income tax expenses.

Except for current income tax and deferred income tax related to transactions and events recognized as other

adjusted goodwill resulting from business combination, the remaining current income tax and deferred income tax expenses or gains are included in current profits and losses.

(4) Offsetting of income tax

If the Group has the legal right to settle on a net basis, and intends to settle on a net basis or acquire assets and settle liabilities simultaneously, the current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

If the Group has a legally enforceable right to settle current income tax assets and liabilities on a net basis, and the deferred income tax assets and liabilities are related to the income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which intend either to settle current income tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets and liabilities are expected to be reversed, the deferred income tax assets and liabilities can be offset and presented on a net basis.

35. Leases

(1) Accounting treatment as the lessee

Leasing refers to contracts in which the Group conveys or acquires the right to control the use of one or more identified assets for a specified period in exchange for consideration. At the commencement date of a contract, the Group assesses whether the contract is a lease or contains a lease component.

Lease receipts under operating leases are recognized as rental income on a straight-line basis over the respective periods of the lease term. Variable lease payments acquired in connection with operating leases that are not included in the lease receipts are recognized in current profits and losses when they are actually incurred.

Finance lease

The Group recognizes finance lease receivables and derecognizes finance lease assets on the commencement date of the lease term. Finance lease receivables are initially measured at the net lease investment (the sum of the unsecured balance and the unreceived lease proceeds on the commencement date of the lease term at the present value discounted with the intrinsic interest rate of the lease), and interest income is recognized during the lease term at a fixed periodic interest rate. Variable lease payments obtained by the Group which are not included in the net lease investment measurement are recognized in current profits and losses when they are actually incurred.

36. Other significant accounting policies and accounting estimates

Share repurchase

Consideration and transaction costs paid in share repurchases reduc
losses is recognized when shares of the Company are repurchased, transferred or cancelled.

For the transfer of treasury shares, the difference between the amount actually received and the book value of treasury shares shall be included in the capital reserve. If the capital reserve is insufficient for deduction, the surplus reserve and undistributed profits shall be deducted. For the cancellation of treasury shares, the share capital shall be reduced according to the par value of the shares and the number of shares cancelled, and the difference between the book balance and the par value of treasury shares shall be charged to the capital reserve. If the capital reserve is insufficient for deduction, the surplus reserve and undistributed profits shall be deducted.

37. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not applicable

Interpretation No. 17 of the Accounting Standards for Enterprises

The Ministry of Finance issued *Interpretation No. 17 of the Accounting Standards for Enterprises* (hereinafter

Group will adopt the provisions of Interpretation No. 17 starting from January 1, 2024. The implementation of

reporting period.

Interpretation No. 18 of the Accounting Standards for Enterprises

The Ministry of Finance issued *Interpretation No. 18 of the Accounting Standards for Enterprises* (hereinafter

The Group will adopt the provisions of Interpretation No. 18 starting from December 31, 2024. The implementation of relevant prov
reporting period.

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) First-time implementation of the new accounting standard in 2025 to adjust relevant items in the financial statements at the beginning of the year of first-time implementation

Applicable Not applicable

38. Significant accounting judgment and estimate

As operating activities have inherent uncertainties, the Group needs to make judgments, estimates and assumptions upon report items that cannot be accurately calculated in applying the above accounting policies. These judgments, estimates and assumptions are made based on historical experiences of the management of the Group, taking other related factors into consideration. These judgments and estimates may affect the presented amounts of incomes, expenses, assets and liabilities and, as well as the disclosure of contingent liabilities on the balance sheet date. However, the uncertainty in these estimates may result in actual results that differ from the current estimates of the Group s management, resulting in material adjustments to the book value of assets or liabilities affected in the future.

The Group reviews the above judgments, estimates and assumptions periodically based on going concern. If the changes of accounting estimates only affect the current period, the influence amount is recognized in the current period. If the changes of accounting estimates affect both of the current year and the future period, the influence amount is recognized in the current period and the future period.

As at the balance sheet date, the significant areas in which the Group is required to make judgments, estimates and assumptions regarding the amounts of items in the financial statements are as follows:

(1) Revenue recognition

As set out in Section 31 ificant accounting judgments and estimates such as: identifying customer contracts; estimating the recoverability of the consideration to which the Group is entitled as a result of the transfer of goods to the customer; identifying the performance obligations in the contract; estimating the variable consideration present in the contract and the amount of accumulated recognized revenue that is highly unlikely to be materially reversed when the related uncertainty is eliminated; whether there is any significant financing component to the contract; estimating the individual selling price of the individual performance obligations in the contract; determining whether the performance obligation is to be performed within a certain period of time or at a certain point; determining the implementation progress, etc.

The Group mainly relies on past experience and work to make judgments, and these significant judgments and changes in estimates may have an impact on the operating revenue, operating costs, and profits and losses of the period for the current or subsequent periods, and may constitute a material impact.

(2) Leases

Identification of leases

When identifying whether a contract is a lease or contains a lease, the Group needs to assess whether there exists an identified asset and the customer controls the use of the asset for a certain period of time. In this assessment, consideration needs to be given to the nature of the asset, substantial replacement rights, and whether the customer

is entitled to receive virtually all of the economic benefits arising from the use of the asset during that period and able to direct the use of the asset.

Classification of leases

When acting as a lessor, the Group classifies leases into operating leases and finance leases. When making the classification, the management needs to make an analysis and judgment as to whether all the risks and rewards associated with ownership of the leased asset have been substantially transferred to the lessee.

Lease liabilities

When the Group is the lessee, the lease liabilities shall be initially measured at the present value of the outstanding lease payment on the commencement date of the lease term. When measuring the present value of lease payments, the Group estimates the discount rate used and the lease term of a lease contract with a renewal or termination option. When assessing the lease term, the Group takes into account all relevant facts and circumstances relating to the economic benefits arising from the exercise of the option by the Group, including expected changes in facts and circumstances between the commencement date of the lease term and the exercise date of the option. Different judgments and estimates may affect the recognition of lease liabilities and right-of-use assets and will affect the profits or losses in subsequent periods.

(3) Impairment of financial assets

The Group uses the expected credit loss model to evaluate the impairment of financial instruments, and the application of the expected credit loss model requires significant judgments and estimates that take into account all reasonable and evidence-based information, including forward-looking information. When making such judgments and estimates, the Group extrapolates the expected changes in the debtors' credit risk based on historical data and factors such as changes in economic policies, macroeconomic indicators, industry risks, external market conditions, technological environment and customer conditions.

(4) Provision for inventory impairment

According to the inventory accounting policy, the Group makes provision for inventory impairment based on either the cost or the realizable net value of the old and unsalable inventory, whichever is lower, if the cost is higher than the realizable net value. The impairment of inventory to net realizable value is based on assessing the marketability of the inventory and its net realizable value. Assessment of inventory impairment requires the management to make judgments and estimates on the basis of obtaining solid evidence and considering factors such as the purpose of holding inventory and the impact of events after the balance sheet date. The difference between actual results and the original estimate will affect the book value of inventory and the withdrawal or reversal of the provision for inventory impairment during the period in which the estimate is changed.

(5) Fair value of financial instruments

For financial instruments without active market, the Group will determine their fair values through various valuation methods. These valuation methods include discounted cash flow model analysis. In the valuation, the Group needs to estimate future cash flows, credit risk, market volatility and correlation, and select an appropriate discount rate. These assumptions are subject to uncertainty, and changes in them can have an impact on the fair value of financial instruments. Where equity instrument investments or contracts are publicly quoted, the Group

does not use cost as the best estimate of their fair value.

(6) Provision for impairment of long-term assets

On the balance sheet date, the Group makes a judgment on whether there is any sign of possible impairment of non-current assets other than financial assets. Intangible assets with uncertain useful life shall be subject to impairment tests when there are signs of impairment in addition to annual impairment tests. Non-current assets other than financial assets shall be subject to impairment tests when there are signs indicating that their book value is uncollectible.

Impairment occurs when the book value of an asset or asset group is greater than the recoverable amount, that is, the net amount of fair value minus disposal expenses and the present value of expected future cash flow, whichever is higher.

The net amount of fair value minus disposal expenses shall be determined by reference to the sale agreement

attributable to the disposal of the asset.

When estimating the present value of future cash flows, it is necessary to make significant judgments about the output of the asset (or group of assets), the selling price, the associated operating costs, and the discount rate used in calculating the present value. When estimating the recoverable amounts, the Group uses all the relevant information available, including projections of production volumes, selling prices and related operating costs based on reasonable and supportable assumptions.

The Group tests goodwill for impairment at least annually. This requires an estimate of the present value of the future cash flows of the asset group or combination of asset groups to which goodwill has been allocated. When estimating the present value of the future cash flow, the Group needs to estimate the expected future cash flow generated by the asset group or combination of asset groups, and determine the present value of the future cash flow at an appropriate discount rate.

(7) Depreciation and amortization

The Group depreciates and amortizes the investment real estate, fixed assets and intangible assets on a straight-line basis over their useful lives, taking into account their residual value. The Group periodically reviews the useful life to determine the amount of depreciation and amortisation expenses to be included in each reporting period. The useful life is determined by the Group based on previous experience with similar assets as well as expected technological updates. If there is any material change in previous estimates, an adjustment will be made to depreciation and amortization expense in future periods.

(8) Deferred income tax assets

To the extent that there is likely sufficient taxable profit to offset the loss, the Group recognises deferred tax assets on all unutilised tax losses. This requires the management of the Group to use massive judgments to estimate the time and amount of taxable profit in the future and then to determine the value of deferred tax assets in combination with tax planning strategies.

(9) Income tax

In the normal business activities of the Group, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be deducted before tax requires the approval of the tax authority. Where the final tax outcome of these matters is different from the estimated amounts, the differences will impact the current income tax and deferred income tax in the period in which such determination is made.

(10) Measurement at fair value

Certain

appropriate valuation techniques and inputs for fair value measurement. When estimating the fair value of an asset or liability, the Group uses available observable market data. If the inputs of level 1 are not available, the Group will hire qualified third-party appraisers to perform the valuation. The Valuation Committee works closely with qualified external appraisers to determine appropriate valuation techniques and relevant input values for the models. The Chief Financial Officer reports the findings of the Valuation Committee to the Gro

a quarterly basis, explaining the reasons for fluctuations in the fair value of relevant assets and liabilities. Relevant information on the valuation techniques and input values used in determining the fair value of various assets and

39. Others

None.

VI. Taxation

1. Main tax types and tax rates

Tax type	Taxation basis	Tax rate
Value-added tax	Value added from sales of goods or rendering of services	13%, 9%, 6%, 5%, 3%
Consumption tax	Quantity-based collection and price-based collection	Price-based collection: 15%, 10%; Quantity-based collection: 20% plus RMB 0.5 per 0.5kg (or 500 mL)
Urban maintenance and construction tax	Amount of turnover tax payables	7%, 5%, 1%
Enterprise income tax	Taxable income	15%, 16.5%, 20%, 25%
Education surcharge	Amount of turnover tax payables	3%
Local education surcharge	Amount of turnover tax payables	2%

If there are taxable entities with different corporate income tax rates, disclose the description of the situation

Taxpayer	Income tax rate
Yunnan Baiyao Group Co., Ltd.	15.00%
Yunnan Baiyao Group Medicine E-commerce Co., Ltd.	15.00%
Yunnan Institute of Materia Medica	15.00%
Yunnan Baiyao Group Health Products Co., Ltd.	15.00%
Yunnan Baiyao Group Lijiang Pharmaceutical Co., Ltd.	15.00%
Yunnan Baiyao Group Wenshan Qihua Co., Ltd.	15.00%
Yunnan Baiyao Pharmacy Co., Ltd.	15.00%
Yunnan Baiyao Teayield Co., Ltd.	15.00%
Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd.	15.00%

YNBY International Limited	16.50%
Wan Long Xing Ye Commercial Trading (Hong Kong) Limited	16.50%
BL Healthcare (Hong Kong) Limited	16.50%
YNBY Coffee Co., Ltd.	16.50%
Yunbaiyao Hong Kong Limited	16.50%
Yunbaiyao Zhengwu Technology (Shanghai) Co., Ltd.	20.00%
Yunnan Pharmaceutical Xihui Co., Ltd.	20.00%
	20.00%
Yunnan Pharmaceutical Jiayuan Co., Ltd.	20.00%
Yunnan Pharmaceutical Tianfu Dahua Co., Ltd.	20.00%
Yunnan Pharmaceutical Diqing Development Co., Ltd.	20.00%
	20.00%
Yunnan Pharmaceutical Zhaotong Co., Ltd.	20.00%
Lijiang Yunquan Biological Development Co., Ltd.	20.00%
Yunnan Baiyao Tiancui Business Management Co., Ltd.	20.00%
Beijing Yunzhi Health Management Co., Ltd.	20.00%
Shanghai Wenshu Health Management Co., Ltd.	20.00%
Kunming Yunzhen Medical Technology Co., Ltd.	20.00%
Shanghai Yunyi Medical Technology Co., Ltd.	20.00%
Shanghai Yunpu Medical Technology Co., Ltd.	20.00%
Beijing Yunzhen Medical Aesthetic Clinic Co., Ltd.	20.00%
Shanghai Hanshi Health Consulting Co., Ltd.	20.00%
Shanghai Yunzhenni Medical Aesthetic Outpatient Department Co., Ltd.	20.00%
Yunnan Baiyao Yunzhen International Trade Co., Ltd.	20.00%
Shanghai Yunyao Oral Medical Technology Co., Ltd.	20.00%
Yunnan Fengqing Tea Plant Co., Ltd.	20.00%
Yunnan Baiyao Tianyi Chayuan Lincang Manor Co., Ltd.	20.00%
Tianjin Yunshuda Comprehensive Clinic Co., Ltd.	20.00%
Yunnan Tianzheng Testing Co., Ltd.	20.00%
YNBY Healthcare (Shenzhen) Limited	20.00%
YNBY Healthcare Technology (Yunnan) Co., Ltd.	20.00%
Xingzhong Digital Intelligence TCM Service Co., Ltd of Yunnan Baiyao Group	20.00%
Yunnan Yunyao Nuxiang Co., Ltd.	20.00%
Hangzhou Shanqi Health Industry Co., Ltd.	20.00%

Yunnan Baiyao Group Seed Technology Co., Ltd.	20.00%
Yunnan Baiyao Group (Hainan) Import & Export Trading Co., Ltd.	20.00%
Shaanxi Zhiyun Wenshu Health Services Co., Ltd.	20.00%
Yunnan Baiyao Group Shanghai Co., Ltd.	20.00%
Shanghai Yunzhen Outpatient Department Co., Ltd.	20.00%

2. Preferential tax treatment

(1) A total of 8 companies, including Yunnan Baiyao Group Co., Ltd, Yunnan Baiyao Group Medicine E-commerce Co., Ltd, Yunnan Baiyao Group Health Products Co., Ltd, Yunnan Baiyao Group Lijiang Pharmaceutical Co., Ltd, Yunnan Baiyao Group Wenshan Qihua Co., Ltd, Yunnan Baiyao Pharmacy Co., Ltd, Yunnan Baiyao Teayield Co., Ltd., and Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd, enjoy the preferential tax treatment for the Western Development and pay the enterprise income tax at the tax rate of 15%.

(2) Yunnan Institute of Materia Medica enjoys the preferential tax treatment for high-tech enterprises and pay the enterprise income tax at the tax rate of 15%.

Industry Co., Ltd, the primary processing of agricultural products is exempt from enterprise income tax, and the income other than that is taxed at 25%.

For Lijiang Yunquan Biological Development Co., Ltd, the primary processing of agricultural products is exempt from enterprise income tax, and the income other than that shall be subject to enterprise income tax for small and micro enterprises.

(4) The Hong Kong-based company (YNBY International Limited and its subsidiaries in Hong Kong as a -tiered tax rat

exceeding HKD 2 million, a tax rate of 8.25% applies; for profits exceeding HKD 2 million, a tax rate of 16.5% applies. 100% of the profits tax for the year 2024/25 can be waived, with a cap of HKD 1,500 for each company.

(5) According to the *Announcement of the General Administration of Taxation of the Ministry of Finance on the Further Implementation of the Preferential Income Tax Policy for Small and Micro Enterprises* (Finance and Taxation [2022]

RMB 1 million but not exceeding RMB 3 million shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%. The period of implementation of this announcement

Announcement of the General Administration of Taxation of the Ministry of Finance on Preferential Income Tax Policies for Small and Micro

and the enterprise income tax shall be paid at a tax rate of 20%. The policy shall be continued until December 31, - Testing Technology Co., Ltd pay enterprise income tax at a tax rate of 20% according to this policy.

3. Others: None.

VII. Notes to Items in Consolidated Financial Statements

1. Cash and bank balance

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	146,174.20	124,469.53
Bank deposit	11,198,187,331.57	10,835,027,632.02
Other cash and bank balance	95,495,855.10	52,831,059.75
Total	11,293,829,360.87	10,887,983,161.30
Including: Total amount of money deposited overseas	192,072,755.85	172,825,681.17

Other explanations: None.

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profits or losses	3,121,018,919.96	2,547,113,523.40
Including:		
Investments in debt instruments		
Investments in equity instruments		179,246,998.10
Others	3,121,018,919.96	2,367,866,525.30
Total	3,121,018,919.96	2,547,113,523.40

Other explanations: Others include banking products that are characterized by higher safety and better liquidity, as well as wealth management products from brokerage firms.

3. Notes receivable

(1) Notes receivable by type

Unit: RMB

Item	Closing balance	Opening balance
	253,243,829.02	302,751,911.37
Domestic letter of credit	510,000,000.00	626,900,000.00
Total	763,243,829.02	929,651,911.37

(2) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Bills receivable with provision for bad debts by portfolio	763,243,829.02	100.00%			763,243,829.02	929,651,911.37	100.00%			929,651,911.37
Including:										
	253,243,829.02	33.18%			253,243,829.02	302,751,911.37	32.57%			302,751,911.37
Domestic letter of credit	510,000,000.00	66.82%			510,000,000.00	626,900,000.00	67.43%			626,900,000.00
Total	763,243,829.02	100.00%			763,243,829.02	929,651,911.37	100.00%			929,651,911.37

Provision for bad debts by portfolio:

Unit: RMB

Item	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
	253,243,829.02		
Domestic letter of credit	510,000,000.00		
Total	763,243,829.02		

The explanation for determining the basis of this combination: None.

If provision was made for bad debts of notes receivable in accordance with the general expected credit loss model:

Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the reporting period: None.

(4) Notes receivable pledged by the Company at the end of the reporting period: None.

(5) Notes receivable endorsed or discounted by the Company, which were not yet due on the balance sheet date as at the end of the reporting period

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
	7,881,386.91	
Domestic letter of credit	324,000,000.00	
Total	331,881,386.91	

(6) Actual write-off of notes receivable for the period: None.

4. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	10,284,068,454.42	9,713,443,216.42
1 to 2 years	908,980,552.78	947,991,418.33
2 to 3 years	271,403,013.94	92,799,887.41
Above 3 years	63,175,684.63	49,403,790.60
Total	11,527,627,705.77	10,803,638,312.76

(2) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Accounts receivable with provision for bad debts on individual basis	5,666,188.00	0.05%	5,666,188.00	100.00%	0.00	5,666,188.00	0.05%	5,666,188.00	100.00%	0.00
Including:										
Accounts receivable with provision for bad debts on individual basis	5,666,188.00	0.05%	5,666,188.00	100.00%	0.00	5,666,188.00	0.05%	5,666,188.00	100.00%	0.00
Accounts receivable with provision for bad debts on portfolio basis	11,521,961,517.77	99.95%	1,008,062,809.41	8.75%	10,513,898,708.36	10,797,972,124.76	99.95%	874,611,020.37	8.10%	9,923,361,104.39
Including:										
Age-based portfolio	11,521,961,517.77	99.95%	1,008,062,809.41	8.75%	10,513,898,708.36	10,797,972,124.76	99.95%	874,611,020.37	8.10%	9,923,361,104.39
Total	11,527,627,705.77	100.00%	1,013,728,997.41	8.79%	10,513,898,708.36	10,803,638,312.76	100.00%	880,277,208.37	8.15%	9,923,361,104.39

Provision for bad debts made on an individual basis:

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion	Reason for provision
Ningbo Qingbing Biotechnology Co., Ltd.	5,666,188.00	5,666,188.00	5,666,188.00	5,666,188.00	100.00%	Little chance of recovery
Total	5,666,188.00	5,666,188.00	5,666,188.00	5,666,188.00		

Provision for bad debts made on a portfolio basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Age-based portfolio	11,521,961,517.77	1,008,062,809.41	8.75%
Total	11,521,961,517.77	1,008,062,809.41	

Explanation on the basis for determining the portfolio: None.

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model:

Not applicable

(3) Provision for bad debts accrued, recovered or reversed during the reporting period

Unit: RMB

Category	Opening balance	Changes in this period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Age-based portfolio	874,611,020.37	133,537,271.89		85,482.85		1,008,062,809.41
Accounts receivable with provision for bad debts on individual basis	5,666,188.00					5,666,188.00
Total	880,277,208.37	133,537,271.89		85,482.85		1,013,728,997.41

Including: Significant amount recovered or reversed provision for bad debts during the reporting period: None.

(4) Actual write-off of accounts receivable for the period:

Unit: RMB

Item	Amount of write-off
Actual write-off of accounts receivable	85,482.85

Significant write-off of accounts receivable: None.

Explanation on write-off of accounts receivable: None.

(5) Top five customers in closing balance of accounts receivable and contractual assets summarized by debtor

Unit: RMB

Entity name	Closing balance of accounts receivable	Closing balance of

(6) Financing of the actual write-off of accounts receivable during the reporting period: None.

(7) Increase/decrease in the financing of accounts receivable and in their fair values during the reporting period: None.

(8) Other explanations: None.

6. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	193,031,770.84	10,348,033.98
Other receivables	160,543,884.23	98,079,164.35
Total	353,575,655.07	108,427,198.33

(1) Interests receivable

1) Interests receivable by type: None.

2) Major overdue interests: None.

3) Disclosure by method of provision for bad debts

Not applicable

4) Provision for bad debts accrued, recovered or reversed during the reporting period: None.

5) Actual write-off of interests receivable during the period: None.

(2) Dividends receivable

1) Dividends receivable by type

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Jacobson Pharma Co., Ltd.		6,482,280.00
JBM (Healthcare) Co., Ltd.		3,865,753.98
Shanghai Pharmaceuticals Holding Co., Ltd.	193,031,770.84	
Total	193,031,770.84	10,348,033.98

2) Significant dividends receivable aged over one year: None.

3) Disclosure by the method of provision for bad debts

Not applicable

4) Provision for bad debts accrued, recovered or reversed during the reporting period: None.

5) Actual write-off of dividend receivable during the period: None.

(3) Other receivables

1) Other receivables by nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Deposits and guarantees	292,188,593.09	282,011,383.75
Petty cash	4,686,668.19	4,284,813.75
Others	317,681,394.11	298,950,367.29
Borrowings	2,877,211.78	4,877,211.78
Total	617,433,867.17	590,123,776.57

2) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (inclusive of 1 year)	165,408,925.39	91,464,527.37
1 to 2 years	12,876,078.94	11,521,428.46
2 to 3 years	10,122,279.63	10,192,068.99
Above 3 years	429,026,583.21	476,945,751.75
Total	617,433,867.17	590,123,776.57

Changes in book balance with significant changes in loss reserves in the current period

Not applicable

4) Provision for bad debts accrued, recovered or reversed during the current period

Provision for bad debts during the reporting period:

Unit: RMB

Category	Opening balance	Changes in this period				Closing balance
		Provision	Recovery or reversal	Transfer or write-off	Others	
Other accounts receivable with provision for bad debts by credit risk characteristics portfolio	492,044,612.22	8,399,572.68	43,554,201.96			456,889,982.94
Total	492,044,612.22	8,399,572.68	43,554,201.96			456,889,982.94

Recovery or reversal of provision for bad debts with significant amount during the reporting period: None.

5) Actual write-off of other receivables for the period: None

6) Top five customers in closing balance of other receivables summarized by debtor

Unit: RMB

Entity name	Nature of payment	Closing balance	Aging	Percentage of total of closing balance of other receivables	Closing balance of provision for bad debt
Entity A	Deposits and guarantees	100,000,000.00	Above 3 years	16.20%	100,000,000.00
Entity B	Deposits and guarantees	37,799,431.74	Within 1 year	6.12%	1,889,971.59
Entity C	Deposits and guarantees	18,000,000.00	Above 3 years	2.92%	18,000,000.00
Entity D	Deposits and guarantees	11,500,000.00	Within 1 year	1.86%	575,000.00
Entity E	Others	11,037,586.50	Within 1 year	1.79%	8,399,572.68
Total		178,337,018.24		28.88%	128,864,544.27

7) Presentation under Other Receivables due to centralized fund management: None.

7. Prepayments

(1) Prepayments by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	229,461,212.36	94.80%	292,483,526.83	96.35%
1 to 2 years	4,459,790.53	1.84%	3,670,061.07	1.21%

2 to 3 years	3,985,653.94	1.65%	5,838,379.65	1.92%
Above 3 years	4,134,444.25	1.71%	1,571,876.52	0.52%
Total	242,041,101.08		303,563,844.07	

Explanation on why prepayments with aging of more than 1 year and an important amount not settled in time: None.

(2) Top five suppliers in closing balance of prepayment summarized by payee

Series No.	Company name	Book balance	Percentage of prepayments (%)
1	Supplier A	13,812,488.35	5.71%
2	Supplier B	10,394,328.29	4.29%
3	Supplier C	9,850,422.38	4.07%
4	Supplier D	8,224,117.29	3.40%
5	Supplier E	6,029,816.94	2.49%
Total		48,311,173.25	19.96%

Other explanations: None.

8. Inventories

Did the Company need to comply with the disclosure requirements of the real estate industry: No.

(1) Categories of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance costs	Book value
Raw materials	1,542,268,025.34	47,335,748.03	1,494,932,277.31	1,592,465,699.05	56,078,142.82	1,536,387,556.23
Work in process	142,846,541.97	3,619,876.51	139,226,665.46	285,385,346.89	3,184,218.03	282,201,128.86
Finished goods	4,173,105,518.06	68,941,081.49	4,104,164,436.57	4,424,372,412.33	52,518,059.87	4,371,854,352.46
Consumptive biological assets	46,394,270.94		46,394,270.94	42,544,762.19		42,544,762.19
Materials outsourced for processing				193,030.54		193,030.54
Packaging materials and low value consumables	51,544,559.02	842,673.23	50,701,885.79	61,945,999.53	758,513.51	61,187,486.02
Total	5,956,158,915.33	120,739,379.26	5,835,419,536.07	6,406,907,250.53	112,538,934.23	6,294,368,316.30

(2) Data resources confirmed as inventory: None.

(3) Provision for decline in value of inventories or provision for impairment of contract performance costs

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Reversal or reselling	Others	
Raw materials	56,078,142.82	4,879,888.79		13,622,283.58		47,335,748.03
Unfinished products	3,184,218.03	435,658.48				3,619,876.51
Stocks	52,518,059.87	38,924,814.83		22,501,793.21		68,941,081.49
Packaging materials and low value consumables	758,513.51	87,165.45		3,005.73		842,673.23
Total	112,538,934.23	44,327,527.55		36,127,082.52		120,739,379.26

Provision for decline in value of inventories on a portfolio basis: None.
Standards for provision for decline in value of inventories on a portfolio basis: None.

(4) Explanation on closing balance of inventories involving capitalized amount of borrowing costs: None.

(5) Explanation on the current amortization amount of contract performance costs: None.

9. Held-for-sale assets

Unit: RMB

Item	Closing book balance	Provision for impairment	Closing book value	Fair value	Estimated disposal fees	Estimated disposal time
Held-for-sale equity held in the subsidiary	3,363,423.87		3,363,423.87			December 2025
Total	3,363,423.87		3,363,423.87			

Other explanations: Shanghai Y
trading with Shanghai Haijieya Medical Technology Co., Ltd, with an intention to transfer its 100%
in Shanghai Yunzhen Outpatient Department Co., Ltd. Both parties completed the singing of the agreement as to this transaction in March 2025. It is expected to complete the closing in December 2025.

10. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Certificate of deposit and interest	487,601,083.33	480,295,722.22
Total	487,601,083.33	480,295,722.22

(1) Debt investments due within one year

Not applicable

(2) Other debt investments due within one year

Not applicable

11. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax to be deducted and certified	483,524,178.65	472,854,544.60
Time deposits and other wealth management products	394,856,500.00	109,329,028.37
Cost of returned goods receivable	171,913,458.39	156,086,620.09
Prepaid taxes and fees	2,885,627.68	11,082,804.32
Others	237,107,616.23	38,755,582.16
Total	1,290,287,380.95	788,108,579.54

Other applicable

The recoverable amount is determined based on the net amount obtained by the fair value less the disposal expense.

Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: Not applicable.

the actual situation in the corresponding years: Not applicable.

Other explanations: None.

13. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profits or losses	206,670,363.44	387,688,897.11
Total	206,670,363.44	387,688,897.11

Other explanations: None.

14. Investment properties

(1) Adoption of the cost measurement model for investment properties

Applicable

Unit: RMB

Item	Houses and buildings	Land use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	63,823,600.25	35,986,907.73		99,810,507.98
2. Increase in the current period	2,493,258.77	608,518.17		3,101,776.94
(1) Outsourcing				0.00
(2) Transfer from inventory\fixed assets\ construction in progress	2,493,258.77	608,518.17		3,101,776.94
(3) Increase in business combination				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Closing balance	66,316,859.02	36,595,425.90		102,912,284.92
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	41,440,204.15	6,048,232.33		47,488,436.48

Liquidation of fixed assets	438,970.32	349,009.57
Total	3,012,711,745.68	3,012,878,828.09

(1) Fixed assets

Unit: RMB

Item	Houses and buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Others	Total
I. Original book value:						
1. Opening balance	2,967,355,392.37	1,720,259,929.58	66,771,532.55	179,243,085.40	1,381,365.41	4,935,011,305.31
2. Increase in the current period	51,622,314.77	39,851,123.85	257,041.60	9,740,878.54	43,924.00	101,515,282.76
(1) Purchase	0.00	23,383,620.70	257,041.60	9,740,878.54	43,924.00	33,425,464.84
(2) Transfer from construction in progress	50,169,330.16	16,467,503.15	0.00	0.00		66,636,833.31
(3) Increase in business combination						
(4) Other increases	1,452,984.61					1,452,984.61
3. Decrease in the current period	2,775,058.77	3,945,838.20	23,783.14	2,133,904.58	1,741.95	8,880,326.64
(1) Disposal or scrapping	281,800.00	3,945,838.20	23,783.14	2,133,904.58	1,741.95	6,387,067.87
(2) Other transfer-out	2,493,258.77	0.00	0.00	0.00		2,493,258.77
4. Closing balance	3,016,202,648.37	1,756,165,215.23	67,004,791.01	186,850,059.36	1,423,547.46	5,027,646,261.43
II. Accumulated depreciation						
1. Opening balance	610,989,865.93	1,063,060,001.96	37,399,404.38	120,302,270.06	1,101,181.72	1,832,852,724.05
2. Increase in the current period	32,459,560.49	53,233,409.14	1,702,152.45	13,120,201.93	57,057.92	100,572,381.93
(1) Provision	32,459,560.49	53,233,409.14	1,702,152.45	13,120,201.93	57,057.92	100,572,381.93
3. Decrease in the current period	1,437,708.03	2,977,143.02	18,563.00	2,040,543.03	663.00	6,474,620.08
(1) Disposal or scrapping	209,115.10	2,977,143.02	18,563.00	2,040,543.03	663.00	5,246,027.15
(2) Other transfer-out	1,228,592.93	0.00	0.00	0.00		1,228,592.93
4. Closing balance	642,011,718.39	1,113,316,268.08	39,082,993.83	131,381,928.96	1,157,576.64	1,926,950,485.90
III. Provision for impairment						
1. Opening balance	62,473,662.35	26,103,930.64		1,051,169.75		89,628,762.74
2. Increase in the current period	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision						
3. Decrease in the current period	436,290.04	769,472.53	0.00	0.00	0.00	1,205,762.57
(1) Disposal or scrapping		769,472.53				769,472.53
(2) Other transfer-out	436,290.04					
4. Closing balance	62,037,372.31	25,334,458.11	0.00	1,051,169.75	0.00	88,423,000.17
IV. Book value						0.00
1. Closing book value	2,312,153,557.67	617,514,489.04	27,921,797.18	54,416,960.65	265,970.82	3,012,272,775.36

2. Opening book value	2,293,891,864.09	631,095,996.98	29,372,128.17	57,889,645.59	280,183.69	3,012,529,818.52

(2) Temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remarks
Houses and buildings					

Construction in progress	752,520,380.49	703,439,112.24
Total	752,520,380.49	703,439,112.24

(1) Construction in progress

Unit: RMB

Item	Closing balance		Opening balance
	Book balance	Impairment provision	

Unit: RMB

Item name	Budget amount	Opening balance	Increase in the current period	Transfer to fixed assets in the current period	Other decrease in the current period	Closing balance	Proportion of total investment

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(3) Provision for impairment of construction in progress for the period: None.

(4) Impairment test of construction in progress

(5) Project materials: None.

17. Productive biological assets

(1) Adoption of the cost measurement model for productive biological assets

Unit: RMB

Item	Planting	Livestock-raising industry	Forestry	Fishery	Total
I. Original book value:					
1. Opening balance	2,578,500.00				2,578,500.00
2. Increase in the current period					
(1) Outsourcing					
(2) Self-cultivation					
3. Decrease in the current period					
(1) Disposal					
(2) Others					
4. Closing balance	2,578,500.00				2,578,500.00
II. Accumulated depreciation					0.00
1. Opening balance	1,761,975.15				1,761,975.15
2. Increase in the current period	85,950.06				85,950.06
(1) Provision	85,950.06				85,950.06
3. Decrease in the current period					
(1) Disposal					
(2) Others					
4. Closing balance	1,847,925.21				1,847,925.21
III. Provision for impairment					
1. Opening balance					
2. Increase in the current period					
(1) Provision					
3. Decrease in the current period					

(1) Disposal					
(2) Others					
4. Closing balance					
IV. Book value					
1. Closing book value	730,574.79				730,574.79
2. Opening book value	816,524.85				816,524.85

(2) Impairment test of productive biological assets measured at cost

Not applicable

(3) Adoption of the fair value measurement model for productive biological assets

Not applicable

18. Right-of-use assets

(1) Right-of-use assets

Unit: RMB

Item	Houses and buildings	Machinery and equipment	Land use rights	Total
I. Original book value				
1. Opening balance	475,912,381.44	4,535,659.59	3,637,250.13	484,085,291.16
2. Increase in the current period	58,430,087.87	46,694.87	0.00	58,476,782.74
(1) Lease	57,961,528.36			57,961,528.36
(2) Others	468,559.51	46,694.87		515,254.38
3. Decrease in the current period	24,173,792.14	0.00	0.00	24,173,792.14
(1) Lease expiration	15,985,497.94			15,985,497.94
(2) Disposal	8,188,294.20			8,188,294.20
4. Closing balance	510,168,677.17	4,582,354.46	3,637,250.13	518,388,281.76
II. Accumulated depreciation				0.00
1. Opening balance	192,260,263.53	420,677.98	227,328.13	192,908,269.64
2. Increase in the current period	55,411,596.03	420,507.34	454,656.27	56,286,759.64
(1) Provision	55,411,596.03	420,507.34	454,656.27	56,286,759.64
3. Decrease in the current period	20,174,631.33	0.00	0.00	20,174,631.33
(1) Disposal	4,189,133.39			4,189,133.39
(2) Lease expiration	15,985,497.94			15,985,497.94
4. Closing balance	227,497,228.23	841,185.32	681,984.40	229,020,397.95
III. Provision for impairment				
1. Opening balance				
2. Increase in the current period				
(1) Provision				
3. Decrease in the current period				
(1) Disposal				
4. Closing balance				

IV. Book value				
1. Closing book value	282,671,448.94	3,741,169.14	2,955,265.73	289,367,883.81
2. Opening book value	283,652,117.91	4,114,981.61	3,409,922.00	291,177,021.52

(2) Impairment test of right-of-use assets:

Not applicable

Other explanations: None.

19. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Land use rights	Patent Right	Non-patent technology	Software	Trademark	Franchise rights	Total
I. Original book value							
1. Opening balance	685,685,538.34	34,492,676.60	2,150,381.86	82,481,936.55	20,000.00	154,081,682.57	958,912,215.92
2. Increase in the current period	0.00	0.00	0.00	3,801,986.65	0.00	0.00	3,801,986.65
(1) Purchase				3,801,986.65			3,801,986.65
(2) Internal R&D							0.00
(3) Increase in business combination							0.00
3. Decrease in the current period	608,518.17	0.00	0.00	0.00	0.00	0.00	608,518.17
(1) Disposal							0.00
(2) Other transfer-out	608,518.17						608,518.17
4. Closing balance	685,077,020.17	34,492,676.60	2,150,381.86	86,283,923.20	20,000.00	154,081,682.57	962,105,684.40
II. Accumulated amortization							
1. Opening balance	171,214,442.85	29,660,574.56	2,150,381.86	33,289,390.91	5,369.99	17,664,216.34	253,984,376.51
2. Increase in the current period	7,944,138.94	1,401,483.96	0.00	4,187,531.24	1,111.1N		

3. Decrease in the current period							
(1) Disposal							
4. Closing balance	6,382,453.60			332,131.80		136,417,466.23	143,132,051.63
IV. Book value							0.00
1. Closing book value	499,984,074.85	3,430,618.08		48,474,869.25	13,518.90		551,903,081.08
2. Opening book value	508,088,641.89	4,832,102.04	0.00	48,860,413.84	14,630.01	0.00	561,795,787.78

total intangible assets balance.

(2) Data resources for recognition of intangible assets: None.

(3) Land use rights for which the title certificate has not been obtained: None.

(4) Impairment test of intangible assets

20. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the investee or items forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
		Formed by business combination	Disposal	
YNBY International Limited	645,635,327.81			645,635,327.81
Yunnan Baiyao Group Medical Technology Hefei Co., Ltd.	26,904,931.64			26,904,931.64
Shanghai Hanshi Health Consulting Co., Ltd.	23,247,992.08			23,247,992.08
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	12,843,661.62			12,843,661.62
Lijiang Yunquan Biological Development Co., Ltd.	721,770.39			721,770.39
Total	709,353,683.54			709,353,683.54

(2) Provision for impairment of goodwill

Unit: RMB

Name of the investee or items forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
		Provision	Disposal	
YNBY International Limited	561,515,748.26			561,515,748.26
Yunnan Baiyao Group Medical Technology Hefei Co., Ltd.	26,904,931.64			26,904,931.64
Shanghai Hanshi Health Consulting Co., Ltd.	23,247,992.08			23,247,992.08
Lijiang Yunquan Biological Development Co., Ltd.	721,770.39			721,770.39

Total	612,390,442.37			612,390,442.37

(3) Related information on asset group or combination of asset groups containing goodwill: None.

(4) Determination of recoverable amount

The recoverable amount is determined based on the net amount obtained by the fair value less the disposal expense

Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows

Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: None.

tests in previous years and the actual situation in the corresponding years: None.

(5) Fulfillment of undertakings and goodwill impairment

Performance commitments existed at the time goodwill was formed and the reporting period, or the previous period of the reporting period was within the performance commitment period

Other explanations: None.

21. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decrease	Closing balance
Building decoration and project renovation	119,989,582.68	10,924,764.08	24,970,004.70	2,900,153.66	103,044,188.40
Nanping Street renovation project of Yunnan Baiyao	2,954,145.20	0.00	1,772,487.18	0.00	1,181,658.02
Others	4,138,084.03	510,890.03	290,418.62	2,561,900.67	1,796,654.77
Total	127,081,811.91	11,435,654.11	27,032,910.50	5,462,054.33	106,022,501.19

Other explanations: None.

22. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	120,159,271.04	20,859,872.66	98,058,482.77	19,885,869.32

Unrealised profits of intra-group transactions	276,067,334.56	42,602,517.04	264,588,567.67	42,769,190.08
Deferred income	276,428,290.16	42,036,388.31	236,345,643.60	36,433,668.40
Provision for credit impairment	1,161,407,563.85	284,516,393.38	1,074,991,838.10	165,210,239.51
Contractual liabilities	1,172,594,900.54	187,420,768.29	1,241,244,032.89	188,564,063.04
Payroll payable and long-term employee benefits payable	619,293,302.12	93,429,465.66	634,896,697.76	95,426,303.19
Expenses beyond overall planning for employee status conversion expenses of state-owned enterprises and social security expenses of retirees	21,490,653.02	3,223,597.95	20,779,234.95	3,116,885.24
Lease liabilities	305,479,368.68	60,248,843.20		

556,708.95	3,305,149.96	826,287.49
7,416,289.44	41,722,666.75	6,258,400.01
28,209,511.70	624,470,430.09	93,867,331.53

set, net

Unit: RMB

balance of income tax liabilities offset	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the beginning of the reporting period	Opening balance of deferred income tax assets or liabilities after offset
1,044,598.03		756,975,016.74
8,209,511.70		93,867,331.53

Unit: RMB

balance	Opening balance
901,381,318.37	808,060,703.41
563,470,353.53	555,344,587.39
26,696,207.60	59,147,921.72
9,534,409.98	9,908,046.96
1,501,082,289.48	1,432,461,259.48

ssets were unrecognized will expire in the following years

Unit: RMB

Opening balance	Remarks
11,001,342.99	
114,735,981.68	
176,920,446.70	

2027	191,478,387.66	

2035	2,672,865.29	0.00	
Total	901,381,318.37	808,060,703.41	

Other explanations: None.

23. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Time deposit and interest	487,601,083.33		487,601,083.33	485,794,233.38		485,794,233.38
Advance payment for the purchase of fixed assets, etc.	68,045,732.45		68,045,732.45	21,763,610.34		21,763,610.34
Stocks of special materials	42,000,723.80		42,000,723.80	42,000,723.80		42,000,723.80
Value-added tax credit refund	35,013,974.79		35,013,974.79	35,013,974.79		35,013,974.79
Cost of returned goods receivable	18,428,172.48		18,428,172.48	12,097,575.84		12,097,575.84
Less: the part due within 1 year	-487,601,083.33		-487,601,083.33	-480,295,722.22		-480,295,722.22
Total	163,488,603.52		163,488,603.52	116,374,395.93		116,374,395.93

Other explanations: None.

24. Assets with restricted ownership or use rights

Unit: RMB

Item	At the end of the period				At the beginning of the period			
	Book balance	Book value	Type of restriction	Restriction	Book balance	Book value	Type of restriction	Restriction
Cash and bank balance	16,404,177.76	16,404,177.76	Security deposit	Letter of guarantee acceptance bill margin, performance bond margin, etc.	21,699,196.16	21,699,196.16	Security deposit	Letter of guarantee acceptance bill margin, performance bond margin, etc.
Cash and bank balance	2,648,494.30	2,648,494.30	Special use	Special fund for housing reform and housing maintenance costs	2,648,389.00	2,648,389.00	Special use	Special fund for housing reform and housing maintenance costs
Cash and bank balance	3,120,832.53	3,120,832.53	Property preservation	Property preservation				
Various assets of the restructured special account	579,156,892.96	579,156,892.96	Special use	Special fund for paying the cost of employee status conversion in state-owned enterprises	588,106,000.80	588,106,000.80	Special use	Special fund for paying the cost of employee status conversion in state-owned enterprises

Long-term equity investments					12,061,376,588.76	12,061,376,588.76	Within the restricted period	Shares shall not be transferred within 36 months from the completion of the private placement
Total	601,330,397.55	601,330,397.55			12,673,830,174.72	12,673,830,174.72		

Other explanations: None.

25. Short-term loans

(1) Classification of short-term loans

Unit: RMB

Item	Closing balance	Opening balance
Loan in credit		402,133,333.39
Discounted internal bills	10,169,668.64	21,246,939.25
Total	10,169,668.64	423,380,272.64

Explanation on classification of short-term loans: None.

(2) Overdue and outstanding short-term loans: None.

26. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
	1,892,718,040.48	1,913,702,684.41
Total	1,892,718,040.48	1,913,702,684.41

Total notes payable due and unpaid at the end of the period were RMB 0.00.

27. Accounts payable

(1) Accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payment for engineering equipment and others	280,683,132.02	253,824,460.16
Payment for goods	4,950,972,955.17	4,504,527,943.71
Total	5,231,656,087.19	4,758,352,403.87

(2) Major accounts payable aged over one year: None.

28. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividend payable		86,490,742.04
Other payables	1,562,291,988.77	1,300,141,934.71
Total	1,562,291,988.77	1,386,632,676.75

(1) Interests payable: None.

(2) Dividend payable

Unit: RMB

Item	Closing balance	Opening balance

Total	1,607,722,042.64	1,916,123,387.16

Significant contractual liabilities aged more than 1 year: None.

The amount of and reasons for significant changes in the book value during the reporting period: None.

31. Payroll payable

(1) Payroll payable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term compensation	1,212,565,480.98	1,144,562,106.48	1,345,417,983.58	1,011,709,603.88
II. Welfare after demission - defined contribution plan	63,375,884.85	107,619,341.44	107,042,723.64	63,952,502.65

(3) Defined contribution plans

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	1,892,951.88	102,670,966.79	102,110,794.11	2,453,124.56
2. Unemployment insurance premiums	71,770.37	4,918,531.92	4,902,086.80	88,215.49
3. Corporate pension payment	61,411,162.60	29,842.73	29,842.73	61,411,162.60
Total	63,375,884.85	107,619,341.44	107,042,723.64	63,952,502.65

Other explanations: None.

32. Tax payables

Unit: RMB

Item	Closing balance	Opening balance
Corporate income tax	351,982,256.81	312,428,903.46
Individual income tax	7,626,259.12	22,714,512.22
Value added tax	270,233,702.20	63,461,639.78
Property tax	11,081,617.51	13,699,166.25
Land use tax	5,252,176.04	5,538,344.78
Stamp duty	4,950,399.31	7,385,564.48
Consumption tax		2,202,350.70
Resource tax	1,268.80	3,000.00
Education surcharge	7,671,864.07	3,014,717.15
Urban maintenance and construction tax	19,207,809.98	8,407,433.24
Local education surcharge	6,151,753.13	2,005,874.44
Collected and remitted taxes and fees	9,443,124.41	25,681,893.64
Environmental protection tax	4,979.19	3,629.23
Water conservancy fund	65,371.27	56,737.77
Total	693,672,581.84	466,603,767.14

Other explanations: None.

33. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Lease liabilities due within one year	100,970,331.44	88,436,075.74
Total	100,970,331.44	88,436,075.74

Other explanations: None.

34. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance

Transfer to output tax	470,215,948.32	454,197,724.34
Returns payable	163,002,399.83	164,864,900.59

Special financial support funds of

use of intelligent voice cluster development base in the R&D project of intelligent medq48.72 q48.72 668.14 160.4

Expenses beyond overall planning for employee status conversion expenses of state-owned enterprises and social security expenses of retirees	572,211,733.58	586,694,704.41

Other explanations: None.

(2) Special payables

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance

Material purchase project research expense	489,575.00			489,575.00	Transfer from Baiyao Holdings due to merger by absorption
R&D of redesigned drugs for treating cardiovascular and cerebrovascular diseases (TCM)	258,031.60			258,031.60	Transfer from Baiyao Holdings due to merger by absorption
Total	4,838,584.16			4,838,584.16	

Other explanations: None.

38. Long-term payroll payable

(1) Details of long-term payroll payable

Unit: RMB

Item	Closing balance	Opening balance
II. Dismissal welfares	270,376.25	417,539.44
III. Other long-term welfares	995,385.52	878,826.00
Total	1,265,761.77	1,296,365.44

(2) Change of defined benefit plan: None.

39. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Reasons
Returns payable	19,837,374.22	12,726,280.09	Returns payable not settled within one year
Total	19,837,374.22	12,726,280.09	

Other explanations, including important assumptions and estimates related to significant estimated liabilities: None.

40. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons
Government subsidies					
Including: Government subsidies related to income	133,786,181.20	14,787,000.00	1,767,257.96	146,805,923.24	
Government subsidies related to assets	161,707,384.12	700,000.00			

Total	295,493,565.32	15,487,000.00	7,856,067.56	303,124,497.76	--

Other explanations: None.

41. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Receipts of real estate sale under staff housing reform	1,931,554.36	1,931,554.36
Total	1,931,554.36	1,931,554.36

Other explanations: None.

42. Share capital

Unit: RMB

	Opening balance	Increase or decrease (,)					Closing balance
		Issuance of new shares	Share dividend	Capitalization of capital reserve into share capital	Others	Subtotal	
Total number of shares	1,784,262,603.00						1,784,262,603.00

Other explanations: None.

43. Capital reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (equity premium)	17,480,187,335.11	37,009,868.76		17,517,197,203.87
Other capital reserves	156,961,488.37	15,826,190.78		172,787,679.15
Total	17,637,148,823.48	52,836,059.54		17,689,984,883.02

Other explanations, including changes and reasons thereof during the reporting period:

(1) On May 22, 2025, the placement of 800,000,000 by YNBY International made the number of its total issued shares increased to 7,599,914,160 shares from 6,799,914,160 shares. The Company held 5,009,936,360 shares in YNBY International

equity held in its subsidiary but the owner still controlled over its subsidiary. So, this trading was deemed as an equity trading, increasing correspondingly the capital reserves (capital premium or equity premium) by RMB 37,009,868.76.

(2) The Company recognized changes in its other equities held in its associates and its shares were diluted

Unit: RMB

Item	Opening balance	Amount for the current period

Other explanations, including adjustments to the effective portion of the cash flow hedge profits or losses transferred to the amount initially recognized for the hedged item: None.

45. Surplus Reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	2,530,458,968.58			2,530,458,968.58
Total	2,530,458,968.58			2,530,458,968.58

Explanations on surplus reserves, including changes and reasons thereof for the period: None.

46. Undistributed profit

Unit: RMB

Item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	16,981,339,385.76	18,102,147,836.12
Undistributed profit at the beginning of the period after adjustment	16,981,339,385.76	18,102,147,836.12
Plus: Net profits attributable to equity owners of the parent in the current period	3,632,911,303.12	4,749,415,499.55
Ordinary share dividends payable	2,114,351,184.56	5,870,223,949.91
Undistributed profit at the end of the period	18,499,899,504.32	16,981,339,385.76

Details on adjustment of undistributed profits at the beginning of the period:

1) Due to retrospective adjustments in accordance with *Accounting Standards for Business Enterprises* and relevant new provisions, the undistributed profits at the beginning of the period were affected by RMB 0.00.

2) Due to changes in accounting policies, the undistributed profits at the beginning of the period were affected by RMB 0.00.

3) Due to correction of material accounting errors, the undistributed profits at the beginning of the period were affected by RMB 0.00.

4) Due to changes in the consolidation scope under common control, the undistributed profits at the beginning of the period were affected by RMB 0.00.

5) Due to other adjustments, the undistributed profits at the beginning of the period were affected by RMB 0.00.

47. Operating revenue and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	Cost	Revenue	Cost
Principal businesses	21,235,801,094.89	14,684,081,632.34	20,417,596,599.08	14,450,146,794.38

Planting sales income	0.00	0.00	0.00	0.00	932,453.26	1,311,082.67	0.00	0.00	0.00	0.00	932,453.26	1,311,082.67
Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,301,801.13	13,786,436.95	21,301,801.13	13,786,436.95
By operating areas	4,644,731,318.19	1,377,205,543.12	3,501,584,892.86	1,093,120,220.12	972,896,205.17	836,795,160.87	11,766,118,529.74	11,061,297,792.48	371,771,950.06	329,449,352.70	21,257,102,896.02	14,697,868,069.29
Including:												
In Yunnan province	584,029,038.18	111,297,122.93	125,880,174.28	33,103,236.45	614,943,404.07	510,494,179.24	11,744,158,712.13	11,037,635,407.47	115,972,109.26	88,529,263.24	13,184,983,437.92	11,781,059,209.33
Outside Yunnan province (excluding overseas)	4,055,989,037.01	1,264,259,912.19	3,374,260,632.01	1,059,608,095.52	316,352,885.57	285,861,633.93	21,959,817.61	23,662,385.01	73,270,995.86	62,501,421.36	7,841,833,368.06	2,695,893,448.01
Overseas	4,713,243.00	1,648,508.00	1,444,086.57	408,888.15	41,599,915.53	40,439,347.70	0.00	0.00	182,528,844.94	178,418,668.10	230,286,090.04	220,915,411.95

Information related to performance obligations: The Company and its subsidiaries are mainly engaged in sale of drugs, medicinal materials, health and daily chemical products, etc. and recognize the realization of revenue upon delivery of products to customers and confirmation by customers that they have obtained control over the products. No contracts are for the purpose of significant financing. But some contracts may include some discount and concession clauses. Usually, no contracts contain expected refunds to customers or other similar obligations assumed by the Company.

Other explanations: None.

Information related to the transaction price allocated to remaining performance obligations:

As of the end of this reporting period, the income corresponding to the performance obligations that have been contracted but not yet fulfilled or completed is RMB 0.00.

Information about variable consideration in the contract: None.

Significant contract changes or significant adjustments to the transaction price: None.

48. Taxes and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Property tax	12,418,205.22	10,775,652.51
Land use tax	5,379,563.73	5,485,490.94
Stamp duty	10,413,199.41	12,923,290.36
Vehicle and vessel use tax	68,236.50	69,522.55
Consumption tax	90,599.59	295,265.87
Education surcharge	23,824,953.63	22,660,975.14
Urban maintenance and construction tax	56,335,793.96	52,049,849.11
Local education surcharge	17,085,636.36	15,105,396.00
Others	157,464.75	186,377.01
Total	125,773,653.15	119,551,819.49

Other explanations: None.

49. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	220,150,105.14	191,576,372.21
Depreciation and amortization	42,231,339.89	43,832,506.15
Agency service fee	15,634,005.27	20,230,312.27
Office expenses	13,222,610.61	4,949,786.19

Other explanations: None.

50. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	678,291,868.07	693,869,875.78
Display expenses	535,889,331.94	236,563,579.17
Business promotion expenses	451,443,263.66	374,996,687.38
Advertising expenses	283,935,986.74	212,257,895.40
Marketing service fees	84,210,520.18	184,141,383.69
Promotional staff expenses	92,216,999.74	127,076,696.08
Travel expenses	63,980,897.09	64,946,316.69
Conference service fees	41,064,583.09	61,665,961.28
Depreciation and amortization	41,044,875.76	39,747,285.80
Others	244,293,530.77	301,555,809.32
Total	2,516,371,857.04	2,296,821,490.59

Other explanations: None.

51. R&D expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	74,108,094.35	68,904,549.49
Materials consumption and inspection fee	26,337,827.78	22,733,275.03
Commissioned R&D cost	23,531,702.05	32,142,383.35
Depreciation and amortization	13,240,528.82	5,687,670.77
New product design fee	6,172,392.65	4,615,013.16
Others	12,509,593.92	13,960,127.54
Total	155,900,139.57	148,043,019.34

Other explanations: None

52. Financial expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Interest expenses	10,821,177.16	27,648,907.91
Less: interest income	49,581,264.78	162,711,635.16
Net loss on foreign exchange	13,055,426.98	-1,841,489.74
Bank charges	2,598,053.21	7,284,938.64
Others		

53. Other income

Unit: RMB

Other sources of income	Amount for the current period	Amount for the previous period
Government subsidies directly included in current profit and loss during the period	12,325,615.11	22,618,622.37
Amortization of government subsidies related to assets	6,088,809.60	8,683,691.00
Amortization of government subsidies related to income	1,767,257.96	2,563,800.24
Return of individual income tax service charge	3,802,493.92	9,581,633.20
Others	3,422,221.90	4,473,124.93
Total	27,406,398.49	47,920,871.74

54. Gains on changes in fair value

Unit: RMB

Sources of gains on changes in fair value	Amount for the current period	Amount for the previous period
Financial assets held for trading	33,268,150.43	16,811,914.40
Other non-current financial assets	36,769,346.33	-12,215,037.59
Total	70,037,496.76	4,596,876.81

Other explanations: None.

55. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Gain on long-term equity investments under the equity method	783,530,345.39	506,633,970.31
Investment income from disposal of financial assets held for trading	62,659,897.96	-12,988,016.22
Investment income from disposal of other non-current financial assets	15,898,940.95	
Investment income earned during the holding period of other non-current financial assets	0.00	3,427,111.75
Others	-22,460,467.65	-19,574,751.35
Total	839,628,716.65	477,498,314.49

Other explanations: None.

56. Credit impairment losses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Bad debt losses on accounts receivable	-133,537,271.89	-88,711,574.60

Bad debt losses on other receivables	35,154,629.28	5,949,239.48
Total	-98,382,642.61	-82,762,335.12

Other explanations: None.

57. Asset impairment losses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Inventory impairment losses and contract performance cost impairment losses	-41,743,184.35	-3,578,591.92
II. Impairment loss of fixed assets		-2.61
Total	-41,743,184.35	-3,578,594.53

External donations	3,042,269.30	3,130,241.66	3,042,269.30
Losses from destruction and scrapping of non-current assets	147,310.51	149,829.54	147,310.51
Including: fixed assets	147,310.51	149,829.54	147,310.51
Others	2,780,275.11	1,475,553.56	2,780,275.11
Total	5,969,854.92	4,755,624.76	

Other explanations: None.

61. Income tax expense

(1) Table of income tax expenses

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Current income tax expenses	757,017,264.51	572,852,946.49
Deferred income tax expenses	-169,745,390.66	-90,787,456.62
Total	587,271,873.85	482,065,489.87

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB

Item	Amount for the current period
Total profit	4,231,871,841.79
Income tax expense calculated at statutory/applicable tax rate	634,780,776.27
Effect of different tax rates applied to subsidiaries	55,724,454.57
Effect of adjusting income tax for prior periods	103,854,849.87
Effect of non-taxable income	-132,098,371.02
Effect of non-deductible costs, expenses and losses	31,362,403.98
Effect of the use of the deductible losses of the deferred tax assets not recognized in prior periods	-18,365,060.49
Effect of deductible temporary differences or deductible losses of the deferred income tax assets not recognized in the current period	28,496,029.84
Change in the balance of deferred income tax assets/liabilities at the beginning of the year due to tax rate adjustments	-98,683,068.10
Extra deductions for R&D costs	-18,646,834.33
Others	846,693.26
Income tax expenses	587,271,873.85

Other explanations: None.

62. Other comprehensive income

63. Cash flow statement

(1) Cash relating to operating activities

Other cash received relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Interest income	49,581,264.78	160,542,220.78
Deposits and guarantees	79,075,011.67	58,473,746.22
Government subsidy	35,902,118.61	51,052,696.48
Current account and petty cash	118,959,071.16	45,935,859.53
Others	97,074,597.57	39,393,081.70
Total	380,592,063.79	355,397,604.71

Explanations on other cash received relating to operating activities: None.

Other cash payments relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Expenses of cost nature	1,628,887,047.85	1,191,200,957.11
Deposits and guarantees	80,757,823.69	22,936,940.61
Current account and petty cash	96,355,202.04	87,712,907.26
Others	36,580,390.86	9,721,745.05
Total	1,842,580,464.44	1,311,572,550.03

Explanations on other cash payments relating to operating activities: None.

(2) Cash relating to investment activities

Other cash received relating to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Principal and interest of time deposits and other bank deposits redeemed	145,116,700.00	3,807,040,500.00
Total	145,116,700.00	3,807,040,500.00

Important cash received relating to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Principal of stocks, financial products, etc.	2,345,628,996.48	3,145,988.51

Time deposits and other bank deposits	145,116,700.00	3,807,040,500.00
Total	2,490,745,696.48	3,810,186,488.51

Explanations on other cash received relating to investment activities: None.

Other cash payments relating to investment activities

Unit: RMB

Item	Amount for the current period	Amount for the previous period

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Cash change	Non-cash change	Cash change	Non-cash change	
Short-term borrowings	423,380,272.64	10,169,668.64	22,411.17	421,860,617.61	1,542,066.20	10,169,668.64

-)		
Financial expenses (-)	10,821,177.16	27,648,907.91
Investment losses (-)	-873,839,341.77	-477,498,314.49
Decrease of deferred income tax assets (increase -)	-204,069,581.29	-107,322,722.98
Increase of deferred income tax liabilities (-)	34,342,180.17	16,535,266.36
Decrease in inventories (increase is indicated with -)	417,205,595.88	450,556,841.55
Decrease in operating receivable items (increase -)	-148,312,791.38	-739,995,094.96
Increase in operating payable items (decrease -)	804,585,525.61	623,860,555.14
Others	9,805,013.01	17,450,377.13
Net cash flows from operating activities	3,961,187,202.77	3,261,617,391.99
2. Major investment and financing activities irrelevant to cash income and expense:		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	10,692,498,963.32	14,062,236,665.43
Less: Opening balance of cash	10,275,529,575.34	14,151,765,468.49
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	416,969,387.98	-89,528,803.06

(2) Net cash paid for acquisitions of subsidiaries for the period: None.

(3) Net cash received from disposal of subsidiaries for the period: None.

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	10,692,498,963.32	10,275,529,575.34
Including: Cash on hand	146,174.20	124,469.53
Bank deposit available	10,596,856,934.02	

for payment at any time		
Other cash and bank balance available for payment at any time	95,495,855.10	52,831,059.75

Variable lease payments not included in the measurement of lease liabilities

Applicable applicable

Variable lease payments not included in the measurement of lease liabilities	1,971,216.70

Simplified handling of payments of short-term leasing or leasing of low value assets

Applicable

Simplified handling of payments of short-term leasing or leasing of low value assets	7,203,084.89

After-sales leaseback transactions: None.

(2) The Company as the lessor

Operating lease where the Company is the lessor

Applicable

Item	Receipts from lease	Including: Receipts related to variable lease payments not included in lease receipts
Houses and buildings	10,225,858.78	
Total	10,225,858.78	

Finance lease where the Company is the lessor

Not applicable

Undiscounted lease receipts for each of the next five years

Not applicable

Reconciliation of undiscounted lease receipts to net investment in leases: None.

(3) Recognition of profits and losses on sales under finance leases as a manufacturer or distributor

Applicable Not applicable

68. Others

None.

VIII. R&D Expenditure

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Employee compensation	74,262,697.80	68,969,121.01
Materials consumption and inspection fees	26,341,779.99	22,936,642.33
Commissioned R&D cost	37,644,068.94	39,828,301.28
Depreciation and amortization	13,328,808.65	5,746,520.33

Others	12,571,159.14	13,983,530.36
New product design fee	6,172,392.65	4,615,013.16
Total	170,320,907.17	156,079,128.47
Including: Expensed R&D expenditure	155,900,139.57	148,043,019.34
Capitalized R&D expenditure	14,420,767.60	8,036,109.13

1. R&D projects meeting capitalization conditions

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Internal development costs	Others	Recognized as intangible assets	Transfer to current profits or losses	
P137 Project R&D (IND)	25,422,461.13	143,393.16				25,565,854.29
Phase III clinical trial of Fuji Guben Ointment		1,522,899.39				1,522,899.39
INR101 injection		12,754,475.05				12,754,475.05
Total	25,422,461.13	14,420,767.60				39,843,228.73

Important capitalized R&D projects: None.

Impairment provision for R&D expenditure: None.

2. Important outsourced project under study: None.

IX. Changes in the Consolidation Scope

1. Business combination not under common control

(1) Business combination not under common control during this reporting period: None.

(2) Cost of business combination and goodwill: None

(3) Identifiable assets and liabilities of the acquiree on the acquisition date: None.

(4) Proceeds or losses caused by remeasurement of the equity held before the acquisition date at the fair value

Whether there was any trading that contributed to a progressive realization of business combination by multiple transactions and during this reporting period, through this business combination, control was acquired.

No

(5)
assets and liabilities on the acquisition date or at the end of the period of the business combination

None.

(6) Other explanations

None.

2. Business combination under common control

(1) Business combination under common control during this reporting period: None.

(2) Cost of business combination: None

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3. Reverse acquisition:

The basic information on the trading, the basis for determining the trading to be a reverse acquisition, whether the listed he merger cost, the adjusted equity amount and its calculation under the method for equity trading: None.

4. Disposal of subsidiaries

Whether there were any transactions or events during the period in which control of subsidiaries was lost

Yes No

Whether there was a loss of control in the current period under a progressive disposal of investments in subsidiaries through multiple transactions

Yes No

5. Changes in the consolidation s8( )0008869/ 0.1F4 10.51]TJETQ(4 BDC)-5(i)511(i)-or-5(i)5(d)-1o0008869-3(o)hedihed

Yunnan Baiyao Group Shanghai Co., Ltd.	15,000,000.00	Shanghai	Shanghai	Technical services	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Medical Technology Hefei Co., Ltd.	25,970,800.00	Hefei	Hefei	Medical Device Production and Sales	100%	0.00%	Business combination not under the same control
Shanghai Yunzhen Medical Technology Co., Ltd.	900,000.00	Shanghai	Shanghai	Technical development and service	100.00%	0.00%	Set-up or investment
YNBY International Limited	0.00	Hong Kong	Hong Kong	Trade	28.06%	45.62%	Business combination not under the same control
Yunnan Baiyao Tiancui Business Management Co., Ltd.	3,000,000.00	Kunming	Kunming	Catering	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Beijing Co., Ltd.	50,000,000.00	Beijing	Beijing	Technology promotion service	100.00%	0.00%	Set-up or investment
Yunhe Pharmaceutical (Tianjin) Co., Ltd.	20,000,000.00	Tianjin City	Tianjin City	Research and experimental development	100.00%	0.00%	Set-up or investment
Yunnan Baiyao Group Digital Intelligence Technology Co., Ltd.	11,152,469.81	Kunming	Kunming	Software and information technology service industry	100.00%	0.00%	Set-up or investment

Explanation of the inconsistency of the ratio of shareholding in subsidiaries with the proportion of voting rights: None.

Basis for holding half or less of the voting rights but still controlling investees, and holding more than half of the voting rights but not controlling investees: None.

Basis for controlling major structured entities consolidated into the financial statements:

The structured entities included in the scope of consolidation of the Group include CICC Directional Asset Management-GF-CICC Qirui 1 and Shanghai Trust Platinum Series Hong Kong Market Investment Single Fund Trust. Because the Group has power over such structured entities, enjoys variable returns by participating in related activities, and has the ability to use its power over the investee to influence its variable returns, the Group has control over such structured entities.

Basis for determining whether the Company is an agent or an entrustor: None.

Other explanations: None.

(2) Key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Percentage of shares held by minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Balance of minority the end of the period
YNBY International Limited	34.08%	940,138.03		-7,380,033.76

Explanation on the inconsistency of the ratio of shareholding held by minority shareholders in subsidiaries with the proportion of voting rights: None.

Other explanations: None.

(3) Main financial information of key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance	Opening balance
	Current asset69.9	

(4) Major restrictions on the use of assets of the corporate group and settlement of its debts: None.

(5) Financial support or other support provided for structured entities included in the scope of consolidation for the consolidated financial statements

None.

Other explanations: None.

2.

the subsidiary remains unchanged

(1) 5)

As disclosed by YNBY International, on May 25, 2025, the Company allotted a total of 800,000,000 shares to not less than 6 allotees at a new price of HKD 0.1161 per share according to the terms and conditions of the allotment agreement. After this subscription, YNBY 6,799,914,160 shares to 7,599,914,160 shares. The Company holds 5,009,936,360 shares in YNBY International, accounting 65.92% of

(2) 5

Unit: RMB

	Amount
Acquisition cost/disposal consideration	
--Cash	
--Fair value of the non-cash assets	
Total acquisition cost/disposal consideration	-37,009,868.76
in proportion to the acquired /disposed equity ratio	37,009,868.76
Amount difference	37,009,868.76
Including: Adjustment of capital reserves	
Adjustment of surplus reserve	
Adjustment of undistributed profits	

Other explanations: None.

3. Interest in joint ventures or associates

(1) Important joint ventures or associates

Name of joint venture or associate	Main business location	Place of registration	Business nature	Shareholding proportion		The accounting method for investments in joint ventures or associates
				Direct	Indirect	

Group's subsidiary, YNBY International, is located in Hong Kong, the PRC, and its functional currency is Hong Kong dollars. The Group s exposure to foreign exchange risk relates mainly to the US dollar and Hong Kong dollar, etc. The exchange rate risk affects both the Group s transactions and the results of its foreign operations. The balance of the Group's foreign currency monetary items as at June 30, 2025 is as shown in Section 67 Monetary items

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US dollar and Hong Kong dollar, while other factors remained unchanged, the net profit of the Company would have increased or decreased by approximately RMB 20,274,718.58.

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because

other interest-bearing long-term debts. Financial liabilities at floating rates expose the Group to the cash flow interest rate risk, and financial liabilities at fixed rates expose the Group to the fair value interest rate risk. The Group determines the relative proportion of contracts carrying fixed and floating rates according to prevailing market conditions. As at June 30, 2025 -free debt (with a balance of RMB 404,233,333.39 at the end of last year) faced not material exposure to changes in market interest rates.

(3) Other price risk

The investments at fair value through profits or losses held by the Group are measured at fair value on the balance sheet date. Therefore, the Group is exposed to fluctuations in the securities market. The Group reduces the price risk of equity portfolio investments by holding multiple equity portfolios.

2. Credit risk

As at June 30, 2025

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under the contract and financial guarantees undertaken by the Group, including:

The book value of recognized financial assets in the consolidated balance sheet. For financial instruments measured at fair value, the book value reflects its risk exposure, but not its maximum risk exposure, which will change as fair value changes in the future.

-produced drugs and health products are generally sold in accordance with the principle of first payment before delivery. When selecting dealers (customers), the Company will investigate the scale and financial strength, market resources, operations, brands, sales networks, and sales channels of dealers (customers). Only dealers (customers) that meet the requirements of the Company can be selected. Yunnan Pharma, a subsidiary of the Company, mainly faces the customer credit risk caused by credit sales. Yunnan Pharma strictly implements credit management for the whole process of credit sales. It has established a customer credit evaluation management system, and divided customers into various types according to their nature, expected sales, operating conditions, and development potential. For each type of customer, it will set assessment credit and red line credit days according to a unified division standard, and then confirm the effective sales and the time limit to stop billing, and make credit sales forecast and evaluation before the transactions. In the process of cooperation, dynamic credit adjustment is carried out according to the actual purchase amount of customers and the change of business scale, so that the credit sales amount given matches its business strength. Because the Company only deals

with recognized and reputable third parties, and customer bases are mainly medical institutions at all levels, large pharmacy chains, distributors, community and township medical service outlets, no collateral is required. Credit risk concentration is managed by customer type, geographic region and industry.

customer base for accounts receivable is widely dispersed in different regions and industries, there is no significant concentration of credit risk within the Company.

credit risk of working capital is low.

3. Liquidity risk

Liquidity risk is the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets.

ient cash to pay its debts as they fall due. Liquidity risk is has sufficient funds to service its debt with all reasonable projections by monitoring cash balances, readily realizable marketable securities and rolling projections of cash flows for the next 12 months.

The maturity analysis of financial liabilities based on undiscounted contractual cash flows of the Company is as follows:

(1) s current liabilities include short-term loans, notes payable and accounts payable, and other payables, which are expected to be repaid within 1 year.

(2) The maturity analysis of non-current liabilities (including the non-current liabilities due within 1 year) based on undiscounted contractual cash flows of the Company is as follows:

Item	June 30, 2025				Total
	Within one year	1 to 2 years	2 to 3 years	Above 3 years	
Long-term loans				2,100,000.00	2,100,000.00
Lease liabilities	105,381,785.10	66,428,055.99	53,299,122.87	78,527,853.22	303,636,817.18
Total	105,381,785.10	66,428,055.99	53,299,122.87	80,627,853.22	305,736,817.18

(II) Hedging

(1) The Company carried out hedging business for risk management

Applicable Not applicable

(2) The Company conducted eligible hedging business and applied hedging accounting: None.

(3) The Company carried out hedging business for risk management, which is expected to achieve risk management target, but did not apply hedging accounting

Applicable Not applicable

3. Financial assets

(1) Classification by type of transfer

Applicable Not applicable

(2) Derecognition of financial assets due to transfer

Applicable Not applicable

(3) Financial assets involved in continued assets transfer

Applicable Not applicable

Other explanations: None.

XIII. Disclosure of Fair Value

1. Final fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Closing fair value			
	Level I fair value measurement	Level II fair value measurement	Level III fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Financial assets held for trading		3,116,418,919.96	4,600,000.00	3,121,018,919.96
(1) Others		3,116,418,919.96	4,600,000.00	3,121,018,919.96
(II) Accounts receivable financing			1,170,435,781.56	1,170,435,781.56
(1) Notes receivable			1,170,435,781.56	
(III) Other non-current financial assets			206,670,363.44	206,670,363.44
Investment in equity instruments			206,670,363.44	
(IV) Investment in other equity instruments			71,745,000.00	71,745,000.00
Total assets at continuous fair value measurement		[redacted]		

II fair value measurement items. The Company recognizes the fair value of these financial products based on their net asset value, with minimal fluctuations in fair value. As of the end of June 30, 2025, such financial products held by the Company had a fair value of RMB 3,116,418,919.96.

4. Valuation techniques and qualitative and quantitative information on important parameters adopted for items subject to level III continuous and noncontinuous fair value measurement

(1) Other non-current financial assets subject to level III continuous fair value measurement are the equity investment in non-

the investee, consider the operating environment, operating conditions and financial status of the investee enterprise, and determine the closing fair value on the basis of the closing net assets of the company. Other investments in other equity instruments are the equity of non-listed companies held by the Company. As the investee is a start-up biotechnology company, considering that the business environment and operating conditions of the invested enterprise currently in the project R&D phase, its financial position have not changed substantially at the time of the new investment, the investment cost is used as the best estimate of fair value in the current period.

(2) The accounts receivable financing subject to level III fair value measurement are the notes receivable held by the Company, mainly i

had been considered and approved at the First Extraordinary General Meeting of Yunnan Baiyao for 2019. On April 24, 2019, CSRC issued the *Approval on the Proposal of Merger and Overall Listing of Yunnan Baiyao Group Co., Ltd and Yunnan Baiyao Holdings Co., Ltd (*Zheng Jian Xu Ke [2019] No. 770). Prior to the completion of the above-mentioned merger and overall listing, the controlling shareholder of the Company was Baiyao Holdings, and there was no de facto controller. After the completion of the transaction, SASAC of Yunnan Province and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and neither of them obtained the control over the listed company. SASAC of Yunnan Province, along with New Huadu and its acting-in-concert parties, had made long-term share lock-up commitments. Therefore, the listed company did not have de facto controller before and after the transaction.

On May 22, 2020, SASAC of Yunnan Province transferred 321,160,222 shares of the Company held by it to its wholly-owned subsidiary State-owned Equity Management Company at nil consideration. After the completion of the transfer, State-owned Equity Operation and Management Company and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and there was no change in the situation of not having a de facto controller or controlling shareholder.

On December 8, 2021, SASAC of Yunnan Province transferred 100% of the shares held by State-owned Equity Operation and Management Company to Yunnan Investment Group Co., Ltd. After the equity transfer, Yunnan Investment Group Co., Ltd would hold 321,160,222 shares of the Company through State-owned Equity Operation and Management Company, accounting for 25.04% of the total share capital of the Company. State-owned Equity Operation and Management Company and New Huadu and New Huadu with its acting-in-concert parties, were equally the largest shareholder of the Company, and the situation that the Company has no de facto controller and no controlling shareholder remain unchanged.

On August 7, 2024, the Company disclosed the *Announcement on Increase in Shareholdings of the Company by Shareholders of 5% or More and the Subsequent Shareholding Increase Plan*
shareholder, the State-owned Equity Management Company, increased its shareholdings in the Company by
on August 6, 2024. As of December 31, 2024, the State-owned Equity Management Company held 467,110,174 shares of the Company,
-owned Equity Management Company remains the largest shareholder, and the Company continues to have no de facto controller and no controlling shareholder.

On August 7, 2024, the Company disclosed the *Announcement on Increase in Shareholdings of the Company by Shareholders of 5% or More and the Subsequent Shareholding Increase Plan*
shareholder, the State-owned Equity Management Company, increased its shareholdings in the Company by 17,807,463 or 0.9980%
period from August 6, 2024 to February 5, 2025. As of February 6, 2025, the State-owned Equity Management Company held 467,431,774
State-owned Equity Management Company remains the largest shareholder, and the Company continues to have no de facto controller and no controlling shareholder.

2. Information about subsidiaries of the Company

3. Information about joint ventures and associates of the Company

For details of important joint ventures or associates of the Company, please refer to Note X3 (1) Important Joint Ventures or Associates.

Details of other joint ventures or associates with related party transactions for the period and balances resulting from related party transactions in the previous period are as follows:

Name of joint ventures or associates	Relationship with the Company
Shanghai Pharmaceuticals Holding Co., Ltd.	Associate
Lijiang Changgengming Trading Co., Ltd.	Associate

Other explanations: None.

4. Information about other related parties

Name of other related parties	Relationship between other related parties and the Company
Yunnan State-owned Equity Operation Management Co., Ltd.	Substantial shareholder of the Company
Yunnan Hehe (Group) Co., Ltd.	Substantial shareholder of the Company
New Huadu Industrial Group Co., Ltd.	Substantial shareholder of the Company
Yunnan Tianma Pharmaceutical Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Yunnan Jianshui County Xingda Medicine Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Yunnan Baoshan Medicine Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Qiubei County Wanhe Pharmaceutical Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Kaiyuan Sanfa Pharmaceutical Trade Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Chuxiong Jiayuan Medicine Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Yunnan Jingxing Pharmaceutical Group Co., Ltd.	Minority shareholder that has significant influence on the subsidiary
Yunnan Drug Technology Development Operation Co., Ltd.	Subsidiary of the substantial shareholder
YEIG Power Assembly Park Development Co., Ltd.	Subsidiary of the substantial shareholder
Tibet Jiushi Zhihe Marketing Co., Ltd.	Subsidiary of the substantial shareholder
Jiuai Zhihe (Beijing) Technology Co., Ltd.	Subsidiary of the substantial shareholder
Kunming Yusi Pharmaceutical Co., Ltd.	Subsidiary of the substantial shareholder
Yunnan Hongta Bank Co., Ltd.	Subsidiary of the substantial shareholder
Yunnan Kanglv Holding Group Co., Ltd.	Subsidiary of the substantial shareholder
Teh-Ho Canned Food Company	Subsidiary of the substantial shareholder
Yunnan Salt Wenshan Co., Ltd.	Sub-subsidiary of the substantial shareholder
Yunnan Salt Lijiang Co., Ltd.	Sub-subsidiary of the substantial shareholder
Yunnan Salt Rixin Co., Ltd.	Sub-subsidiary of the substantial shareholder
MB Packaging Limited	Sub-subsidiary of the substantial shareholder
Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.	Sub-subsidiary of the substantial shareholder
YEIG Property Services Co., Ltd.	Sub-subsidiary of the substantial shareholder
Tibet Juliang E-commerce Co., Ltd.	Sub-subsidiary of the substantial shareholder
Kunming Guiyan New Material Technology Co., Ltd.	Sub-subsidiary of the substantial shareholder

Yunnan Energy-saving Technology Development and Operation Co., Ltd.	Sub-subsidiary of the substantial shareholder
Yunnan Kunhua Hospital Investment Management Co., Ltd.	Sub-subsidiary of the substantial shareholder
Yunnan Pharmaceutical Health Products Import and Export Co., Ltd.	Sub-subsidiary of the substantial shareholder
Yunnan Gongtou TCM Materials and Decoction Pieces Industry Development Co., Ltd.	Sub-subsidiary of the substantial shareholder
Shanghai Skynet Brand Management Corp., Ltd.	Equity investment company of the subsidiary of the substantial shareholder

Other explanations: None.

5. Related party transactions

(1) Related party transactions on purchase and sales of goods and rendering and receiving of services

Information of commodities purchased/labor services accepted

Unit: RMB

Related Party	Contents of related party transaction	Amount for the current period	Approved transaction limit	Whether exceeding the transaction limit	Amount for the previous period
YEIG Property Services Co., Ltd.	Purchase of services	556,163.40			556,163.40
Shanghai Skynet Brand Management Corp., Ltd.	Purchase of Dunhuang IP licensing fee and other service fees	97,181.50			312,388.51
Yunnan Drug Technology Development Operation Co., Ltd.	Purchase of goods	267,380.84			96,004.80
Yunnan Jingxing Pharmaceutical Group Co., Ltd.	Purchase of goods	481,400.58			795,327.66
Kunming Yusi Pharmaceutical Co., Ltd.	Purchase of services	579,216.92			175,546.21
Yunnan Salt Rixin Co., Ltd.	Purchase of raw materials				-29,996.79
Yunnan Salt Wenshan Co., Ltd.	Purchase of industrial salt	30,600.00			
Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	Purchase of goods and services	330,329,271.95	1,200,000,000.00		384,427,584.24
MB Packaging Limited	Purchase of goods	1,321,193.92			2,206,963.03
Teh-Ho Canned Food Company and its subsidiaries	Purchase of goods				419,713.42
Yunnan Gongtou TCM Materials and Decoction Pieces Industry Development Co., Ltd.	Purchase of TCM materials	394,948.67			

Yunnan Energy-saving Technology Development and Operation Co., Ltd.	Technical services	48,000.00			
Yunnan State-owned Equity Operation Management Co., Ltd.	Purchase of services	1,658,970.50			

Information of commodities sold/labor services provided

Unit: RMB

Related Party	Contents of related party transaction	Amount for the current period	Amount for the previous period
Yunnan Baoshan Medicine Co., Ltd.	Sales of drugs		5,572.23
Yunnan Provincial Pharmaceutical Technology Development and Operation Co., Ltd.	Sale of drugs	15,870,951.51	6,514,704.02
Yunnan Jingxing Pharmaceutical Group Co., Ltd.	Sales of drugs	2,179,474.73	9,531,505.43
Kunming Guiyan New Material Technology Co., Ltd.	Inspection services		2,830.19

Explanations on related party transactions on purchase and sales of goods and rendering and receiving of services: None.

(2) Trusteeship/contracting and entrusted management/outsourcing: None.

(3) Leasing between related parties

The Company as the lessor: None.

The Company as the lessee:

Unit: RMB

Name of lessor	Types of leased assets	Rental costs for short-term leases and leases of low-value assets that are streamlined in accounting treatment		Variable lease payments that are not included in the measurement of the lease liability		Rent paid		Interest expense on lease liabilities assumed		Increased right-to-use assets	
		Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period	Amount for the current period	Amount for the previous period
Yunnan Jianshui County Xingda Medicine Co., Ltd.	House							104,593.90	58,290.27		7,545,479.15
Yunnan Tianma Pharmaceutical Co., Ltd.	House						385,321.10	28,286.13	8,740.00		
Kaiyuan Sanfa Pharmaceutical Trade Co., Ltd.	Vehicle and equipment	248,495.58	301,238.94								
Yunnan Jingxing Pharmaceutical Group Co., Ltd.	House					1,108,799.34		44,623.38	10,431.61	-835,516.44	-302,375.61

(4) Related party guarantees: None.

(5) Borrowings with related parties: None.

(6) Asset transfer and debt restructuring of related parties: None.

(7) Remuneration to key management personnel

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Remuneration to key management personnel	13,442,345.40	17,481,615.90

(8) Other related party transactions: None.

6. Amounts receivable from and payable to related parties

(1) Receivables

Unit: RMB

Item name	Related Party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	27,578,526.87	1,358,894.66	18,347,243.79	915,508.67
Accounts receivable	Yunnan Jingxing Pharmaceutical Group Co., Ltd.	1,954,085.08	97,704.25	4,827,582.65	241,379.13
Accounts receivable	Yunnan Drug Technology Development and Operation Co., Ltd.	16,429,787.58	821,489.38	3,456,930.86	172,846.54
Accounts receivable	Lijiang Changgengming Trading Co., Ltd.	2,849,942.43	1,575,597.24	2,849,942.43	1,291,749.42
Accounts receivable	MB Packaging Limited			4,050.00	1,215.00
Other receivables	Yunnan Kunhua Hospital Investment Management Co., Ltd.	200,000.00	10,000.00	200,000.00	100,000.00
Other receivables	Kaiyuan Sanfa Pharmaceutical Trade Co., Ltd.	248,495.57	12,424.78		
Prepayment	Yunnan Pharmaceutical Health Products Import and Export Co., Ltd.	185,900.08		185,900.08	
Prepayment	Qiubei County Wanhe Pharmaceutical Co., Ltd	72,206.41		72,206.41	
Prepayment	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries			9,757.13	
Prepayment	Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.	4,145.40		4,145.40	
Prepayment	Kaiyuan Sanfa Pharmaceutical Trade Co., Ltd.	200,214.52			
Notes receivable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	589,882.72			
Accounts receivable financing	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	24,262,478.22			
Accounts receivable financing	Tibet Jiushi Zhihe Marketing Co., Ltd.	30,000,000.00		8,102,835.34	

(2) Payables

Unit: RMB

Item name	Related Party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	66,658,279.27	86,515,415.13
Accounts payable	MB Packaging Limited	579,286.52	1,731,652.43
Accounts payable	Kunming Yusi Pharmaceutical Co., Ltd.	421,379.62	195,914.10
Accounts payable	Yunnan Drug Technology Development Operation Co., Ltd.		216,491.97
Accounts payable	Teh-Ho Canned Food Company and its subsidiaries	35,182.66	46,990.36
Accounts payable	Yunnan Jingxing Pharmaceutical Group Co., Ltd.		43,245.62
Accounts payable	Shanghai Skynet Brand Management Corp., Ltd.		39,911.51
Accounts payable	Yunnan Salt Rixin Co., Ltd.	8,403.60	8,403.60
Accounts payable	YEIG Property Services Co., Ltd.	92,693.90	
Notes payable	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries		1,050,654.60
Other payables	Yunnan Medical Investment Management Group Kunming Technology Co., Ltd.	4,229.99	4,229.99
Other payables	Kunming Yusi Pharmaceutical Co., Ltd.	2,353.18	2,353.18
Other payables	Yunnan Drug Technology Development and Operation Co., Ltd.	2,850,000.00	
Dividend payable	State-owned Assets Supervision and Administration Commission of Yunnan Provincial Group Co., Ltd.		86,490,742.04
Contractual liabilities	Shanghai Pharmaceuticals Holding Co., Ltd and its subsidiaries	15,077,089.94	27,079,192.76
Contractual liabilities	Tibet Jiushi Zhihe Marketing Co., Ltd.	474,164.58	2,172,816.79
Non-current liabilities due within one year	Yunnan Jingxing Pharmaceutical Group Co., Ltd.	561,754.40	1,652,355.08
Non-current liabilities due within one year	Yunnan Jianshui County Xingda Medicine Co., Ltd.	1,463,099.89	1,434,687.47
Non-current liabilities due within one year	Yunnan Tianma Pharmaceutical Co., Ltd.	1,456,597.43	1,428,311.30
Non-current liabilities	YEIG Power Assembly Park Development Co., Ltd.	1,154,754.61	1,321,553.56

due within one year			
Non-current liabilities due within one year	Chuxiong Jiayuan Medicine Co., Ltd.		338,184.26
Lease liabilities	Yunnan Jianshui County Xingda Medicine Co., Ltd.	4,733,842.72	4,657,661.24
Lease liabilities	YEIG Power Assembly Park Development Co., Ltd.	1,103,971.90	1,382,344.99
Lease liabilities	Yunnan Jingxing Pharmaceutical Group Co., Ltd.	1,175,146.74	1,148,722.02

7. Related party commitments: None.

8. Others: None.

XV. Share-based Payment

1. General information about share-based payment

Not applicable

2. Equity-settled share-based payment

Not applicable

3. Cash-settled share-based payment

Not applicable

4. Share payments during the period

Not applicable

5. Amendment and termination of share-based payment: None.

6. Others: None.

XVI. Commitment and Contingencies

1. Significant commitments

Significant commitments on the balance sheet date: None.

2. Contingencies

(1) Significant contingencies on the balance sheet date

The contract dispute cases such as Shanghai Yuanye Industrial Co., Ltd vs. Yunnan Baiyao Holding Investment Co., Ltd, involving an amount of RMB 1,575,318,800, for which, the first trial has not yet commenced.

(2) Where the Company had no significant contingencies to disclose, explanation is also required

The Company had no significant contingencies to disclose.

3. Others

None.

XVII. Events Subsequent to the Balance Sheet Date

1. Important non-adjusting events: None.

2. Profit distribution: None.

3. Sales return: None.

4. Explanation on other events subsequent to the balance sheet date: None.

XVIII. Other Significant Events

1. Correction of previous accounting errors

(1) Retrospective restatement method: None.

(2) Prospective application method: None.

2. Debt restructuring: None.

3. Assets exchange

(1) Exchange of non-cash and bank balance: None.

(2) Exchange of other assets: None.

4. Annuity plan

(1) In accordance with the *Trial Measures for Enterprise Annuity* and *Trial Measures for Enterprise Annuity Fund Management* of the Ministry of Labor and Social Security, as well as the Letter Yun Lao She Han [2006] No. 267 of Department of Labor and Social Security of Yunnan Province, the Company was approved to establish an enterprise annuity. The investment manager of the enterprise annuity fund is Fullgoal Fund Management Co., Ltd, and the trustee of the enterprise annuity fund is China Merchants Bank Co., Ltd. The enterprise contribution shall be paid annually at 5% of the total salary of the employees of the Company in the previous year, and the individual contribution of the employees shall be paid at 10% of the unit contribution. The individual contribution shall be coll salary.

(2) According to the replies of Yunnan Provincial Department of Human Resources and Social 8869 0 595.2 83(t)5(5)Q E

Ren She Letter [2009] No.79) and Kunming Municipal Labor and Social Security Bureau (Kun Ren She Han [2016] No.21) on the *Enterprise Annuity Implementation Plan of Yunnan Institute of Materia Medica,* Yunnan Institute of Materia Medica, a subsidiary of the Company, was approved to establish an enterprise annuity. According to the reply from the Kunming Municipal Bureau of Human Resources and Social Security (Kun Ren She Han [2024] No. 105) to the *Letter from Yunnan Institute of Materia Medica Regarding Adjustment of the Corporate Pension Plan*, the adjustment of the corporate pension plan for Yunnan Institute of Materia Medica has been approved. The investment manager of the enterprise annuity fund is Ping An Annuity Insurance Company of China, Ltd, and the trustee of the enterprise annuity fund is China Construction Bank Corporation. According to the plan, the enterprise contribution shall be paid annually at no more than 5% of the total salary of the employees of Yunnan Institute of Materia Medica in the previous year, and the individual contribution of the employees shall be paid at 10% of the unit contribution.

(4) In accordance with the *Measures on Enterprise Annuity* (Decree No. 36 of Ministry of Human Resources and Social Security), *Measures on the Management of Enterprise Annuity Fund* (Decree No. 11 of Ministry of Human Resources and Social Security) and other relevant provisions as well as the *Reply on Filing of Enterprise Annuity Plan of Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd* issued by Wuxi Human Resources and Social Security Bureau (Xi Ren She Fu [2025] No.14), Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd, a subsidiary of the Company, was approved to establish an enterprise annuity. The investment manager of the enterprise annuity fund is Ping An Annuity Insurance Company of China, Ltd, and the trustee of the enterprise annuity fund is China Construction Bank Corporation. According to the plan, the enterprise contribution shall be paid annually at no more than 5% of the total salary of the employees of Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd in the previous year, and the individual contribution of the employees shall be paid at 10% of the unit contribution.

5. Discontinuation of operation: None.

6. Segment information

(1) Determination basis and accounting policy of reporting segments: None.

(2) Financial information of reporting segments: None.

(3) If the Company has no reporting segment or the total assets and total liabilities of the reporting segments cannot be disclosed, please explain the reason: None.

(4) Other explanations: None.

7. -making: None.

8. Others: None.

XIX. Notes to Major Items of Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosure by aging

Unit: RMB

Aging	Closing balance	Opening balance
Within 1 year (inclusive of 1 year)	1,410,366,807.74	1,227,895,866.19
1 to 2 years	11,304,772.32	3,872,165.80
2 to 3 years	76,476,655.49	79,324,328.73
Above 3 years	655,467,930.75	650,617,364.49
Total	2,153,616,166.30	1,961,709,725.21

(2) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debt		Book value	Book balance		Provision for bad debt		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										
Account receivables with provision for bad debt on portfolio basis	2,153,616,166.30	100.00%	20,948,262.23	0.97%	2,132,667,904.07	1,961,709,725.21	100.00%	20,993,861.37	1.07%	1,940,715,863.84
Including:										

Provision for bad debts made on a portfolio basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Account receivables from external customers	87,845,641.59	20,948,262.23	23.85%
Account receivables from related parties	2,065,770,524.71		
Total	2,153,616,166.30	20,948,262.23	

Total	6,516,373,040.55	6,501,863,512.27

(1) Interest receivable

1) Category of interest receivable: None.

2) Significant overdue interest: None.

3) Disclosure by the method of provision for bad debts

Applicable Not applicable

4) Provision for bad debts accrued, recovered or reversed during the period: None.

5) Actual write-off of interest receivable during this reporting period: None.

(2) Dividends receivable

1) Category of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Shanghai Pharmaceutical Group Co., Ltd.	193,031,770.84	0.00
Jacobson Pharma Co., Ltd.	0.00	6,482,280.00
JBM (Healthcare) Co., Ltd.	0.00	3,865,753.98
Total	193,031,770.84	10,348,033.98

2) Significant dividends receivable aged above 1 year: None.

3) Disclosure by the method of provision for bad debts

Applicable Not applicable

4) Provision for bad debts accrued, recovered or reversed during the period: None.

5) Actual write-off of dividends receivable during this reporting period: None.

(3) Other receivables

1) Other receivables by nature

Unit: RMB

Nature	Book balance at the end of the reporting period	Book balance at the beginning of the reporting period
Current accounts from and to related	6,449,784,405.40	6,622,159,259.62

parties within the scope of consolidation		
Deposits and guarantees	7,514,111.54	7,874,816.28
Petty cash and collection and payment on behalf of others	3,995,029.70	3,562,509.41
Other current accounts	14,095,581.97	9,293,791.26
Total	6,475,389,128.61	6,642,890,376.57

2) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the period	Opening balance at the end of the period
Within 1 year (inclusive of 1 year)	2,301,105,757.58	2,829,671,131.53
1 to 2 years	1,283,050,289.79	1,704,148,058.85
2 to 3 years	1,251,636,503.27	841,712,325.56
Above 3 years	1,639,596,577.97	1,267,358,860.63
Total	6,475,389,128.61	6,642,890,376.57

3) Disclosure by the method of provision for bad debts

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Including:										
Provision for bad debts by portfolio	6,475,389,128.61	100.00%	152,047,858.90	2.35%	6,323,341,269.71	6,642,890,376.57	100.00%	151,374,898.28	0.02%	6,491,515,478.29
Including:										
Age-based portfolio	25,604,723.21	0.40%	6,073,189.36	23.72%	19,531,533.85	20,731,116.95	0.31%	5,400,228.74	26.05%	15,330,888.21
Related party portfolio	6,449,784,405.40	99.60%	145,974,669.54	2.26%	6,303,809,735.86	6,622,159,259.62	99.69%	145,974,669.54	2.20%	6,476,184,590.08
Total	6,475,389,128.61	100.00%	152,047,858.90	2.35%	6,323,341,269.71	6,642,890,376.57	100.00%	151,374,898.28	2.28%	6,491,515,478.29

Provision for bad debts made on a portfolio basis:

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Age-based portfolio	25,604,723.21	6,073,189.36	23.72%
Related party portfolio	6,449,784,405.40	145,974,669.54	2.26%
Total	6,475,389,128.61	152,047,858.90	

Explanation on the basis for determining the portfolio: None.

Provision for bad debts in accordance with the general expected credit loss model:

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance as of January 1, 2025	151,374,898.28			151,374,898.28
Balance as of January 1, 2025 in the current period				
Transferred to Phase 2				0.00
Transferred to Phase 3				0.00
Transferred back to Phase 2				0.00
Transferred back to Phase 1				0.00

				receivables	bad debts
Entity A	Related parties within the scope of consolidation	1,425,049,049.25	Within 1 year, above 1 year	22.01%	
Entity B	Related parties within the scope of consolidation	914,412,340.50	Within 1 year, above 1 year	14.12%	
Entity C	Related parties within the scope of consolidation	824,545,699.09	Within 1 year, 1 to 2 -2(1)-6( )] TETQq22ef4/		

Unit: RMB

Investee	Opening balance (book value)	Opening balance of impairment provision	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Additional investment	Decreased investment	Provision for impairment	Others		
Yunnan Baiyao Group TCM Resources Co., Ltd.	130,894,518.14						130,894,518.14	0.00
Yunnan Baiyao Group Medicine E-commerce Co., Ltd.	56,059,850.00						56,059,850.00	0.00
Yunnan Baiyao Group Wuxi Pharmaceutical Co., Ltd.	39,627,253.25						39,627,253.25	0.00
Yunnan Baiyao Group Dali Pharmaceutical Co., Ltd.	16,489,200.00						16,489,200.00	0.00
Yunnan Baiyao Group Health Products Co., Ltd.	168,297,661.03						168,297,661.03	0.00
Yunnan Pharmaceutical Co., Ltd.	765,533,647.30						765,533,647.30	0.00
Yunnan Institute of Materia Medica	101,075,329.94						101,075,329.94	0.00
Yunnan Baiyao Holding Investment Co., Ltd.	193,992,837.67						193,992,837.67	0.00
Yunnan Baiyao Teayield Co., Ltd.	3,701,960.00	20,000,000.00					3,701,960.00	20,000,000.00
Yunnan Baiyao Group (Hainan) Co., Ltd.	457,198,438.74						457,198,438.74	0.00
Yunnan Baiyao Group Shanghai Co., Ltd.	11,350,000.00						11,350,000.00	0.00
Yunnan Baiyao Group Medical Technology Hefei Co., Ltd.	85,700,000.00						85,700,000.00	0.00
Shanghai Yunzhen Medical Technology Co., Ltd.	200,572,858.37						200,572,858.37	0.00
YNBY International Limited	98,226,954.53	224,474,941.95					98,226,954.53	224,474,941.95
Yunhe Pharmaceutical (Tianjin) Co., Ltd.	20,000,000.00						20,000,000.00	0.00
Total	2,328,720,508.97	244,474,941.95					2,348,720,508.97	244,474,941.95

(2) Investments in associates and joint ventures

Unit: RMB

Investee	Opening balance (book value)	Opening balance of impairment provision	Increase and decrease in the current period								Closing balance (book value)	Closing balance of impairment provision
			Additional investment	Decreased investment	Profit and loss on investments recognized under the equity method	Adjustment of other comprehensive income	Change in other equities	Cash dividends or profit declared to distribute	Provision for impairment	Others		
I. Joint ventures												
II. Associates												
Shanghai Pharmaceuticals Holding Co., Ltd.	12,062,250,480.82				772,586,368.16	747,046.88	15,826,190.78	193,031,770.84			12,658,378,315.80	
Yunnan TCM Comprehensive Health Innovation Equity Investment Fund Partnership (Limited Partnership)	499,889,683.05				-525,965.37						499,363,717.68	
Yunnan Tianzheng Testing Co., Ltd.	16,480,366.84				896,927.21						17,377,294.05	
Subtotal	12,578,620,530.71				772,957,330.00	747,046.88	15,826,190.78	193,031,770.84	0.00		13,175,119,327.53	
Total	12,578,620,530.71				772,957,330.00	747,046.88	15,826,190.78	193,031,770.84	0.00		13,175,119,327.53	0.00

The recoverable amount is determined based on the net amount obtained by fair value less the disposal expense.

Not applicable

The recoverable amount is determined based on the present value of estimated future cash flows.

Not applicable

Reasons for significant differences between the foregoing information and information used for impairment testing in previous years or external information: None.

tests in previous years and the actual situation in the corresponding years: None.

(3) Other explanations: None.

4. Operating revenue and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Principal business	4,870,143,152.83	1,839,018,331.24	4,449,661,598.70	1,837,265,009.69
Other business	665,756,157.90	2,686,636,344.52	75,993,077.06	62,495,542.18
Total	5,535,899,310.73	4,525,654,675.76	4,525,654,675.76	1,899,760,551.87

Breakdown information of operating revenue and operating cost:

Unit: RMB

Contract classification	Drug sales		TCM resources		Others		Total	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Business type	4,764,711,939.15	1,757,809,478.70	105,431,213.68	81,208,852.54	665,756,157.90	2,686,636,344.52	5,535,899,310.73	4,525,654,675.76
Including:								
Industry sales income	4,764,711,939.15	1,757,809,478.70					4,764,711,939.15	1,757,809,478.70
Commercial sales income			97,146,058.31	73,297,804.32			97,146,058.31	73,297,804.32
Technical services			8,285,155.37	7,911,048.22			8,285,155.37	7,911,048.22
Others					665,756,157.90	2,686,636,344.52	665,756,157.90	2,686,636,344.52
By operating areas	4,764,711,939.15	1,757,809,478.70	105,431,213.68	81,208,852.54	665,756,157.90	2,686,636,344.52	5,535,899,310.73	4,525,654,675.76
Including:								
In Yunnan province	603,763,757.54	263,601,177.14	103,522,388.47	80,330,245.75	665,756,157.90	2,686,636,344.52	1,373,042,303.91	3,030,567,767.41
Outside Yunnan province (excluding overseas)	4,160,948,181.61	1,494,208,301.56	1,908,825.21	878,606.79			4,162,857,006.82	1,495,086,908.35
Overseas								

Information about performance obligations: None.

Other explanations: None.

Information related to the transaction price allocated to the remaining performance obligations:

As of the end of this reporting period, the income corresponding to the performance obligations that have been contracted but not yet fulfilled or completed is RMB 0.00.

Significant contractual changes or significant transaction price adjustments: None.

Other explanations: None.

5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Income from long-term equity investment under the equity method	772,957,330.00	497,138,562.64
Investment income from disposal of financial assets held for trading	26,695,771.21	
Investment income from other non-current financial assets during the holding period		3,427,111.75
Others	14,319,630.38	-21,173,817.57
Total	813,972,731.59	479,391,856.82

6. Others: None.

XX. Supplementary Information

1. Breakdown of non-recurring profits and losses for the current period

Applicable Not applicable

Unit: RMB

Item	Amount	Description
Profits and losses from disposal of non-current assets	2,405,879.50	
Government subsidies included in the current profits and losses (excluding the government subsidies closely related to regular businesses of the Company in line with national policies and received by a determined standard, with a continuous impact on the	20,185,891.77	
Profits and losses from changes in fair value of financial assets and liabilities held for trading by non-financial enterprises, and from disposal of such financial assets and liabilities, except for effective hedging operations related to regular businesses of the Company	148,596,335.67	

Details of other profits and losses satisfying the definition of non-recurring profits and losses:

Applicable Not applicable

Other profit and loss items that meet the definition of non-recurring profit and loss mainly include other non-recurring profit and loss such as interest on time deposits and value-added tax reduction and exemption.

Note for the definition of non-recurring profits and losses set out in the *No.1 Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses*, as recurring profits and losses

Not applicable

2. Return on equity and earnings per share

Profits during the reporting period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profits attributable to ordinary shareholders of the Company	9.09%	2.04	2.04
Net profits attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	8.68%	1.94	1.94

3. Differences in Accounting Data under Chinese Accounting Standards (CAS) and Overseas Accounting Standards

(1) Differences in the net profits and net assets in financial statements disclosed respectively under International Financial Reporting Standards (IFRS) and CAS

Not applicable

(2) Differences in the net profits and net assets in financial statements disclosed respectively under overseas accounting standards and CAS

Not applicable

(3) Explanations of the causes to differences in accounting data under CAS and overseas accounting standards; if a difference adjustment is made to data audited by an overseas audit institution, the name of the institution shall be provided: None.

4. Others: None.

Section IX Other Reported Data

I. Information about Other Major Social Safety Issues

Whether the listed company and its subsidiaries have any other major social safety issues

Whether any administrative penalties were imposed during the Reporting Period

II. Registration Form for Reception, Research, Communication, Interview and Other Activities During the Reporting Period

Reception date	Reception site	Reception method	Type of recipients	Recipients	Main topics discussed and materials provided	Index for the basic information of the research
January 7, 2025	Group headquarters office building	Communication via phone	Institution	2 people from FSSA	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1222284924&orgId=gssz0000538&announcementTime=2025-01-09
	Group headquarters office building	Communication via phone	Institution	3 people from China Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1222284922&orgId=gssz0000538&announcementTime=2025-01-09
	Group headquarters office building	Communication via phone	Institution	2 people from Northeast Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1222320877&orgId=gssz0000538&announcementTime=2025-01-13
	Group headquarters office building	Field research	Institution	2 people from China International Capital Corporation, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1222342453&orgId=gssz0000538&announcementTime=2025-01-15
	Group headquarters office building	Field research	Institution	6 people from Dacheng Fund Management	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1222342451&orgId=gssz0000538&announcementTime=2025-01-15
	Group headquarters office building	Field research	Institution	17 people from Pacific Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1222430012&orgId=gssz0000538&announcementTime=2025-01-24
April 1, 2025	Group headquarters office building	Communication via phone	Institution	146 institutional and individual investors	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223004263&orgId=gssz0000538&announcementTime=2025-04-03
	Group headquarters office building	Communication via phone	Institution	3 people from Orient Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223019906&orgId=gssz0000538&announcementTime=2025-04-07
	Group headquarters office building	Communication via phone	Institution	2 people from E Fund Management, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223042367&orgId=gssz0000538&announcementTime=2025-04-09
	Group headquarters office building	Communication via phone	Institution	2 people from Taiping Asset Management, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223042374&orgId=gssz0000538&announcementTime=2025-04-09
	Group	Communication	Institution	4 people from	Understanding of the	https://www.cninfo.com.cn/new/disclos

	headquarters office building	via phone		Penghua Fund Management, etc.	situation.	ure/detail?stockCode=000538&announcementId=1223042376&orgId=gssz0000538&announcementTime=2025-04-09
	Group headquarters office building	Communication via phone	Institution	5 people from China Merchants Fund Management, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223042378&orgId=gssz0000538&announcementTime=2025-04-09
	Group headquarters office building	Communication via phone	Institution	4 people from Guolian Minsheng Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223068757&orgId=gssz0000538&announcementTime=2025-04-11
	Group headquarters office building	Communication via phone	Institution	2 people from Sinolink Securities, etc.Res		

				https://rs.p5w.net		0538&announcementTime=2025-05-19
	Group headquarters office building	Communication via phone	Institution	1 people from Matthews International Capital Management LLC.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223626004&orgId=gssz0000538&announcementTime=2025-05-21
	Group headquarters office building	Communication via phone	Institution	3 people from Orient Securities Company Limited	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223626008&orgId=gssz0000538&announcementTime=2025-05-21
June 4, 2025	Group headquarters office building	Field research	Institution	4 people from Soochow Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223802881&orgId=gssz0000538&announcementTime=2025-06-06
June 5, 2025	Group headquarters office building	Communication via phone	Institution	7 people from Zhongtai Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223802982&orgId=gssz0000538&announcementTime=2025-06-06
	Group headquarters office building	Field research	Institution	5 people from CITIC Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223955911&orgId=gssz0000538&announcementTime=2025-06-23
	Group headquarters office building	Communication via phone	Institution	8 people from Changjiang Securities, etc.	Understanding of the situation.	https://www.cninfo.com.cn/new/disclosure/detail?stockCode=000538&announcementId=1223973328&orgId=gssz0000538&announcementTime=2025-06-24

III. Information about Fund Transitions between the Listed Company and Its Controlling Shareholders as well as Other Related Parties

Not applicable

Yunnan Baiyao Group Co., Ltd.

Board of Directors

August 29, 2025