



丽珠医药  
LIVZON

# 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.\*

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 1513

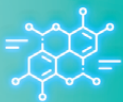
Evergreen Life,  
**BRIGHT FUTURE**  
& Wisdom

2025  
INTERIM REPORT

\* For identification purpose only

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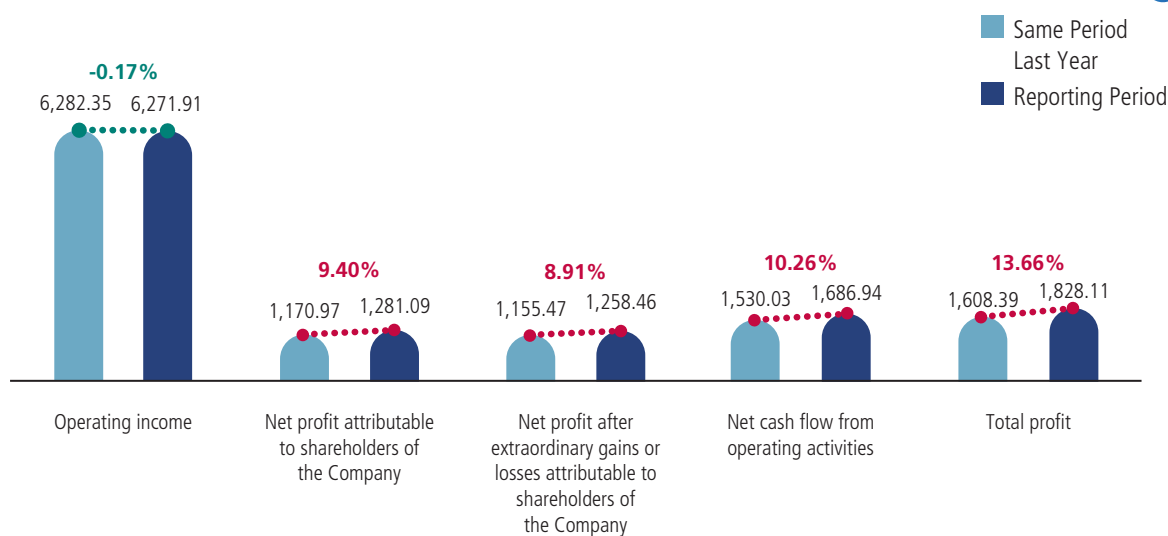


## LIST OF DOCUMENTS AVAILABLE FOR INSPECTION

- (I) The unaudited financial statements for the six months ended 30 June 2025 prepared in accordance with the China Accounting Standards for Business Enterprises, which has been signed and sealed by the person-in-charge of the Company, the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department).
- (II) The original copies of all documents and announcements of the Company which have been disclosed to the public during the Reporting Period.
- (III) The English and Chinese versions of the 2025 H-share Interim Report of the Company published on the website of Hong Kong Exchanges and Clearing Limited.

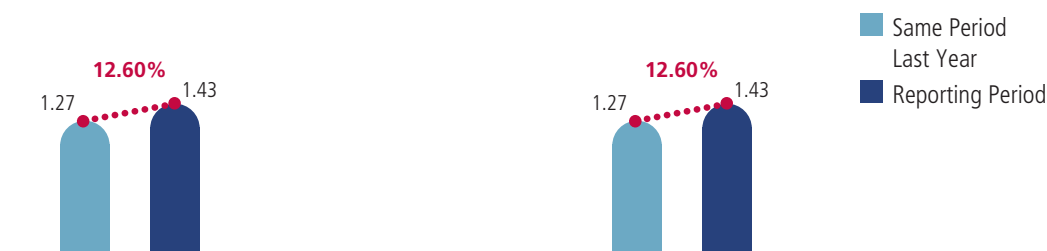
# FINANCIAL HIGHLIGHTS

## Major financial indicators (RMB in millions)

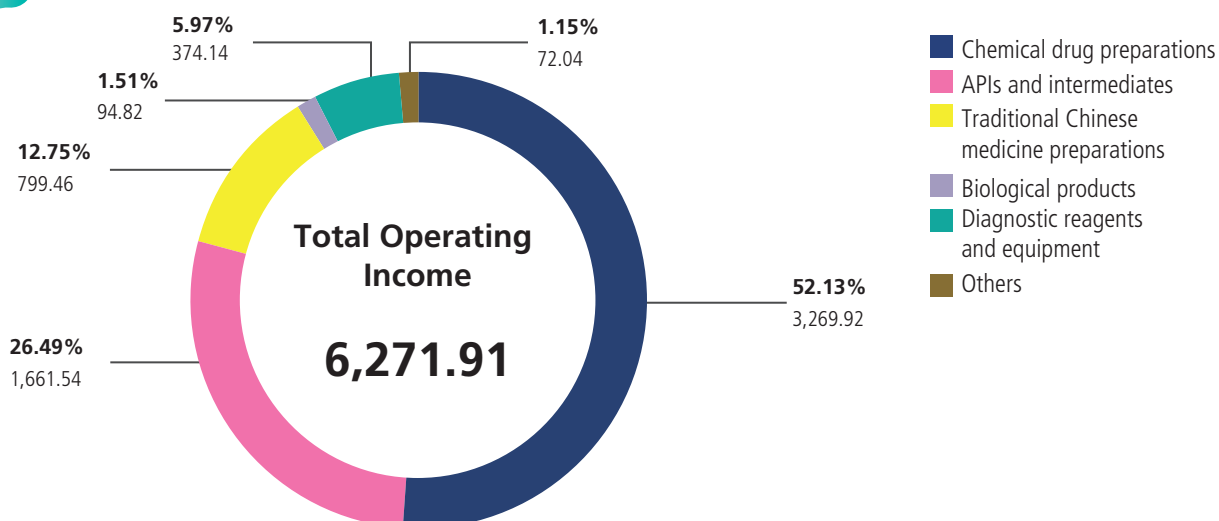


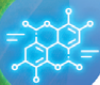
## Basic earnings per share (RMB/share)

## Diluted earnings per share (RMB/share)



## Composition of operating income (RMB in millions)



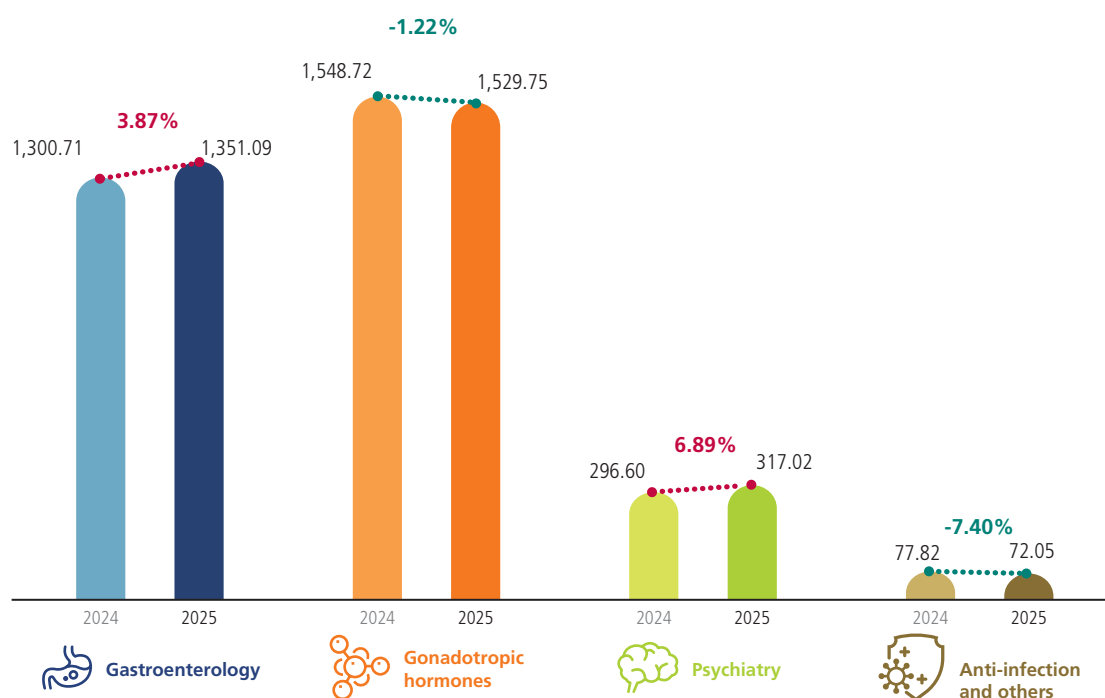


# FINANCIAL HIGHLIGHTS

## PERFORMANCE FOR THE REPORTING PERIOD IN TERMS OF REVENUE FROM VARIOUS SECTORS

Unit: RMB in millions

### Chemical drug preparations

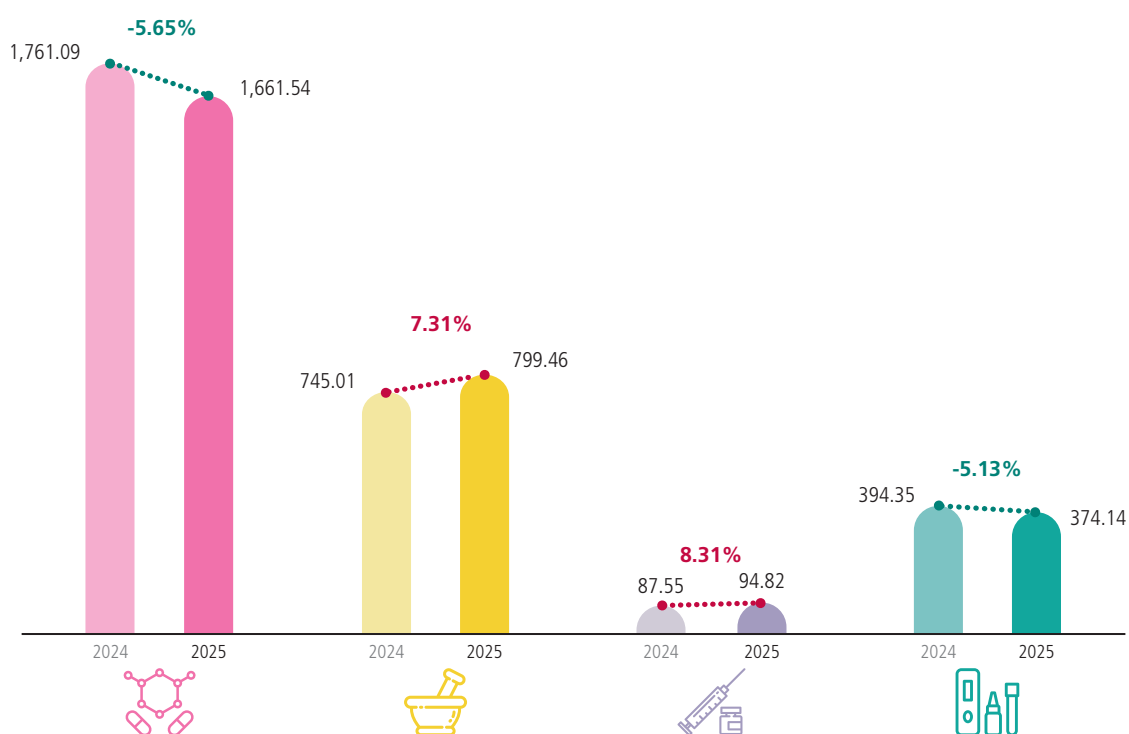


### APIs and intermediates

### Traditional Chinese medicine preparations

### Biological products

### Diagnostic reagents and equipment



## SECTION I      IMPORTANT NOTICE AND DEFINITIONS

### IMPORTANT NOTICE

The Board, the Supervisory Committee and the Directors, Supervisors and senior management of Livzon Pharmaceutical Group Inc.\* hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report (the “Report”), and that there are no false representations, misleading statements or material omissions contained in the Report, and severally and jointly accept responsibility.

Mr. Zhu Baoguo (朱保國), the person-in-charge of the Company, and Ms. Si Yanxia (司燕霞), the person-in-charge of the Company’s accounting work and the person-in-charge of the accounting department (the head of the accounting department), declare that they hereby warrant the truthfulness, accuracy and completeness of the 2025 interim financial statements and notes thereof (the “Financial Report”) contained in the Report.

The Report has been considered and approved at the 26th meeting of the 11th session of the Board of the Company and the audit committee of the Company. All the Directors attended the Board meeting to consider the Report.

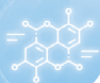
The Financial Report prepared by the Group according to the China Accounting Standards for Business Enterprises have not been audited.

Possible risks and corresponding strategies in respect of the future development of the Company are analyzed in Section III “Management Discussion and Analysis” of the Report. Investors are advised to review it.

The Report contains forward-looking statements which involve subjective assumptions and judgments on future policies and economic conditions, yet do not constitute substantive undertakings of the Company to investors. These statements are subject to risks, uncertainties and assumptions. The actual outcomes may be substantially different from these statements. Investors should exercise caution that inappropriate reliance on and usage of such information may lead to investment risks.

The Company does not intend to pay cash dividends, issue bonus shares or transfer any capital reserve to share capital.

The Report is prepared in both Chinese and English. In case of any ambiguity in the understanding of the Chinese and English texts, the Chinese version shall prevail.



## SECTION I      IMPORTANT NOTICE AND DEFINITIONS

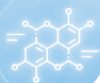
### DEFINITIONS

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

"Company"	Livzon Pharmaceutical Group Inc.* (麗珠醫藥集團股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, whose H Shares and A Shares are listed on the main board of the Hong Kong Stock Exchange and the main board of the Shenzhen Stock Exchange respectively
"Group"	the Company and its subsidiaries
"Board"	the board of directors of the Company
"Director(s)"	director(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Supervisor(s)"	supervisor(s) of the Company
"Shareholder(s)"	shareholder(s) of the Company
"A Share(s)"	the ordinary shares in the registered capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the main board of the Shenzhen Stock Exchange
"B Share(s)"	domestically listed foreign shares originally issued by the Company
"H Share(s)"	the ordinary shares in the registered capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the main board of the Hong Kong Stock Exchange
"A Shareholder(s)"	holder(s) of A Shares of the Company
"H Shareholder(s)"	holder(s) of H Shares of the Company
"Reporting Period" or "Period"	the six months from 1 January to 30 June 2025
"Same Period Last Year" or "Previous Period"	the six months from 1 January to 30 June 2024
"End of the Previous Year"	31 December 2024
"Beginning of the Reporting Period", "Beginning of the Period" or "Beginning of the Year"	1 January 2025

## SECTION I      IMPORTANT NOTICE AND DEFINITIONS

"End of the Reporting Period" or "End of the Period"	30 June 2025
"CSRC"	China Securities Regulatory Commission
"Shenzhen Stock Exchange"	Shenzhen Stock Exchange
"CSDCC"	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"China Accounting Standards for Business Enterprises"	Accounting Standards for Business Enterprises Basic Standard and 38 specific accounting standards, the Application Guidance to Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other related requirements subsequently promulgated by the Ministry of Finance of the PRC on 15 February 2006
"Company Law"	the Company Law of the People's Republic of China
"Securities Law"	the Securities Law of the People's Republic of China
"Shenzhen Listing Rules"	the Stock Listing Rules of the Shenzhen Stock Exchange
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 of the Hong Kong Listing Rules
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Hong Kong Listing Rules
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Articles of Association"	the Articles of Association of Livzon Pharmaceutical Group Inc.* (《麗珠醫藥集團股份有限公司章程》)
"Joincare"	Joincare Pharmaceutical Group Industry Co., Ltd.* (健康元藥業集團股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and listed on the main board of the Shanghai Stock Exchange in 2001 (stock code: 600380) and one of the Company's controlling shareholders

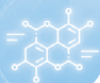


## SECTION I      IMPORTANT NOTICE AND DEFINITIONS

"Joincare Group"	Joincare and its subsidiaries (excluding the Group)
"Baiyeyuan"	Shenzhen Baiyeyuan Investment Co., Ltd.* (深圳市百業源投資有限公司)
"Topsino"	TOPSINO INDUSTRIES LIMITED (天誠實業有限公司)
"Begol"	Guangzhou Begol Pharmaceutical and Health Products Import & Export Co., Ltd.* (廣州保科力醫藥保健品進出口有限公司) (formerly known as Guangzhou Begol Trading Holdings Limited* (廣州市保科力貿易公司)
"Livzon MAB"	Livzon MABPharm Inc.* (珠海市麗珠單抗生物技術有限公司)
"Xinbeijiang Pharma"	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.* (麗珠集團新北江製藥股份有限公司)
"Fuzhou Fuxing"	Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.* (麗珠集團福州福興醫藥有限公司)
"Ningxia Pharma"	Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.* (麗珠集團(寧夏)製藥有限公司)
"Livzon Diagnostics"	Zhuhai Livzon Diagnostics Inc.* (珠海麗珠試劑股份有限公司)
"Sichuan Guangda"	Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd.* (四川光大製藥有限公司)
"Haibin Pharma"	Shenzhen Haibin Pharmaceutical Co., Ltd.* (深圳市海濱製藥有限公司)
"Blue Treasure Pharma"	Guangdong Blue Treasure Pharmaceutical Co., Ltd.* (廣東藍寶製藥有限公司)

## SECTION I      IMPORTANT NOTICE AND DEFINITIONS

"Sanmed Gene"	Zhuhai Sanmed Gene Diagnostics Ltd.* (珠海市聖美基因檢測科技有限公司)
"Sanmed Biotech"	Zhuhai Sanmed Biotech Inc.* (珠海聖美生物診斷技術有限公司)
"Livzon HK"	Livzon Biologics Hong Kong Limited* (麗珠生物科技香港有限公司)
"LivzonBio"	LivzonBio, Inc.* (珠海市麗珠生物醫藥科技有限公司)
"PRC" or "China"	the People's Republic of China
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"HK\$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"MOP"	Macau Patacas, the lawful currency of Macau
"US\$" or "USD"	US dollars, the lawful currency of the United States
"Japanese Yen" or "JPY"	Japanese Yen, the lawful currency of Japan
"EUR"	EUR, the official currency for 19 nations in European Union
"MYR"	the lawful currency of Malaysia
"IDR"	the lawful currency of Indonesia
"Cninfo"	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (巨潮資訊網)
"Company's website"	the website of the Company ( <a href="http://www.livzon.com.cn">www.livzon.com.cn</a> )
"R&D"	research and development
"AI"	Artificial Intelligence
"CDE"	Center for Drug Evaluation
"CDMO"	Contract Development and Manufacturing Organization
"IND"	Investigational New Drug



## SECTION I      IMPORTANT NOTICE AND DEFINITIONS

"IMP"	Imexpharm Corporation, a company incorporated in Vietnam, whose shares are listed on HOSE (stock code: IMP)
"BD"	Business Development
"EHS"	Environment, Health, Safety
"EIR"	Establishment Inspection Report
"FDA"	Food and Drug Administration
"GMP"	Good Manufacturing Practice
"GAP"	Good Agriculture Practice
"HCP"	Host Cell Protein
"MAH"	Marketing Authorization Holder
"NDA"	New Drug Application
"OTC"	Over The Counter
"PV"	Pharmacovigilance
"RWS"	Real World Study

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

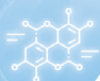
### I. COMPANY INFORMATION

	A Shares	H Shares
Stock abbreviation	Livzon Group	Livzon Pharma <sup>Note 1</sup> , 麗珠H代 <sup>Note 2</sup>
Stock code	000513	01513 <sup>Note 1</sup> , 299902 <sup>Note 2</sup>
Previous stock abbreviation (if any)	粵麗珠A	Not applicable
Stock exchange of listed securities	Shenzhen Stock Exchange	The Stock Exchange of Hong Kong Limited
Chinese name of the Company	麗珠醫藥集團股份有限公司	
Abbreviation of the Chinese Name	麗珠集團	
English name of the Company	LIVZON PHARMACEUTICAL GROUP INC.*	
Abbreviation of the English name	LIVZON GROUP	
Legal representative of the Company	Zhu Baoguo (朱保國)	
Registered address in the PRC	Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai City, Guangdong Province, the PRC	
Postal code of registered address in the PRC	519090	
Changes in the history registered address of the company	Subject to consideration and approval of the shareholders' meeting of the Company, it was changed into the above registered place on 6 November 2013	
Office address in the PRC	Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai City, Guangdong Province, the PRC	
Postal code of office address in the PRC	519090	
Principal place of business in Hong Kong	Room 1301, 13/F, YF Life Centre, 38 Gloucester Road, Wanchai, Hong Kong	
Company's website	www.livzon.com.cn	
E-mail	LIVZON_GROUP@livzon.com.cn	

*Note 1:* On 16 January 2014, the Company's domestically listed foreign shares ("B Shares") were converted into overseas listed foreign shares ("H Shares") by way of introduction for listing and trading on the Main Board of the Hong Kong Stock Exchange. The stock code of the H Shares of the Company is "01513" and the stock abbreviation thereof is "Livzon Pharma".

*Note 2:* The abbreviation and the stock code are only used by domestic Shareholders of original B Shares of the Company in respect of their trading of H Shares of the Company after H Shares of the Company were listed on the main board of the Hong Kong Stock Exchange.

\* For identification purpose only



## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### II. CONTACT PERSONS AND CONTACT DETAILS

	Secretary to the Board	Representative of Securities Affairs
Name	Liu Ning (劉寧)	Li Xiaoyu (李笑雨)
Address	Headquarters Building, 38 Chuangye North Road, Jinwan District, Zhuhai City, Guangdong Province, the PRC	
Telephone	(86) (0756) 8135990	(86) (0756) 8135101
Fax	(86) (0756) 8891070	(86) (0756) 8891070
E-mail	liuning@livzon.com.cn	lixiaoyu@livzon.com.cn

### III. OTHER INFORMATION

#### 1. Contact details of the Company

Whether the registered address, office address and postal code, company website and email address of the Company changed during the Reporting Period

☐ Applicable ☒ Not Applicable

There was no change on the registered address, the office address and postal code, company website, email address and etc. of the Company during the Reporting Period. Please refer to the 2024 Annual Report for details.

#### 2. Information disclosure and places for inspection

Whether the information disclosure and the places for inspection changed during the Reporting Period

☐ Applicable ☒ Not Applicable

There was no change in the website of the stock exchanges and the name and website of the media on which the Company disclosed the interim report and the places for inspection of the interim report of the Company during the Reporting Period. Please refer to the 2024 Annual Report for details.

#### 3. Other relevant information

Whether other relevant information changed during the Reporting Period

☐ Applicable ☒ Not Applicable

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### IV. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

Whether the Company has made retrospective adjustments or restatements of accounting data of prior years

☐ Yes ☒ No

Items	Period	Previous Period	Unit: RMB
			Period-to-period change
Operating income	6,271,912,644.11	6,282,354,251.22	-0.17%
Net profit attributable to Shareholders of the Company	1,281,087,956.53	1,170,970,883.51	9.40%
Net profit attributable to the Shareholders of the Company after deducting the extraordinary gains or losses	1,258,455,473.79	1,155,469,307.79	8.91%
Net cash flow from operating activities	1,686,940,768.20	1,530,031,256.39	10.26%
Basic earnings per share (RMB/share)	1.43	1.27	12.60%
Diluted earnings per share (RMB/share)	1.43	1.27	12.60%
Weighted average return on equity	9.14%	8.04%	Increased by 1.10 percentage point

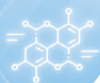
Items	End of the Period	Beginning of the Period	Period-to-period change
Total assets	24,172,870,038.67	24,455,825,697.18	-1.16%
Net assets attributable to the Shareholders of the Company	13,677,703,753.07	13,862,334,189.33	-1.33%

#### Total share capital of the Company as at the trading day prior to disclosure

Total share capital of the Company as at the trading day prior to disclosure (shares)	904,100,430
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#### Fully diluted earnings per share based on the most updated share capital

Dividends payable to preferred shares	—
Interests payable to perpetual bonds	—
Fully diluted earnings per share based on the most updated share capital (RMB/share)	1.42



## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### V. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

#### 1. Differences in net profit and net assets between financial reports disclosed concurrently under international accounting standards and China accounting standards

☐ Applicable ☒ Not Applicable

#### 2. Differences in net profit and net assets between financial reports disclosed concurrently under foreign accounting standards and China accounting standards

☐ Applicable ☒ Not Applicable

#### 3. Explanation on reasons for the differences in accounting data under domestic and foreign accounting standards

☐ Applicable ☒ Not Applicable

### VI. ITEMS AND AMOUNTS OF EXTRAORDINARY GAINS AND LOSSES

☒ Applicable ☐ Not Applicable

Items	Unit: RMB
	Amounts
Gains and losses on disposal of non-current assets (including the written-off portion of provisions made for asset impairment)	-1,531,312.81
Government grants included in profit and loss for the Period (except for government grants closely associated with ordinary business operations of the company, met national policies and regulations, entitled according to the prescribed standards, had a continuing effect on the company's profit or loss)	59,306,943.23
Gains or losses arising from changes in fair value derived from holding of financial assets held for trading and financial liabilities held for trading, and investment income generated on disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedging activities related to the ordinary operating business of the Company	-8,223,996.69
Other non-operating income and expenditure apart from the above items	-4,758,285.57
Less: Income tax effect	10,259,353.49
Effect of minority interests (after tax)	11,901,511.93
Total	22,632,482.74

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### VI. ITEMS AND AMOUNTS OF EXTRAORDINARY GAINS AND LOSSES *(continued)*

#### Details of other gains or losses items meeting the definition of extraordinary gains or losses

☐ Applicable   ☒ Not Applicable

During the Reporting Period, the Company had no other gains or losses items that meet the definition of extraordinary gains or losses.

#### Explanation on defining items of extraordinary gains or losses as illustrated in the “Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 – Extraordinary Gains or Losses” as items of recurring gains or losses

☐ Applicable   ☒ Not Applicable

During the Reporting Period, the Company has not defined any items of extraordinary gains or losses as illustrated in the “Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 – Extraordinary Gains or Losses” as items of recurring gains or losses.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

During the Period, the Group achieved operating income of RMB6,271.91 million, representing a year-on-year decrease of 0.17% as compared with RMB6,282.35 million in the Same Period Last Year; and a total profit of RMB1,828.11 million, representing a year-on-year increase of 13.66% compared with RMB1,608.39 million in the Same Period Last Year; excluding extraordinary gains or losses, the net profit attributable to Shareholders of the Company in the first half of 2025 was RMB1,258.46 million, representing a year-on-year increase of 8.91% as compared with RMB1,155.47 million in the Same Period Last Year.

In the first half of the year, the Company's various business segments worked together to drive a steady and improving overall business performance. From the perspective of revenue, the main products in the digestive, neuropsychiatric, reproductive, and traditional Chinese medicine segments all achieved year-on-year growth; in the active pharmaceutical ingredients (APIs) and intermediates segment, due to the impact of domestic market price fluctuations of cephalosporin APIs, overall revenue slightly declined year-on-year; the diagnostic reagents and equipment segment was affected by changes in the respiratory product cycle, and on the basis of a high comparison in the first half of 2024, revenue slightly decreased. From the perspective of profit, the growth of the formulation segment and the increase in exports of high-margin specialty APIs in the API segment drove profit growth; at the same time, through continuous improvement of operational efficiency and cost reduction, both total profit and net profit attributable to shareholders excluding non-recurring gains and losses achieved relatively high growth.

In the first half of 2025, the completion status of the Group's key tasks is as follows:

#### (1) The pipeline layout in key therapeutic areas has begun to take shape, and core projects under research are accelerating towards realisation

The Group continues to follow its established R&D strategy, always guided by clinical value, and closely monitors global cutting-edge technologies and new molecule developments for innovative drugs. In terms of therapeutic area layout, we continue to deepen product iteration and comprehensive deployment in advantageous areas such as gastrointestinal, assisted reproduction, and neuropsychiatric fields, while steadily expanding the R&D gradient in chronic disease areas such as anti-infection, metabolic, and cardiovascular and cerebrovascular diseases. In terms of technology platforms, we enrich the pipeline by leveraging advantageous platforms such as sustained-release microspheres, antibody drugs, and recombinant protein vaccines, utilise the capabilities of the national-level traditional Chinese medicine R&D platform to promote innovative TCM development, and continues to explore cutting-edge technology areas such as small nucleic acid drugs. In the first half of 2025, R&D investment was about RMB491 million, accounting for 7.82% of total operating revenue, providing solid support for the implementation of our strategy. As at 31 July 2025, the Company had a total of 39 formulation products under research. From the perspective of R&D stages, 13 projects were in the marketing application stage, 4 in Phase III clinical trials, 2 in the process validation/BE stage, and 4 in Phase II clinical trials. Relying on optimised R&D management and the deep application of AI digital tools, R&D achievements were intensively realised in the first half of the year.

##### 1. Efficient delivery of late-stage pipeline for marketing application:

In the first half of the year, Aripiprazole microspheres for injection (注射用阿立哌唑微球) and Progesterone injection (黃體酮注射液) obtained marketing approval; major products such as Recombinant Human Follitropin Alfa Solution for Injection (重組人促卵泡激素注射液) and two long-acting microcrystals of Aripiprazole for injection (注射用阿立哌唑) and Paliperidone Palmitate Injection (棕櫚酸帕利哌酮注射液) have been submitted for marketing approval.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD *(continued)*

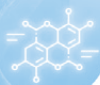
#### (1) The pipeline layout in key therapeutic areas has begun to take shape, and core projects under research are accelerating towards realisation *(continued)*

#### 2. Intensive advancement of research projects to clinical milestones:

In the first half of the 2025, JP-1366 tablets (JP-1366片) completed Phase III clinical trials, and was submitted for marketing approval and accepted; Recombinant anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重組抗人IL-17A/F人源化單克隆抗體注射液) basically completed Phase III clinical trials for moderate-to-severe psoriasis, and Semaglutide Injection (司美格魯肽注射液) for weight loss indication progressed to the late stage of Phase III clinical trials; Fudanafil Tablets (複達那非片), anti-epileptic drug NS-041 Tablets (NS-041片), and anti-infective drug SG1001 Tablets (SG1001片) all progressed from Phase I to Phase II clinical trials; small nucleic acid drug for gout LZHN2408 and JP-1366 for Injection (注射用JP-1366) obtained clinical trial approval and advanced to Phase I clinical trials.

Among them, the R&D progress summary of core research projects is as follows:

Serial Number	Field	Project Name/Code	Clinical Project Indication	Project Progress					
				Clinical Application/ Preclinical Research	Clinical I	Clinical II	Clinical III/BE	Marketing Application	Approved for Marketing
1	Autoimmune	Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重組抗人IL-17A/F人源化單克隆抗體注射液)	Moderate-to-severe psoriasis Ankylosing spondylitis				• •		
2	Neuropsychiatric	NS-041 Tablets (NS-041片)	Epilepsy			•			
			Depression	•					
3		LZHG2401	Schizophrenia	•					
4	Metabolism	LZHN2408	Hyperuricemia, Gout		•				
5	Cardio-cerebrovascular	H001 Capsules (H001膠囊)	Prevention of venous thromboembolism after major orthopaedic surgery			•			
6	Anti-infection	SG1001 Tablets (SG1001片)	Invasive Fungal Disease			•			
7	Vaccine	Quadrivalent Recombinant Protein Influenza Vaccine (四價流感重組蛋白疫苗)	Prevention of Influenza		•				
8	Gastroenterology	JP-1366 Tablets (JP-1366片)	Reflux Esophagitis					•	
9		JP-1366 for Injection (注射用JP-1366)	Bleeding from Peptic Ulcer		•				



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD (continued)

#### (1) The pipeline layout in key therapeutic areas has begun to take shape, and core projects under research are accelerating towards realisation (continued)

#### 2. Intensive advancement of research projects to clinical milestones: (continued)

**IL-17A/F Project LZM012:** Class 1 Innovative Biological Product. Indications are moderate to severe psoriasis and ankylosing spondylitis. This project is a humanized monoclonal antibody targeting IL-17A/F with a unique molecular design featuring a dual mechanism of action, which can strongly and selectively neutralize two key cytokines, IL-17A and IL-17F. Compared with blocking interleukin-17A alone, it can more effectively suppress inflammation. The head-to-head phase III study for moderate to severe psoriasis (compared with secukinumab) has basically been completed, with PASI100 at week 12 as the primary endpoint. The results confirmed that the efficacy of LZM012 was superior to the control group. It is the first phase III psoriasis study in China with PASI100 as the primary endpoint. A pre-market communication application has been submitted. It is the first IL-17A/F inhibitor in China and the second in the world to complete phase III clinical trials. Data from phase III clinical trials showed that: For the primary clinical endpoint, the PASI100 response rate at Week 12 was 49.50% in the LZM012 320mg Q4W group (Livzon's IL-17A/F), which was superior to the 40.20% in the secukinumab 300mg Q4W group (Novartis' IL-17A). At Week 52, the PASI100 response rate in the LZM012 Q4W regimen was significantly superior to that in the secukinumab Q4W regimen, while the LZM012 Q8W regimen (with a doubled dosing interval) was comparable to the secukinumab Q4W regimen. Additionally, the PASI75 response rate at Week 4 after a single dose of LZM012 was notably higher than that at Week 4 after four doses of secukinumab, confirming that Livzon's LZM012 is rapidly effective and potent.

In addition, the ankylosing spondylitis indication developed by partner Beijing Kanova Biopharmaceutical Co., Ltd. (北京鑫康合生物醫藥科技) officially started Phase III clinical trial in September 2023, and the first analysis announced in December 2024 reached the primary efficacy endpoint of the trial.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD *(continued)*

#### (1) The pipeline layout in key therapeutic areas has begun to take shape, and core projects under research are accelerating towards realisation *(continued)*

#### 2. Intensive advancement of research projects to clinical milestones: *(continued)*

**Small nucleic acid drug LZHN2408 for Gout:** Class 1 innovative chemical drug. The indication is gout with hyperuricemia, and clinical approval was obtained at the end of June 2025. Currently, Phase I clinical enrollment is progressing smoothly. This project targets the liver through a small nucleic acid GalNac delivery system, and achieves long-term inhibition of uric acid production through gene regulation. Preclinical data show: In terms of safety, no abnormal increase in key purine metabolites was observed, and secondary pain caused by crystal dissolution reaction due to a sharp drop in uric acid was avoided; In terms of efficacy, in the crab-eating macaque model, a single administration could lower uric acid for as long as 3-6 months. Phase I clinical trial will be divided into Ia (safety) and Ib (target dose efficacy evaluation) stages, in which Phase Ib will include people with high uric acid to verify therapeutic potential.

**Anticoagulant drug H001 Capsules (H001膠囊):** Category 1 innovative chemical drug, indicated for venous thromboembolism after major orthopedic surgery. The Phase II clinical trial of this drug targets patients undergoing total knee arthroplasty (TKA), and all patient enrollment has now been successfully completed. This project has three core advantages: First, high medication safety. Preclinical studies have confirmed that H001 capsules have no effect on the CYP enzyme system, which can significantly reduce the risk of clinical drug-drug interactions (DDI); Second, strong convenience of administration. As an oral preparation, it can achieve continuous medication from hospitalization to discharge, effectively solving the clinical pain point of switching from injections to oral drugs in existing treatment plans; Third, good balance of efficacy and safety. Preliminary data from the Phase II clinical trial show that its anticoagulant effect is comparable to enoxaparin, and the bleeding risk is lower than that of the same target drug dabigatran.

**Antiepileptic drug NS-041 Tablets (NS-041片):** Category 1 innovative chemical drug, a new generation KCNQ2/3 activator, Phase II clinical study for epilepsy indication initiated. NS-041 tablets has shown Best-in-Class potential: First, it shows more outstanding efficacy. In vitro experimental results show stronger action on the KCNQ2/3 target, and animal model studies also suggest that NS-041 tablets can achieve the same efficacy as other competitors at lower doses; Second, it shows higher safety. Non-clinical related trials have not found ocular toxicity risk, and the type and degree of nervous system adverse reactions have advantages compared with drugs under development with the same target. Phase I clinical trial shows that, compared with the competing drug under development XEN1101, overall safety and tolerability are good; Third, the potential therapeutic window is larger, which can support the exploration of a wider range of effective doses and expand multiple indications. In addition, the preclinical study for the new indication of depression has basically been completed.

**Anti-infective drug SG1001 Tablets (SG1001片):** Category 1 innovative chemical drug. The indication is invasive fungal disease, and it has now entered Phase II clinical trials. In June 2025, the project's partner obtained the FDA's IND approval. This project is expected to solve the problems of drug resistance in invasive aspergillosis and poor efficacy of first-line treatment. Currently, there is no drug with the same target approved for marketing worldwide, and SG1001 is a potential first-in-class drug for this target. The fastest progressing drug with the same target globally has been granted FDA Breakthrough Therapy designation.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD *(continued)*

#### (1) The pipeline layout in key therapeutic areas has begun to take shape, and core projects under research are accelerating towards realisation *(continued)*

##### 2. Intensive advancement of research projects to clinical milestones: *(continued)*

**Gastrointestinal drug JP-1366:** The antacid drug JP-1366 is a potassium-competitive acid blocker (P-CAB). The Company is simultaneously developing two dosage forms, tablets and injections: the tablet form has successfully completed Phase III clinical trials, and the marketing authorization application has been formally submitted and accepted; the injection form has basically completed Phase I clinical trials. The JP-1366 product series forms a differentiated and synergistic layout with the Company's existing proton pump inhibitor (PPI) products (such as ilaprazole), which can cover a wider range of acid-related disease treatment needs and further consolidate the Company's pipeline advantage in the gastrointestinal field.

**Quadrivalent Recombinant Protein Influenza Vaccine (四價流感重組蛋白疫苗):** Category 1 innovative biological product. It is the first recombinant protein influenza vaccine in China, which planned to start Phase I clinical enrollment in September 2025. This project significantly enhances immunogenicity through a novel adjuvant, achieving low-dose and high-efficiency protection, especially with better protection rates for the elderly. The clinical research centers have been confirmed, and progress is smooth.

**LZHG2401:** Category 2 new chemical drug. A long-acting formulation in the psychiatric field, currently in the preclinical research stage. In response to the current low penetration rate of long-acting formulations in China, its superior safety is expected to meet the clinical demand for high-quality long-acting psychiatric drugs, further enriching the Company's pipeline in the neuropsychiatric field.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD *(continued)*

#### (2) Continuously improving a high-quality and efficient R&D system to support the “strong field + chronic disease” R&D layout strategy.

- 1. Efficient R&D execution:** Based on a modular and flat R&D management system, the Company further strengthened full-process R&D management in the first half of the year. By implementing tiered and categorized management of projects under research, strengthening project initiation and re-evaluation, and enhancing overall coordination and resource allocation for core projects, the R&D efficiency of key projects has significantly improved. For example, the H001 Capsules (H001膠囊) completed enrollment of all 322 subjects in Phase II clinical trials within 5 months; the JP-1366 Tablets (JP-1366片) took less than 8 months from enrolling the first subject in Phase III clinical trials to submitting the marketing application, both far ahead of industry progress. In addition, the small nucleic acid gout drug LZHN2408, with the help of a comprehensive and systematic evaluation covering complete pharmacology and toxicology research data, detailed pharmaceutical technical documentation, and a clinical trial design based on risk assessment, saved about 3 months compared with the conventional process to obtain clinical approval, accelerating the clinical progress of the project.
- 2. “In-house R&D + BD” to quickly fill the pipeline:** Leveraging the advantages of R&D transformation, quickly filling the pipeline and advancing clinical progress through BD introduction, in 2024 the Company introduced 6 projects via the BD, 5 of which have smoothly entered the clinical transformation stage, forming good synergy and complementarity with the existing in-house R&D pipeline. In the first half of 2025, BD activities continued to focus on core therapeutic areas such as gastrointestinal, neuropsychiatric, metabolic, and anti-infective diseases, conducting systematic research, with emphasis on frontier areas such as bispecific antibodies and siRNA, further enriching the reserve of potential projects and providing important support for the innovative pipeline.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD *(continued)*

#### (2) Continuously improving a high-quality and efficient R&D system to support the “strong field + chronic disease” R&D layout strategy. *(continued)*

3. **AI-driven R&D efficiency improvement:** In the first half of the year, the Company continued to strengthen the application of AI technology throughout the entire R&D process, deeply embedding AI into key stages such as disease target identification, drug design, pharmaceutical research, clinical research, and post-marketing surveillance, continuously expanding application boundaries. For example, in the early stages of drug R&D, AI is used to accurately predict the physicochemical properties and stability of molecules, and to assist in selecting more efficient synthetic routes through innovative molecular pathway design; by building an in-house small nucleic acid AI agent, the Company evaluates the completion of pharmaceutical research on small nucleic acid drugs, conducts registration compliance analysis, and more; with the application of AI tools, the process research efficiency of the quadrivalent influenza vaccine project has improved, the R&D cycle has shortened, the expression level and yield of the target protein have significantly increased, and the product’s residual HCP levels have greatly decreased.
4. **Strengthen patent layout:** In the first half of 2025, the Group filed a total of 23 patent applications, obtained 19 domestic patent grants, and obtained 4 overseas patent grants. “An aripiprazole sustained-release microsphere and its preparation method”, on the basis of being granted in the United States, Japan, South Korea, Russia, Kazakhstan, and Indonesia, was newly granted in Malaysia. As of 30 June 2025, the Company owned 936 valid granted patents both domestically and internationally, of which 490 were invention patents; there are currently 315 patents under examination. The patents cover new drug structures/sequences, salt forms/crystal forms, preparation processes, uses, and formulation recipes, providing comprehensive intellectual property protection for the Company’s innovative R&D.

#### (3) Strengthen academic promotion, take a forward-looking approach in the commercialisation of new therapeutic area products, and support the goal of sustainable growth

In the first half of 2025, facing the dual challenges of policy changes in the pharmaceutical industry and market competition, the Company adhered to a compliance system as the foundation for development, took academic innovation as the core driving force, adopted digital transformation as an enhancement tool, and achieved a full-link marketing upgrade through efficient cross-departmental collaboration. The Company continued to focus on penetration of core products and exploration of market potential, building differentiated competitive advantages in key areas such as neuropsychiatry, gastroenterology, and gonadotropins, effectively driving sales conversion and laying a solid foundation for subsequent new product promotion, channel optimisation, and improvement of the compliance system.

1. **Enhance overall coverage of “tiered hospitals – primary healthcare – OTC retail”:** Adopt flexible sales strategies to fully improve market coverage and penetration, and deepen the interconnected channel network of “tiered hospitals – primary healthcare institutions – retail channels”. Core prescription drug products focus on expanding the tiered hospital market, striving to increase sales volume on the basis of consolidating existing market share; in the first half of the year, core gastrointestinal products achieved steady growth; assisted reproductive products accelerated market penetration to expand coverage; the primary healthcare market adopted a multi-product portfolio strategy to drive growth and maintain steady development; the OTC segment cultivated the retail market in depth, strengthening pharmacy channel penetration through refined operations, continuously increasing brand promotion efforts, and products such as Antiviral Granules (抗病毒顆粒) grew rapidly.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

- I. **PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD** (continued)
- (3) **Strengthen academic promotion, take a forward-looking approach in the commercialisation of new therapeutic area products, and support the goal of sustainable growth** (continued)
2. **Forward-looking layout for new product commercialization:** Focusing on products in the psychiatric, metabolic, autoimmune and other therapeutic areas that are about to be launched or under development, improve the specialist sales line, strengthen academic promotion penetration, and build a professional team. For example, around the launch of aripiprazole microspheres, form a team covering key departments nationwide; on the real-world evidence side, launch an RWS study covering 60 centers and 1,200 patients to accumulate more clinical evidence from Chinese patients. At the same time, for key products in new therapeutic areas such as gastroenterology, weight loss, and autoimmune diseases in the next two years, start to advance various preparations before launch.
3. **Strengthen academic promotion and clinical value leadership:** Combine decades of real-world clinical evidence accumulated for key products to strengthen the delivery of clinical value and consolidate the foundation of clinical trust. In the first half of the year, the Company co-hosted the first “New Frontiers in Gastroenterology Academic Forum” with the Chinese Society of Gastroenterology, systematically summarizing the efficacy and safety advantages of ilaprazole, and also introducing the clinical results of the P-CAB gastroenterology pipeline JP-1366 under research, strengthening the clinical basis of ilaprazole as the “third-generation PPI”, as well as the Company’s advantages in a comprehensive product portfolio in the gastroenterology field; co-organized the CSCO prostate cancer diagnosis and treatment guidelines tour with the Chinese Society of Clinical Oncology, strengthening the value of triptorelin microspheres in the field of cancer treatment. In addition, in the field of gynecology, the “Guidelines for Paclitaxel Drugs in Gynecological Malignant Tumors (2025 Edition)” clearly recommend Shenqi Fuzheng Injection (参芪扶正注射液) as an adjunct to chemotherapy regimens; in the psychiatric field, relying on the “Chinese Journal of Psychiatry” to deliver new academic progress on Fluvoxamine Maleate Tablets (马来酸氟伏沙明片) and Aripiprazole Microspheres for Injection (注射用阿立哌唑微球).
4. **Digital marketing drives growth:** The Company accelerates the promotion of marketing digital transformation, explores a new retail model integrating online and offline, empowers with data to enhance brand influence and conversion efficiency, and expands product sales channels. Introduce digital tools to optimize event management and terminal reach, dynamically adjust strategies through user behavior data analysis, and achieve remarkable results in digital marketing in the OTC sector, promoting the formation of a marketing closed loop online and offline. In addition, with the professional health science popularization platform “Experts Say” as the core, the five major platforms “Psychology Experts Say”, “Gastroenterology Experts Say”, “Urology Experts Say”, “TCM Experts Say”, and “Happy Pregnancy Experts Say” gained a total of 0.79 million new followers in the first half of the year; in the pet medicine field, the “Pet Experts Say” platform has been welcomed by a large number of pet lovers by providing professional pet health knowledge and practical care advice, not only improving the precise reach of brand exposure, but also achieving an efficient connection from “traffic acquisition” to “sales conversion”.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD *(continued)*

#### (4) Expand overseas markets and strengthen the entity operation capability of the “going global” strategy

In the first half of 2025, the Group continued to accelerate the “going global” process, focusing on overseas market expansion and in-depth localization operations, and promoted significant growth in product exports through targeted marketing strategies, expanding sales channels, and advancing overseas drug registration applications. During the Reporting Period, the Company achieved overseas revenue of approximately RMB1.004 billion, an increase of 18.40% year-on-year, with overseas revenue accounting for about 16.01% of total operating revenue, up 2.51 percentage points from last year.

**The global expansion of active pharmaceutical ingredients (APIs) achieved remarkable results:**

Relying on the active expansion of overseas markets, the Group’s overall API export revenue and profit steadily increased, effectively countering the impact of domestic price fluctuations of cephalosporin products on the overall API business, with both export revenue and profit maintaining growth. In the first half of 2025, export revenue of APIs and intermediates reached RMB974 million, an increase of 19.68% year-on-year. On one hand, the Group deepened strategic cooperation with multiple globally renowned pharmaceutical and animal health companies, steadily increasing market share in the three major export businesses of high-end antibiotics, high-end veterinary drugs, and intermediates, and continuously consolidating the competitiveness of core products; on the other hand, it accelerated the layout of new products, with European daptomycin formulation customers having successively obtained market approvals in Europe in the second half of 2025, and U.S. formulation customers expected to soon obtain the first generic approval, successfully launching the commercialization process of daptomycin; multiple CDMO projects progressed smoothly, becoming new business growth engines; the cephalosporin API export market grew rapidly, effectively filling the gap in the domestic cephalosporin market. In addition, the Group established a North American office to improve the global service network. As of the end of this Reporting Period, the Group had completed 218 international registration project applications for 38 API and intermediate products in 123 overseas countries/regions, and obtained 46 international certification certificates for API and intermediate varieties, laying a foundation for in-depth global development.

**The global layout of formulations continued to deepen:** In terms of international registration applications, the Recombinant Human Chorionic Gonadotropin for Injection (注射用重組人絨促性素) obtained marketing approvals in Pakistan and Uzbekistan, Semaglutide Injection (司美格魯肽注射液) was submitted for marketing registration in Pakistan, and Ilaprazole Sodium for Injection (注射用艾普拉唑鈉) was submitted for marketing registration in Malaysia. In terms of overseas sales of preparations, core products such as assisted reproduction and anti-infection have achieved rapid growth in markets including Pakistan, Uzbekistan and Indonesia. Among them, Recombinant Human Chorionic Gonadotropin (rHCG) (注射用重組人絨促性素), being the only biosimilar product currently sold in the Indonesian market, now accounts for about 30% of the local market share, with emerging markets continuing to expand. As of the end of the Reporting Period, the group’s 17 preparation product specifications have completed 34 registration projects in 11 countries/regions. In the first half of the year, the Company officially passed the PIC/S GMP compliance inspection and obtained the certificate, while also submitting applications for three other overseas GMP certifications, providing a solid guarantee for products to enter the global market.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD *(continued)*

#### (4) Expand overseas markets and strengthen the entity operation capability of the “going global” strategy *(continued)*

**Physical overseas operations layout:** Following the establishment of the Indonesian joint venture in 2024, in the first half of 2025, the Company announced its plan to acquire control of Vietnam’s listed company IMP. The company owns the largest number of EU GMP standard production lines in Vietnam, which can support subsequent product technology transfers; it has high coverage in local hospitals in Vietnam, with a well-established OTC terminal network, which will provide ready-made channels for the subsequent export of the Group’s preparations, significantly improving market response speed. At the same time, the group is actively exploring global two-way licensing cooperation. By establishing close partnerships with internationally renowned companies, it not only introduces advanced overseas technologies and products but also promotes its own competitive products and technologies to the international market, comprehensively expanding the path for “going global”.

#### (5) Lean production to reduce costs and increase efficiency, comprehensive assurance of quality and compliance

The Company is committed to improving production efficiency and product quality. Through continuously deepening the construction of the production management system and promoting automation and informatization upgrades in its subsidiary manufacturing enterprises, as well as strengthening precise control over the entire production process, the Company has effectively improved production operation efficiency. Focusing on technological innovation and process iteration, while steadily increasing product output, the Company strictly controls quality and effectively enhances market competitiveness.

**Lean production, cost reduction and efficiency enhancement:** 1. In the first half of the Year, the Company focused on optimizing production processes and technological innovation, promoted lean production management, optimized production organization processes, boosted production efficiency, and achieved a significant reduction in production costs. At the same time, the Company further strengthened the construction of the supply chain system, and formulated differentiated procurement strategies based on the characteristics of different types of materials and market supply conditions, effectively ensuring the stable supply of production materials, and made positive progress in procurement cost control. 2. In the first half of the Year, the EHS operation of each unit was generally stable, and the Company formulated the EHS assessment plan for its subordinate production enterprises to strengthen the implementation of EHS responsibilities. The Production Technology Headquarters regularly conducts internal inspections of the Company’s subordinate production enterprises, promotes the use of AI technology and smart monitoring by production enterprises to carry out hidden danger investigations, and strengthens risk prediction capabilities. 3. Strengthen the coordination management of production, supply, and sales links, improve collaboration efficiency, continuously optimize the order response mechanism and delivery process, enhance the risk control capability of the supply chain, and provide strong support for quickly meeting market demands.

**Quality system, comprehensive protection:** The Company has built a multi-level quality management system covering all aspects of R&D, production, and circulation. By establishing standardized quality control processes, identifying, assessing, and controlling quality risk points, and regularly conducting internal audits of the quality system, the Company continuously promotes the iterative upgrading of quality management levels. The Quality Management Headquarters carries out daily quality supervision, unannounced inspections, or special inspections on all production enterprises under the Group, and focuses on auditing the implementation of the primary responsibility for quality and safety by the holders, as well as the construction and operation of the PV system. During the Reporting Period, the Quality Management Headquarters organized 13 internal audits within the group, completed joint audits of 4 key suppliers; continuously promoted the construction of the MAH system, formulated management documents covering the entire life cycle, completed the supervision of commissioned production of products such as Voriconazole for Injection; the Fuxing plant of the Active Pharmaceutical Ingredient Division passed the EU GMP inspection and obtained a new EU GMP certificate, and the Xinbeijiang plant completed the FDA inspection response and obtained the on-site inspection EIR report (VAI).



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD (continued)

#### (5) Lean production to reduce costs and increase efficiency, comprehensive assurance of quality and compliance (continued)

**Green manufacturing, energy saving and consumption reduction:** The Company has deeply integrated the concept of environmental protection into the entire production process, vigorously promoted clean production, significantly reduced energy consumption per unit of output value and pollutant emissions through the introduction of energy-saving and emission-reduction technologies, optimization of the energy structure, and promotion of waste resource utilization, while building a resource recycling system to achieve efficient resource allocation while reducing waste disposal costs. During the Reporting Period, the Company promoted clean energy substitution by advancing photovoltaic project construction and the use of green electricity; improved environmental governance by promoting waste resource utilization, improving sewage treatment processes, and enhancing exhaust gas treatment facilities.

#### (6) Practising the ESG concept to build a high-quality and sustainable future together

The Group regards ESG governance as the cornerstone of sustainable development, strongly promoting the deep integration of corporate governance, social responsibility, and green development. The Company has won the highest AAA rating in MSCI ESG for two consecutive years, becoming the first Chinese enterprise in the global pharmaceutical industry to receive this rating, and also the only enterprise in the Chinese pharmaceutical industry to achieve an AAA rating for two consecutive years in performance scores; the Company scored 67 points in S&P Global and has been selected into the "Sustainability Yearbook" for three consecutive years. After being rated as the "Most Improved Company" in 2024, the Company went further in the first half of the year, ranking among the "Top 5% of Chinese Companies in S&P Global CSA Scores".

**With a talent strategy as support and employee well-being as the focus:** The Company continues to improve its systematic talent development mechanism, while deeply cultivating internal talent training, vigorously promoting a global talent recruitment strategy, and building a talent team suitable for long-term development. In the first half of 2025, the Company continued to optimize its organizational structure and strengthened the planning and construction of the human resources team, focusing on introducing high-end talents in the international business sector to provide solid talent support for the layout in overseas markets such as Indonesia and Vietnam. The Company always adheres to the "people-oriented" concept, practising "happy life, joyful work", and continuously enhancing employees' sense of belonging and happiness through measures such as upgrading logistical support and strengthening humanistic care. In the first half of the year, the Company actively organized a variety of sports competitions and team-building activities such as badminton and basketball games, allowing employees to truly feel the warmth of the enterprise.

**Digitalization and AI empowerment to drive efficient operations:** The Company regards digital-intelligent transformation as the core means to improve efficiency, optimizing operations with AI technology and system construction, achieving remarkable results in the first half of 2025. The IT Headquarters took the lead in promoting AI implementation and leveraged AI models to deepen data development, querying, and other related work to further unleash the value of AI technology; the Finance Headquarters used AI to realize automated daily profit/expense report pushing and developed a contract review assistant to accurately intercept risks. On the other hand, the Company organised an AI competition and successfully implemented 45 application projects, covering a wide range of scenarios such as R&D, production, sales, finance, and HR. By combining business characteristics, it created efficient and reusable solutions, greatly improving operational efficiency.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD (continued)

#### (6) Practising the ESG concept to build a high-quality and sustainable future together (continued)

**Adhering to green development and promoting low-carbon operations:** The Company has always regarded environmental protection as an important mission, firmly taking green and low-carbon as the development direction, and deeply integrating the concept of sustainable development into the entire process of production and operations. In every stage such as raw material procurement, manufacturing, logistics and transportation, and waste disposal, the Company strictly implements low-carbon requirements, taking concrete actions to respond to the national “dual carbon” strategy, injecting lasting momentum into the coordinated and sustainable development of society and the environment. At the same time, the Company has built a robust and efficient EHS (Environment, Health, Safety) management system covering the entire process, clarifying management responsibilities at all levels, and forming a responsibility mechanism of “full participation and step-by-step implementation.” In the first half of 2025, the Company further optimised the environmental protection management system, achieving comprehensive coverage of “three wastes” treatment, noise control, and energy consumption. Through regular environmental protection training and practical activities such as factory greening, it transformed the green concept into concrete actions, promoting the company’s progress towards low-carbon, green, and high-quality development.

**Taking social responsibility as its own duty and demonstrating the commitment of a pharmaceutical company:** In 2025, the Company continued to make efforts in fulfilling social responsibility, benefiting more people through diversified public welfare projects. In Rongjiang, Guizhou, the Company not only continued the public welfare programme for chronic disease prevention and treatment, donating antihypertensive and lipid-lowering medicines worth millions of yuan, but also responded quickly to a sudden flood in the area, dispatching 4,000 boxes of antiviral granules to the disaster area within 48 hours. Considering that there were diabetic patients in the disaster area, the Company specially provided 2,000 boxes of sugar-free granules to meet the medication needs of different groups, reflecting differentiated care for different populations. At the same time, the Company continued to promote the “Astragalus Industry Revitalisation” project, helping local farmers increase their income through technical assistance and contract farming. The Company’s official WeChat account set up the “Li • Science Popularisation” column, focusing on health topics of public concern, and regularly publishing professional and easy-to-understand science articles on themes such as evidence-based Chinese medicine, bipolar disorder, and International Stomach Care Day, to help the public establish scientific health concepts and improve the self-protection ability of grassroots communities. In addition, the Company continues to optimise the ESG management system, reducing drug costs through inclusive healthcare practices and large-scale production, improving accessibility and affordability, benefiting more grassroots patients, and demonstrating the responsibility and commitment of a pharmaceutical enterprise.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### II. ANALYSIS OF CORE COMPETITIVE STRENGTHS

#### (1) R&D strategy guided by clinical value: the core driving force for sustainable development

**Building a tiered R&D matrix:** The Company takes "clinical value orientation + differentiated innovation" as the main line of R&D, focusing on core advantageous areas such as gastroenterology, reproduction, and neuropsychiatry, continuously strengthening innovation iteration, forming an advantageous product matrix, and providing support for exploring medication solutions with high clinical value. For example, in the gastroenterology field, a comprehensive layout of P-CAB products with different dosage forms and indications; in the assisted reproduction field, a complete layout of full-cycle products from ovulation induction, luteal support to ovulation triggering, as well as a dual-track layout of biologics and chemical preparations; in the neuropsychiatric field, covering various combinations from schizophrenia to depression, short-acting to long-acting, across all clinical R&D stages. At the same time, the Company actively extends into strategic tracks with broad development prospects such as anti-infection, as well as chronic diseases in metabolism and cardiovascular-cerebrovascular areas.

**Multiple technology platforms in parallel:** The Company has China's first national-level sustained-release microsphere technology platform, as well as a national-level traditional Chinese medicine R&D platform, accumulating high-barrier technological R&D advantages. The Leuporelin Acetate Microspheres for Injection (注射用醋酸亮丙瑞林微球) developed based on the microsphere platform is the world's first long-acting sustained-release GnRH formulation approved after completing bioequivalence studies in accordance with the US FDA's individual drug guidelines; the Aripiprazole Microspheres for Injection (注射用阿立哌唑微球) approved in the first half of this year, as an achievement of the "National Major New Drug Innovation" ("國家重大新藥創制") project, is the world's first aripiprazole microsphere formulation and China's first independently developed long-acting aripiprazole dosage form. At the same time, the Company's antibody drug platform and recombinant protein vaccine platform have also been validated by marketed products, accumulating process advantages in core technologies such as cell line construction, large-scale cell culture, purification, and formulation. In addition, the Company is also actively exploring cutting-edge fields such as small nucleic acid molecules, and continues to expand its pipeline by leveraging the advantages of its technology platforms.

#### (2) Lean production and full-chain quality control: strengthening the foundation of the enterprise

The Company implements the mission of "Patients' Quality of Life First" in practice, establishing a strict quality management system covering the entire product life cycle, including R&D, production, and sales. From raw material procurement to product delivery, every step has strict quality standards and inspection procedures to ensure that product quality is stable and reliable. The Group takes "lean production" as the core, formulates and implements internal control management higher than industry standards, and continuously carries out self-inspection and self-assessment; it continuously carries out automation transformation and smart upgrading, achieving precise control and efficient operation of the production process; benchmarking against international standards, on the basis of achieving 100% GMP compliance inspection for production lines of marketed products, it actively introduces advanced international quality management concepts and methods to provide a solid guarantee for products entering the global market.

At the same time, the Company actively promotes green production with a strong sense of social responsibility, thoroughly implementing the concept of sustainable development. During the production process, it strictly follows environmental protection standards, adopts environmentally friendly materials and energy-saving technologies, reduces waste emissions and energy consumption, and strives to achieve the organic unity of economic and environmental benefits. The Company has also built a sound supply chain system and production-supply-sales coordination management process, laying a solid foundation for product marketing and sales.

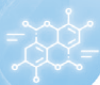
## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### II. ANALYSIS OF CORE COMPETITIVE STRENGTHS *(continued)*

#### (3) Comprehensive marketing network: building the brand influence of livzon

The Group focuses on compliance marketing, using evidence-based marketing and academic marketing as promotion strategies, and has formed a professional marketing team oriented towards medicine and the market, achieving an industry-leading position in niche areas such as gastroenterology, assisted reproduction, and major infectious disease diagnostics. After years of accumulation, the Company has built a complete terminal network covering major domestic medical institutions, retail and third-end terminals, disease control centers, health departments, and others. At the same time, the Company, using health science popularization platform "Expert Talks" as the pivot, has built a comprehensive digital marketing system combining online and offline approaches, forming effective multi-channel coverage.

In addition, the Company is also exploring and establishing a diversified overseas strategy of "local production + technology transfer", continuously enhancing the market position of active pharmaceutical ingredients overseas, and actively promoting formulation products to go global. The Group has 6 offices overseas, has set up a subsidiary in Malaysia, and is building a factory in Indonesia. In the first half of this year, the Company further announced a plan to acquire equity in Vietnamese pharmaceutical company IMP, further deepening its global commercialization layout.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### II. ANALYSIS OF CORE COMPETITIVE STRENGTHS *(continued)*

#### (4) Diversified business layout: forging performance resilience

The Group's products cover multiple pharmaceutical sub-sectors such as formulation products, active pharmaceutical ingredients and intermediates, diagnostic reagents and equipment, building a diversified product structure and achieving a strategic layout of "innovation-driven growth, synergy to resist risks". For many years, the Company has maintained stable operating cash flow and profit growth, providing strong support for R&D, strategic expansion, and shareholder returns.

Formulation products have formed certain market advantages in multiple therapeutic areas such as gastroenterology, assisted reproduction, and neuropsychiatry, with flagship products ranking first in their sub-markets for many consecutive years. The active pharmaceutical ingredients and intermediates business, through continuous technological upgrades and capacity optimization, has stood out in the global market, established long-term stable cooperative relationships with many well-known pharmaceutical companies, and achieved global leading market share for multiple products. With steady production operations, the active pharmaceutical ingredients and intermediates business provides the Company with stable cash flow; the diagnostics business, through a "testing + treatment" linkage model, strengthens overall solution capabilities, covers multiple clinical application scenarios, and enhances the company's overall competitiveness in the medical market.

This comprehensive and multi-level business layout enables the Group to demonstrate strong resilience when facing policy impacts such as volume-based procurement and medical insurance negotiations, to flexibly adapt to a changing market environment and complex policy changes, and to provide a solid and strong guarantee for the Company's sustained and stable performance growth.

# SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

## III. ANALYSIS OF PRINCIPAL BUSINESSES

### 1. Summary

Whether it is the same as that disclosed in principal businesses of the Company during the Reporting Period

☒ Yes ☐ No

Please refer to the "I. PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD" for relevant information.

### 2. Material changes in the composition or sources of profit of the Company during the Reporting Period

☐ Applicable ☒ Not Applicable

There were no material changes in the composition or sources of profit of the Company during the Reporting Period.

### 3. Composition of operating income

*Unit : RMB*

		Period		Previous Period		
		Amount	As a percentage of operating income	Amount	As a percentage of operating income	Period-to-period change
<b>Total operating income</b>		<b>6,271,912,644.11</b>	<b>100%</b>	6,282,354,251.22	100%	-0.17%
<b>By Industry</b>						
Pharmaceutical manufacturing industry		6,271,912,644.11	100%	6,282,354,251.22	100%	-0.17%
<b>By Product</b>						
Chemical drug preparation products	Gastroenterology products	1,351,090,312.58	21.54%	1,300,705,836.04	20.71%	3.87%
	Gonadotropic hormone products	1,529,752,523.25	24.39%	1,548,720,589.35	24.65%	-1.22%
	Psychiatry products	317,019,780.74	5.05%	296,598,818.64	4.72%	6.89%
	Anti-infection and other products	72,054,720.62	1.15%	77,815,210.65	1.24%	-7.40%
API and intermediate products		1,661,538,809.09	26.49%	1,761,085,709.09	28.03%	-5.65%
Traditional Chinese medicine preparation products		799,458,766.97	12.75%	745,009,076.82	11.86%	7.31%
Biological products		94,818,856.99	1.51%	87,546,778.71	1.39%	8.31%
Diagnostic reagent and equipment products		374,135,046.17	5.97%	394,351,087.80	6.28%	-5.13%
Others		72,043,827.70	1.15%	70,521,144.12	1.12%	2.16%
<b>By Region</b>						
Domestic		5,267,743,649.33	83.99%	5,434,254,800.86	86.50%	-3.06%
Overseas		1,004,168,994.78	16.01%	848,099,450.36	13.50%	18.40%

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. ANALYSIS OF PRINCIPAL BUSINESSES *(continued)*

#### 4. Industries, products or regions representing over 10% of operating income or operating profit of the Company

Unit: RMB

	Operating income	Operating costs	Gross profit margin	Period-to-period change in operating income	Period-to-period change in operating costs	Period-to-period change in gross profit margin
<b>By Industry</b>						
Pharmaceutical manufacturing industry	6,271,912,644.11	2,131,486,497.05	66.02%	-0.17%	-0.33%	Increased by 0.06 percentage point
<b>By Product</b>						
Chemical drug preparation products	3,269,917,337.19	615,773,312.00	81.17%	1.43%	1.35%	Increased by 0.02 percentage point
API and intermediate products	1,661,538,809.09	1,057,293,244.04	36.37%	-5.65%	-4.50%	Decreased by 0.76 percentage point
Traditional Chinese medicine preparation products	799,458,766.97	207,879,807.39	74.00%	7.31%	14.23%	Decreased by 1.57 percentage point
<b>By Region</b>						
Domestic	5,267,743,649.33	1,626,990,011.25	69.11%	-3.06%	-4.57%	Increased by 0.48 percentage point
Overseas	1,004,168,994.78	504,496,485.80	49.76%	18.40%	16.34%	Increased by 0.89 percentage point

**With adjusted basis of data statistics of the principal businesses of the Company during the Reporting Period, data of the principal businesses of the Company in the latest period after adjustment on year-end basis**

☐ Applicable    ☒ Not Applicable

#### Major customers and suppliers

During the Reporting Period, sales to the five largest customers of the Group accounted for approximately 8.31% (Same Period Last Year: 7.94%) of income from principal businesses of the Group, while amount of purchases from the five largest suppliers of the Group accounted for approximately 31.22% (Same Period Last Year: 29.31%) of the Group's total amount of purchases of raw materials. The five largest customers have been customers of the Group for 17.60 years on average, and the five largest suppliers have been suppliers of the Group for 14.00 years on average.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. ANALYSIS OF PRINCIPAL BUSINESSES (continued)

#### 5. Investment in R&D

✓ Applicable    ☐ Not Applicable

List of the Group's major R&D projects (R&D progress as at 31 July 2025)

Serial Number	Main R&D Project Name	Project Purpose (Indications)	Project Progress	Planned Goals	Expected Impact on the Company's Future Development
1	Triptorelin Acetate Microspheres for Injection (注射用醋酸曲普瑞林微球)	Prostate cancer: Prostate cancer patients requiring androgen deprivation therapy Endometriosis (Stage I to IV) Central Precocious Puberty	Approved for Marketing Approved for Marketing Phase III Clinical Trial	Approved for Marketing Approved for Marketing Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the reproductive and anti-tumor fields
2	Progesterone Injection (II) (黃體酮注射液(II))	For supplementary treatment of progesterone in assisted reproductive technology (ART)	Approved for Marketing	Approved for Marketing	Can enrich the Company's product pipeline in the reproductive field
3	Aripiprazole Microspheres for Injection (注射用阿立哌唑微球)	Schizophrenia	Approved for Marketing	Approved for Marketing	Can enrich the Company's product pipeline in the neuropsychiatric field
4	Semaglutide Injection (司美格魯肽注射液)	Type 2 Diabetes Weight Management	Applied for marketing approval Phase III Clinical Trial	Approved for marketing Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the fields of metabolism and beauty related
5	Teicoplanin for Injection (注射用替考拉寧)	Treatment of Gram-positive bacterial infections	Applied for marketing approval	Approved for marketing	Can enrich the Company's product pipeline in the anti-infection field
6	Daptomycin for Injection (注射用達托霉素)	Complicated skin and soft tissue infections, Staphylococcus aureus bloodstream infections	Applied for marketing approval	Approved for marketing	Can enrich the Company's product pipeline in the anti-infection field
7	Recombinant Human Follicle Stimulating Hormone Alfa Solution for Injection (重組人促卵泡激素注射液)	Ovulation induction for assisted reproduction	Applied for marketing approval	Approved for marketing	Can enrich the Company's product pipeline in the reproductive field
8	LZZG2102	Gynecological diseases	Applied for marketing approval	Approved for marketing	Chinese medicine preparation. It can enrich our company's product pipeline in the field of gynecology

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. ANALYSIS OF PRINCIPAL BUSINESSES (continued)

#### 5. Investment in R&D (continued)

List of the Group's major R&D projects (R&D progress as at 31 July 2025)

Serial Number	Main R&D Project Name	Project Purpose (Indications)	Project Progress	Planned Goals	Expected Impact on the Company's Future Development
9	Paliperidone Palmitate Injection (棕櫚酸帕利哌酮注射液)	Schizophrenia	Applied for marketing approval	Approved for marketing	Can enrich the Company's product pipeline in the neuropsychiatric field
10	Aripiprazole for Injection (注射用阿立哌唑)	Schizophrenia	Applied for marketing approval	Approved for marketing	Can enrich the Company's product pipeline in the neuropsychiatric field
11	JP-1366 Tablets (JP-1366片)	Reflux Esophagitis	Applied for marketing approval	Approved for marketing	Can enrich the Company's product pipeline in the gastrointestinal field
12	S-2022036	Reduce triglyceride levels in patients with hypertriglyceridemia	Applied for marketing approval	Approved for marketing	Can enrich the Company's product pipeline in the cardiovascular and cerebrovascular field
13	LZZG2101	Cardiovascular and cerebrovascular diseases	Process validation	Proceed with follow-up work as planned	Chinese medicine preparation. It can enrich the Company's product pipeline in the cardiovascular and cerebrovascular field
14	Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重組抗人IL-17A/F人源化單克隆抗體注射液)	Psoriasis	Phase III Clinical Trial	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the autoimmune field
		Ankylosing spondylitis	Phase III Clinical Trial	Proceed with follow-up work as planned	
15	H001 Capsules (H001膠囊)	Prevention of venous thromboembolism after major orthopaedic surgery	Clinical Phase II	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the cardiovascular and cerebrovascular field
16	Vardenafil Tablets (複達那非片)	Benign Prostatic Hyperplasia	Clinical Phase II	Proceed with follow-up work as planned	Complementary to the Company's existing QianLie Suppository (前列安粒栓劑), which can enrich the Company's product pipeline in andrology or urology and reproductive departments
17	SG1001 Tablets (SG1001片)	Invasive Fungal Disease	Clinical Phase II	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the anti-infection field
18	NS-041 Tablets (NS-041片)	Epilepsy	Clinical Phase II	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the neuropsychiatric field
		Depression	Preclinical Study	Proceed with follow-up work as planned	

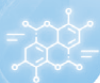
## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. ANALYSIS OF PRINCIPAL BUSINESSES *(continued)*

#### 5. Investment in R&D *(continued)*

List of the Group's major R&D projects (R&D progress as at 31 July 2025)

Serial Number	Main R&D Project Name	Project Purpose (Indications)	Project Progress	Planned Goals	Expected Impact on the Company's Future Development
19	Leuprolide Acetate Microspheres for Injection (3M) (注射用醋酸亮丙瑞林微球 (3M))	Prostate Cancer, Breast Cancer, Central Precocious Puberty	Applied for marketing approval	Approved for marketing	The first domestic 3-month microsphere generic drug, which can enrich the Company's product pipeline in the fields of oncology and reproduction
20	LZHG2403	Schizophrenia	BE Trial	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the neuropsychiatric field
21	Alarelin Acetate Microspheres for Injection (注射用醋酸亮丙瑞林微球)	Prostate Cancer	Phase I Clinical	Proceed with follow-up work as planned	Can strengthen the Company's product pipeline in the microsphere field and enrich the Company's product pipeline in the fields of oncology and reproduction
		Endometriosis	Phase I Clinical	Proceed with follow-up work as planned	
		Breast cancer	Phase I Clinical	Proceed with follow-up work as planned	
22	Quadrivalent Recombinant Protein Influenza Vaccine (四價流感重組蛋白疫苗)	Prevention of Influenza	Phase I Clinical	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the field of vaccines
23	JP-1366 for Injection (注射用 JP-1366)	Bleeding from Peptic Ulcer	Phase I Clinical	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the gastrointestinal field
24	LZSN2501	Postoperative prevention of venous thromboembolism	Preclinical Study	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the field of vascular diseases
25	LZHN2407	Invasive Fungal Disease	Preclinical Study	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the anti-infection field
26	LZHG2401	Schizophrenia	Preclinical Study	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the neuropsychiatric field
27	LZHG1701	Prostate cancer, breast cancer, endometriosis	Preclinical Study	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the fields of anti-tumour and reproduction



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. ANALYSIS OF PRINCIPAL BUSINESSES *(continued)*

#### 5. Investment in R&D *(continued)*

List of the Group's major R&D projects (R&D progress as at 31 July 2025)

Serial Number	Main R&D Project Name	Project Purpose (Indications)	Project Progress	Planned Goals	Expected Impact on the Company's Future Development
28	I-2023024	Acute bacterial skin and skin structure infection	Preclinical Study	Proceed with follow-up work as planned	Can enrich the Company's product pipeline in the anti-infection field
29	LZHN2408	Hyperuricemia, Gout	Phase I Clinical	Proceed with follow-up work as planned	Build the Company's small nucleic acid drug platform
30	LZZN1801	Vascular vertigo	Preclinical Study	Proceed with follow-up work as planned	Chinese medicine preparation. It can enrich the Company's product pipeline in the cardiovascular and cerebrovascular field
31	LZZN2201	Generalized anxiety disorder	Preclinical Study	Proceed with follow-up work as planned	Chinese medicine preparation. It can enrich the Company's product pipeline in the neuropsychiatric field
32	LZZG2103	Orthopaedic trauma diseases	Pilot test	Proceed with follow-up work as planned	Chinese medicine preparation. It can enrich the Company's product pipeline in the geriatric disease field
33	LZZG2104	Respiratory system diseases	Pilot test	Proceed with follow-up work as planned	Chinese medicine preparation. It can enrich the Company's product pipeline in the geriatric disease field
34	LZZG2105	Respiratory system diseases	Pilot test	Proceed with follow-up work as planned	Chinese medicine preparation. It can enrich our Company's product pipeline in the paediatrics field
35	LZZG2106	Cardiovascular and cerebrovascular diseases	Pilot test	Proceed with follow-up work as planned	Chinese medicine preparation. It can enrich the Company's product pipeline in the cardiovascular and cerebrovascular field
36	Perospirone Hydrochloride Tablets (4mg) (鹽酸哌羅匹隆片 (4mg))	Schizophrenia	Applied for marketing approval	Approved for marketing	Consistency evaluation. It can enrich our Company's product pipeline in the neuropsychiatric field
37	Valaciclovir Hydrochloride Tablets (鹽酸伐昔洛韋片)	Herpes	Applied for marketing approval	Approved for marketing	Consistency evaluation. It can enrich our Company's product pipeline in the anti-infection field

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. ANALYSIS OF PRINCIPAL BUSINESSES *(continued)*

#### 5. Investment in R&D *(continued)*

List of the Group's major R&D projects (R&D progress as at 31 July 2025)

Serial Number	Main R&D Project Name	Project Purpose (Indications)	Project Progress	Planned Goals	Expected Impact on the Company's Future Development
38	Bismuth Potassium Citrate Tablets (枸橼酸鉍鉀片)	Prescription drug: For gastric and duodenal ulcers, chronic superficial gastritis, and when accompanied by <i>Helicobacter pylori</i> infection. Over-the-counter drug: For chronic gastritis and relieving stomach pain, heartburn, and acid regurgitation caused by excessive stomach acid	Applied for marketing approval	Approved for marketing	Consistency evaluation. It can enrich the Company's product portfolio in the gastrointestinal field
39	Itopride Hydrochloride Tablets (鹽酸伊托必利片)	For indigestion symptoms caused by slowed gastrointestinal motility	Pilot test	Proceed with follow-up work as planned	Consistency evaluation. It can enrich the Company's product portfolio in the gastrointestinal field

### IV. ANALYSIS OF NON-PRINCIPAL BUSINESSES

✓ Applicable    ☐ Not Applicable

Unit: RMB

Item	Amount	As a percentage of total profit	Reason for occurrence	Sustainability
Investment income	28,282,266.89	1.55%	It is mainly due to changes in the profits and losses of invested associated enterprises.	No
Gains or losses arising from changes in fair value	-7,952,018.52	-0.43%	It is mainly due to fluctuations in the market value of held securities investment targets and changes in forward foreign exchange contracts.	No
Asset impairment	-11,545,716.96	-0.63%	It is mainly due to the provision for inventory write-downs.	No
Non-operating income	2,016,396.74	0.11%	It is mainly due to income from scrap disposal, etc.	No
Non-operating expenditure	7,424,921.21	-0.41%	It is mainly due to donation expenses.	No
Other income	71,721,503.21	3.92%	It is mainly due to received government subsidies.	Yes

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES

#### 1. Material changes in composition of assets

Unit: RMB

Item	End of the Reporting Period		End of the Previous Year			
	Amount	As a percentage of total assets	Amount	As a percentage of total assets	Change in proportion	Reason for material changes
Monetary funds	10,352,467,614.29	42.83%	10,827,146,984.92	44.27%	-1.45%	No material changes
Accounts receivables	2,301,463,456.31	9.52%	1,935,502,036.72	7.91%	1.61%	No material changes
Contract assets	—	—	—	—	—	—
Inventories	1,714,611,456.84	7.09%	1,997,642,296.29	8.17%	-1.08%	No material changes
Investment properties	9,505,412.42	0.04%	9,925,854.14	0.04%	0.00%	No material changes
Long-term equity investments	1,075,561,617.48	4.45%	1,056,220,316.06	4.32%	0.13%	No material changes
Fixed assets	4,122,580,653.78	17.05%	4,254,805,388.16	17.40%	-0.34%	No material changes
Construction in progress	287,181,711.89	1.19%	257,366,336.12	1.05%	0.14%	No material changes
Right-of-use assets	27,488,747.28	0.11%	25,083,211.98	0.10%	0.01%	No material changes
Short-term loans	2,130,000,000.00	8.81%	2,455,000,000.00	10.04%	-1.23%	No material changes
Contract liabilities	71,786,066.37	0.30%	124,631,997.54	0.51%	-0.21%	No material changes
Long-term loans	1,367,623,489.02	5.66%	1,465,735,112.37	5.99%	-0.34%	No material changes
Leasing liabilities	15,115,615.71	0.06%	13,102,527.71	0.05%	0.01%	No material changes

#### 2. Major foreign assets

☐ Applicable    ☒ Not Applicable

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 3. Assets and liabilities measured at fair value

✓ Applicable    ☐ Not Applicable

Unit: RMB

Item	At the Beginning of the Period	Gains or losses arising from changes in fair value for the Period	Accumulated change in fair value in equity	Impairment provision for the Period	Amount purchased during the Period	Amount sold during the Period	Other changes	At the End of the Period
<b>Financial assets</b>								
1. Financial assets held for trading (excluding derivative financial assets)	89,063,387.05	-16,530,761.36	-	-	2,870,000,000.00	2,685,000,000.00	-	257,532,625.69
2. Derivative financial assets	299,668.02	490,378.70	-	-	-	-	-1,082.90	788,963.82
3. Other debt investments	-	-	-	-	-	-	-	-
4. Other equity instrument investments	561,645,609.43	-	-3,321,216.69	-	407,603.40	422,631.43	-	558,309,364.71
5. Other non-current financial assets	-	-	-	-	-	-	-	-
Subtotal of financial assets	651,008,664.50	-16,040,382.66	-3,321,216.69	-	2,870,407,603.40	2,685,422,631.43	-1,082.90	816,630,954.22
Investment properties	-	-	-	-	-	-	-	-
Productive biological assets	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	651,008,664.50	-16,040,382.66	-3,321,216.69	-	2,870,407,603.40	2,685,422,631.43	-1,082.90	816,630,954.22
<b>Financial liabilities</b>	8,096,946.08	8,088,364.14	-	-	-	-	-	8,581.94

#### Whether there were material changes in the measurement of major assets of the Company during the Reporting Period

☐ Yes    ☒ No

#### 4. Restrictions on asset entitlements as at the End of the Reporting Period

✓ Applicable    ☐ Not Applicable

The forty-sixth meeting of the tenth session of the Board of the Company considered and approved the "Resolution on Conducting Bills Pooling Business", pursuant to which it was agreed that the Company and its subsidiaries should share the cap for the bills pooling business amount of no more than RMB1,800 million. The cap may be used on revolving basis. As at the End of the Reporting Period, the balance of bills receivable pledged to the banks applied by the Group was RMB167.9703 million. The balance of the actual deposits paid by the Company and its subsidiaries for the businesses such as letters of guarantee was RMB10.3559 million.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 5. Material changes in consolidated balance sheet items

Item	30 June 2025	31 December 2024	Unit: RMB Change
financial assets held for trading	258,321,589.51	89,363,055.07	189.07% <sup>(1)</sup>
Non-current assets due within one year	214,121,617.17	—	— <sup>(2)</sup>
Development expenditures	292,037,483.65	220,497,980.76	32.44% <sup>(3)</sup>
Other non-current assets	398,639,433.59	589,613,391.42	-32.39% <sup>(4)</sup>
Financial liabilities held for trading	8,581.94	8,096,946.08	-99.89% <sup>(5)</sup>
Contract liabilities	71,786,066.37	124,631,997.54	-42.40% <sup>(6)</sup>
Non-current liabilities due within one year	106,810,750.64	48,742,085.99	119.13% <sup>(7)</sup>
Other current liabilities	3,625,829.51	10,642,182.94	-65.93% <sup>(8)</sup>
Capital reserves	320,945,818.56	529,244,187.41	-39.36% <sup>(9)</sup>
Treasury shares	406,895,970.97	196,616,427.46	106.95% <sup>(10)</sup>
Other comprehensive income	61,496,567.33	112,180,366.63	-45.18% <sup>(11)</sup>

Reasons for the change of over 30% in the relevant data:

- (1) It is mainly due to the increase in structured deposits in the Period.
- (2) It is mainly due to the transfer-in of cash management business due within one year.
- (3) It is mainly because the phase III clinical trial of JP-1366 tablets has been carried out, leading to an increase in R&D expenses.
- (4) It is mainly due to the transfer out of cash management business due within one year.
- (5) It is mainly due to exchange rate fluctuations of forward foreign exchange contracts.
- (6) It is mainly because part of the prepaid contract payments in the Period has met the revenue recognition criteria and thus been transferred to revenue.
- (7) It is mainly due to the transfer-in of long-term loans due within one year.
- (8) It is mainly because part of the prepaid contract payments in the Period has met the revenue recognition criteria and thus been transferred to revenue, with the corresponding output tax being transferred accordingly.
- (9) It is mainly due to the write-off of capital reserves resulting from the cancellation of the Company's repurchased shares in the Period.
- (10) It is mainly due to an increase in the repurchase of the Company's shares in the Period.
- (11) It is mainly due to changes in foreign currency statement translation differences caused by exchange rate fluctuations.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 5. Material changes in consolidated balance sheet items *(continued)*

##### Asset-liability ratio

The asset-liability ratios of the Group as at 30 June 2025 and 31 December 2024 were calculated by dividing total liabilities by total assets of the Group as at the respective dates. The asset-liability ratio of the Group decreased from 39.05% as at 31 December 2024 to 38.26% as at 30 June 2025.

#### 6. Material changes in consolidated income statement items

Item	Amount for the Period	Amount for the Previous Period	Unit: RMB
			Period-to-period change
Finance expenses	-165,118,251.30	-77,592,397.16	-112.80% <sup>(1)</sup>
Other income	71,721,503.21	57,967,829.74	23.73% <sup>(2)</sup>
Investment income	28,282,266.89	15,574,609.82	81.59% <sup>(3)</sup>
Gains from changes in fair value	-7,952,018.52	-18,391,559.98	56.76% <sup>(4)</sup>
Credit impairment loss	-5,724,240.50	-3,212,261.28	-78.20% <sup>(5)</sup>
Asset impairment loss	-11,545,716.96	-29,139,720.53	60.38% <sup>(6)</sup>
Gains from disposal of assets	-149,723.72	-76,440.36	-95.87% <sup>(7)</sup>
Non-operating income	2,016,396.74	3,520,232.49	-42.72% <sup>(8)</sup>
Profit and loss attributable to minority interests	270,133,282.06	183,728,250.79	47.03% <sup>(9)</sup>
Other comprehensive net income after taxation	-59,117,732.98	-8,408,273.70	-603.09% <sup>(10)</sup>

Reasons for period-to-period change of over 30% in the relevant data:

- (1) It is mainly due to the increase in deposit interest income and changes in exchange gains and losses in the Period.
- (2) It is mainly due to the increase in government subsidies received in the Period.
- (3) It is mainly due to changes in the profits and losses of invested associated enterprises.
- (4) It is mainly due to exchange rate fluctuations of forward foreign exchange contracts.
- (5) It is mainly due to the increase in expected credit losses on receivables.
- (6) It is mainly due to the decrease in the provision for inventory write-downs.
- (7) It is mainly due to the increase in losses from the disposal of fixed assets in the Period compared with the Previous Period.
- (8) It is mainly due to the decrease in gains related to non-operating activities.
- (9) It is mainly due to the increase in the operating profits of non-wholly owned subsidiaries in the Period compared with the Previous Period.
- (10) It is mainly due to changes in foreign currency translation differences on financial statement caused by exchange rate fluctuations.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 7. Material changes in consolidated cash flow items

Item	Amount for the Period	Amount for the Previous Period	Unit: RMB
			Period-to-period change
Subtotal of cash inflows from investing activities	2,810,036,510.01	411,302,290.73	583.20% <sup>(1)</sup>
Subtotal of cash outflows from investing activities	3,380,578,078.81	634,473,993.04	432.82% <sup>(2)</sup>
Net cash flow from investing activities	-570,541,568.80	-223,171,702.31	-155.65% <sup>(3)</sup>
Net cash flow from financing activities	-1,566,059,686.14	-805,738,985.90	-94.36% <sup>(4)</sup>
Effect of changes in exchange rates on cash and cash equivalents	-26,044,411.79	2,871,040.49	-1007.14% <sup>(5)</sup>
Net increase in cash and cash equivalents	-475,704,898.53	503,991,608.67	-194.39% <sup>(6)</sup>

Reasons for period-to-period change of over 30% in the relevant data:

- (1) Mainly due to the maturity and withdrawal of structured deposits in the Period.
- (2) Mainly due to the new increase in structured deposits in the Period.
- (3) Mainly due to the new increase in structured deposits in the Period.
- (4) Mainly due to the increase in payments for the Company's share repurchases and repayment of bank loans in the Period.
- (5) Mainly due to exchange rate fluctuations, resulting in an increase in exchange losses on held foreign currency funds.
- (6) Mainly due to the payment of the Company's share repurchase proceeds and repayment of bank loans in the Period.

**Reasons for material differences between the net cash flow from operating activities of the Company during the Reporting Period and the net profit for the Reporting Period**

☐ Applicable    ☒ Not Applicable

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 8. Liquidity and financial resources

As at 30 June 2025, the Group's monetary funds amounted to RMB10,352.47 million (31 December 2024: RMB10,827.15 million), which arose primarily from operating income of the Company, which was used primarily for daily operation and investment activities of the Company as well as distribution of dividends.

Financial policy and objectives: The Group has a comprehensive and prudent financial management system in place with the objectives to ensure the security of corporate funds, provide support for production operation and business development, reasonably increase the use rate of the Group's funds and realize the preservation and appreciation of funds.

During the Reporting Period, the credit facilities that may be applied for with approval from the Board and the general meeting of the Company amounted to RMB29,508.25 million and the actual amount of credit applied to the banks for use amounted to RMB4,273.45 million.

*Unit: RMB*

Item	End of the Period (30 June 2025)			End of the Previous Year (31 December 2024)		
	Amount in foreign currency	Translation rate	Amount in RMB	Amount in foreign currency	Translation rate	Amount in RMB
Cash on hand:			176,533.29			155,198.45
—RMB	—	—	176,240.30	—	—	154,936.03
—USD	—	7.1586	—	—	7.1884	—
—EUR	34.87	8.4024	292.99	34.87	7.5257	262.42
Bank deposits:			10,226,594,415.96			10,702,613,867.91
—RMB	—	—	7,239,495,488.52	—	—	8,903,587,468.57
—HKD	240,846,103.24	0.91195	219,639,603.85	9,931,130.18	0.92604	9,196,623.79
—USD	379,675,413.51	7.1586	2,717,944,415.15	225,749,684.73	7.1884	1,622,779,033.71
—Japanese Yen	389,915,001.00	0.049594	19,337,444.56	286,308,497.00	0.046233	13,236,900.74
—EUR	92,551.10	8.4024	777,651.36	92,551.10	7.5257	696,511.82
—MOP	6,315,391.52	0.8847	5,587,226.87	6,374,373.52	0.8985	5,727,374.61
—MYR	19,737.99	1.69503	33,456.49	17,061.18	1.61991	27,637.58
—IDR	53,677,492,459.40	0.000443	23,779,129.16	325,303,128,229.60	0.000453	147,362,317.09
Other monetary funds:			125,696,665.04			124,377,918.56
RMB	—	—	8,514,502.87	—	—	8,925,970.47
HKD	5,498,879.07	0.91195	5,014,702.76	5,493,980.19	0.92604	5,087,645.41
USD	15,668,910.04	7.1586	112,167,459.41	15,353,110.94	7.1884	110,364,302.68
Total	—	—	10,352,467,614.29	—	—	10,827,146,984.92

As at 30 June 2025, the balance of the Group's borrowings amounted to RMB3,591.59 million (31 December 2024: RMB3,956.95 million), accounting for 14.86% of total assets (31 December 2024: 16.18%), of which the balance of short-term loans due within one year amounted to RMB2,130.00 million (31 December 2024: RMB2,455.00 million), accounting for 8.81% of the total assets (31 December 2024: 10.04%) and the balance of long-term loans due over one year amounted to RMB1,367.62 million (31 December 2024: RMB1,465.74 million), accounting for 5.66% of the total assets (31 December 2024: 5.99%). The balance of long-term borrowings due within one year amounted to RMB93.97 million (31 December 2024: RMB36.21 million), accounting for 0.39% of total assets (31 December 2024: 0.15%). During the Reporting Period, the Group's repayment of bank borrowings amounted to RMB2,155.55 million. There was no distinct seasonal demand for each of the above borrowings.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 9. Capital structure

The Group's capital comprises Shareholders' equity and liabilities. As at 30 June 2025, Shareholders' equity amounted to RMB14,924.19 million, total liabilities amounted to RMB9,248.68 million and total assets amounted to RMB24,172.87 million. In particular, the Group's current liabilities amounted to RMB7,409.74 million (31 December 2024: RMB7,625.43 million), representing an decrease of 2.83% as compared with that at the End of the Previous Year; total non-current liabilities amounted to RMB1,838.94 million (31 December 2024: RMB1,924.65 million), representing a decrease of 4.45% as compared with that at the End of the Previous Year. During the Reporting Period, repayment of debt amounted to RMB2,155.55 million (repayment of debt in the Previous Period was RMB2,087.55 million).

As at the End of the Reporting Period, equity attributable to Shareholders of the Company amounted to RMB13,677.70 million (31 December 2024: RMB13,862.33 million), representing a decrease of 1.33% as compared with that at the End of the Previous Year. Minority interests amounted to RMB1,246.48 million (31 December 2024: RMB1,043.41 million), representing an increase of 19.46% as compared with that at the End of the Previous Year.

#### 10. Capital commitments

Capital commitments contracted but not recognized in the financial statements	Balance at the End of the Period	Unit: RMB
		Balance at the Beginning of the Period
Commitments for purchase and construction of long-term assets	169,234,279.58	143,012,133.25
Commitments for R&D	261,833,857.90	304,801,419.25
Total	431,068,137.48	447,813,552.50

#### 11. Interest rate

As at 30 June 2025, the aggregate interest-bearing bank and other borrowings amounted to RMB3,590.25 million (31 December 2024: RMB3,955.67 million). The interest rate structure: RMB1,410.25 million bore interest at a floating interest rate and RMB2,180.00 million bore interest at a fixed annual interest rate of 1.62%.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 12. Maturity analysis of outstanding liabilities

	30 June 2025	Unit: RMB in millions 31 December 2024
Within one year	3,057.22	3,456.79
1-2 years	412.87	361.34
2-5 years	954.75	1,104.40
Over 5 years	—	—
Total	4,424.84	4,922.53

#### 13. Gearing ratio

The gearing ratios as at 30 June 2025 and 31 December 2024 were calculated by dividing total liabilities by Shareholders' equity of the Group as at the respective dates. The gearing ratio of the Group decreased from 33.02% as at 31 December 2024 to 29.65% as at 30 June 2025.

#### 14. Interest expenses and capitalisation

	Period	Unit: RMB Previous Period
Interest expenses <sup>(Note)</sup>	29,903,696.96	46,250,017.10
Capitalised interest	—	—
Total interest expenses	29,903,696.96	46,250,017.10

*Note:* Interest expenses are mainly due to bank borrowings.

#### 15. Foreign exchange risks

Details of foreign exchange risks of the Group are set out in "Note IX RISK MANAGEMENT OF FINANCIAL INSTRUMENTS" to the financial statements prepared in accordance with the China Accounting Standards for Business Enterprises as set out in the Report. As RMB is the major functional currency of the Company, in case of sales, purchases and investment/financing businesses which are not settled in RMB, corresponding foreign exchange exposures may arise. With "prevention and control of risk and locking in profit" as its management goal, the Company has established the "Management System for Foreign Exchange Risk", which requires a certain hedging ratio, to minimize the impact arising from fluctuations of exchange rates on the business of the Company by monitoring and controlling its foreign exchange risks through the use of foreign exchange financial derivatives.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 16. Contingent liabilities

As at 30 June 2025, the Group had no significant contingent liabilities.

#### 17. Pledge of assets

As at 30 June 2025, the assets of the Company subject to pledge were as follows:

	30 June 2025 (RMB)	Reason for being subject to restriction
Assets pledged:		
Bills receivable	167,970,254.45	Pledged bills receivable for the bill pool business
Other monetary funds	10,355,851.52	Deposits for letters of guarantee and other businesses
Total	178,326,105.97	

*Note:* On 30 March 2023, the forty-sixth meeting of the tenth session of the Board of the Company reviewed and approved the "Resolution on Conducting Bills Pooling Business" and agreed that an amount of up to RMB1,800 million for conducting bills pooling business would be shared by the Company and its subsidiaries, such amount may be utilized on rolling basis. As at 30 June 2025, the amount of bills receivable pledged by the Group to the banks amounted to RMB167.9703 million.

#### 18. Employees, remuneration, pension scheme and training

As at 30 June 2025, the Group had 8,764 (31 December 2024: 9,067) employees. The remuneration of the employees was determined by the Group mainly according to the laws and regulations of the PRC, the Company's economic performance and by reference to remuneration level in the market. During the Reporting Period, total wages, bonuses, allowances, compensation, welfare, housing funds and social insurance paid to the employees by the Group amounted to RMB989.88 million (Payment in the Previous Period was RMB948.24 million).

During the Reporting Period, there was no change in the Group's employee remuneration policy. The employees of the Group participated in the social basic pension insurance scheme organised and implemented by the local labor and social security departments. Upon retirement of the employees, the local labor and social security departments are obligated to pay social basic pension to the retired employees. The Group is required to contribute to the social basic pension insurance scheme at a certain rate of the employees' salaries to fund the employee retirement benefits. The sole obligation of the Group with respect to the social basic pension insurance scheme is to make the required contributions under the scheme. There was no change in the details of the retirement benefits.

During the Reporting Period, in the face of the complex and volatile market environment, the Group always adhered to the strategic orientation, anchored on the goal of strengthening the enterprise with talents, and carried out talent cultivation in an all-rounded and multi-level manner with innovation as the engine and service as the purpose, so as to build up a solid foundation of talents for the Group's high-quality development.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 18. Employees, remuneration, pension scheme and training *(continued)*

The Group attaches great importance to the precision and effectiveness of training, and through extensive and in-depth research work in the early stage, the Group effectively understands the actual needs of business departments, grasps the shortcomings of employees' ability and development problems, and provides targeted learning resources and training programmes. In the construction of the training platform, the Group is empowered by technology and actively responds to the development strategy of Zhuhai's digital economy, builds a digital bridge for employees to learn and grow, and creates a convenient and efficient learning environment for employees. Led by innovation, it introduced AI cutting-edge functions to provide employees with intelligent and personalised learning experience. Created a training module dashboard to achieve real-time monitoring and analysis of training data, and to drive the precision of training decisions with data. The Group organises all-employee and business-wide diversified training programmes such as business ethics and anti-corruption, data security and privacy protection, etc., in order to promote the healthy growth of the Company and its employees together.

The Group attaches importance to the cultivation and development of outstanding young talents internally, and has always followed a scientific, fair and transparent mechanism for talent selection, promotion and inspection, so as to continuously select outstanding young talents and optimise the talent ladder. This year, the Group selected a number of outstanding young talents, who were personally trained by senior managers. This not only highlights the great importance we attach to our young employees, but also lays a solid foundation for our prosperous development. The number of professional and technical employees of the Group has gradually increased. Since the successful application for the Zhuhai Model Enterprise Training Centre in 2023, the Group has successfully cultivated 690 certified personnel, which has continuously supplied the Group with outstanding employees for professional and technical positions. In addition, the Group has actively responded to the call, participating in the development of Zhuhai's talent ecosystem and fulfilling its social responsibilities, by conducting sharing activities in universities, which helps college students understand the development history of local enterprises and future trends in career development.

In the future, the Group will continue to be guided by its strategy, constantly innovate its talent development and training mechanism, enhance its talent service level, and strive to build a talent team that is adapted to the Group's development strategy and possesses global competitiveness, so as to achieve higher quality development.

#### 19. Significant Investments

On 22 May 2025, LIAN SGP HOLDING PTE. LTD. (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, and SK Investment Vina III Pte. Ltd. ("SK Investment"), Sunrise Kim Investment Joint Stock Company ("Sunrise") and KBA Investment Joint Stock Company ("KBA") (collectively, the "Sellers") entered in the framework agreement, pursuant to which the Sellers have agreed to sell, and the Purchaser has agreed to purchase, the 99,839,990 shares held by the Sellers in aggregate (the "Sale Shares") (purchase of 73,457,880 shares, 15,026,784 shares and 11,355,326 shares from SK Investment, Sunrise and KBA, respectively, representing an aggregate of 64.81% of the issued shares of Imexpharm Corporation (the "Target Company")), for a total cash consideration of VND5,730,815,426,000 (equivalent to approximately RMB1.587 billion and HKD1.728 billion based on the exchange rate on the date of signing the framework agreement). Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements.

The Target Company is a pharmaceutical company in Vietnam, and it principally engaged in research and development, manufacturing and distribution of pharmaceutical products, whose products mainly include antibiotics and cardiovascular drugs. The acquisition will lay a solid foundation for the Group's further expansion into overseas markets, supporting its long-term strategy of internationalization and sustainable development in the pharmaceutical sector.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. ANALYSIS OF ASSETS AND LIABILITIES *(continued)*

#### 19. Significant Investments *(continued)*

If a mandatory public tender offer for the Target Company is triggered under the applicable securities laws in Vietnam, the Company will make a further announcement as soon as practicable in accordance with the requirements of the Hong Kong Listing Rules.

As at the end of the Reporting Period, the acquisition has not yet been completed. For details of the acquisition, please refer to the announcement dated 22 May 2025 of the Company.

Save as disclosed above and the content in “VI. ANALYSIS OF INVESTMENT 2. Material equity investments during the Reporting Period”, during the Reporting Period, the Group did not make any equity acquisition and/or other significant investments, nor was there any significant change in the investments held by the Group as compared to the relevant information disclosed in the 2024 Annual Report of the Company.

### VI. ANALYSIS OF INVESTMENT

#### 1. Overall particulars

☒ Applicable ☐ Not Applicable

Amount of investment for the Reporting Period (RMB)	Amount of investment for the Same Period Last Year (RMB)	Period-to-period change
1,000,000,000.00	1,001,411,700.00	-0.14%

#### 2. Material equity investments during the Reporting Period

☒ Applicable ☐ Not Applicable

*Unit: RMB*

Name of investee	Principal business	Investment method	Investment amount	Percentage of shareholding	Source of funds	Partner(s)	Investment period	Type of products	Status as at balance sheet date	Expected return	Investment profit or loss in the Period	Litigation involved	Disclosure date (if any)	Disclosure index (if any)
LivzonBio, Inc.* (珠海市麗珠生物醫藥科技有限公司)	Research and development, production and sales of pharmaceutical products; Development of medical technology, technology services, technology transfer, technology consultation	Capital Contribution	1,000,000,000.00	66.54%	Self-owned funds	Joincare	Long-term	N/A	Capital not yet contributed	-	-89,143,548.07	No	See note for details	See note for details
Total	-	-	1,000,000,000.00	-	-	-	-	-	-	-	-89,143,548.07	-	-	-

*Note:* For details, please refer to the Announcement on Capital Contribution to LivzonBio, the Controlling Subsidiary, and the Connected Transaction (updated) (Announcement No. : 2025-028) dated on 31 March 2025 of the Company on Cninfo.

#### 3. Ongoing material non-equity investments during the Reporting Period

☐ Applicable ☒ Not Applicable

# SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

## VI. ANALYSIS OF INVESTMENT (continued)

### 4. Investment in financial assets

#### (1) Investment in securities

✓ Applicable    ☐ Not Applicable

Unit: RMB

Types of securities	Securities code	Securities abbreviation	Initial investment cost	Accounting measurement	Carrying amount at the Beginning of the Period	Gains or losses arising from changes in fair value for the Period	Accumulated change in fair value included in equity	Amount of Purchase during the Period	Amount of Disposal during the Period	Profit or loss for the Period	Carrying amount at the End of the Period	Accounting item	Sources of fund
Share	00135	Kunlun Energy	4,243,647.64	Measured at fair value	7,778,736.00	-847,916.00	-	-	-	-696,216.00	6,930,820.00	Financial assets held for trading	Self-owned funds
Fund	206001	Penghua Fund	150,000.00	Measured at fair value	987,629.66	9,815.15	-	-	-	9,815.15	997,444.81		
Share	000963	Huadong Medicine	39,851.86	Measured at fair value	11,404,575.20	1,898,565.12	-	-	-	2,089,740.08	13,303,140.32		
Share	BEAM(US)	Beam Therapeutics, Inc.	31,117,151.47	Measured at fair value	53,810,638.53	-17,509,417.97	-	-	-	-17,509,417.97	36,301,220.56		
Share	ELTX(US)	Elicio Therapeutics, Inc.	35,363,302.05	Measured at fair value	4,853,421.34	-	2,633,450.38	-	-	-	7,486,871.72	Investment in other equity	
Share	CARM(US)	Carisma Therapeutics, Inc.	38,807,266.00	Measured at fair value	2,168,737.48	-	-111,837.54	-	-	-	2,056,899.94	Instruments	
Share	02480	Luzhu Biotech-B	30,000,000.00	Measured at fair value	49,572,318.75	-	1,796,267.54	-	-	-	51,368,586.29		
Other securities investment held at the End of the Period			-	-	-	-	-	-	-	-	-	-	-
Total			139,721,219.02	-	130,576,056.96	-16,448,953.70	4,317,880.38	-	-	-16,106,078.74	118,444,983.64	-	-

Disclosure date of the announcement in relation to the approval of securities investment by the Board

Not applicable

Disclosure date of the announcement in relation to the approval of securities investment by the shareholders' meeting (if any)

Not applicable

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### VI. ANALYSIS OF INVESTMENT *(continued)*

#### 4. Investment in financial assets *(continued)*

##### (2) Information on investment in derivatives

✓ Applicable    ☐ Not Applicable

##### (i) Derivatives investments for hedging purposes during the Reporting Period

✓ Applicable    ☐ Not Applicable

*Unit: RMB'000*

Name of the operator of derivative investment	Connected relationship	Connected Transaction	Type of derivative investment	Initial investment amount of derivative investment	Commencement date	Maturity date	Investment amount at the Beginning of the Period	Amount of purchase during the Period	Amount of Disposal during the Period	Impairment provision (if any)	Investment amount at the End of the Period	Percentage of investment amount at the End of the Period to the net assets of the Company at the End of the Period	Actual gains or losses during the Period
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	414.14	2024/7/3	2024/12/23	417.44	-	417.45	-	-	-	-3.51
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	2,683.23	2024/8/1	2025/1/27	2,711.19	-	2,706.81	-	-	-	-65.60
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,716.75	2024/9/3	2025/2/25	4,810.44	-	4,803.26	-	-	-	-143.56
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	8,956.97	2024/10/14	2025/4/17	9,065.89	-	8,162.26	-	-	-	-182.71
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	11,659.00	2024/11/1	2025/5/21	10,254.75	-	10,244.03	-	-	-	-26.80
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,169.55	2024/12/10	2025/7/16	4,169.28	-	4,168.93	-	-	-	19.35
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	5,334.31	2025/1/3	2025/7/7	-	5,334.31	4,973.97	-	292.07	0.02%	37.96
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,209.95	2025/2/7	2025/8/13	-	4,209.95	2,599.50	-	1,612.88	0.12%	11.60
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,625.94	2025/3/5	2025/9/9	-	4,625.94	2,505.92	-	2,171.20	0.16%	8.68
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	3,797.96	2025/4/1	2025/10/16	-	3,797.96	934.31	-	2,826.75	0.21%	13.40
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	1,715.67	2025/5/9	2025/10/20	-	1,715.67	-	-	1,707.54	0.12%	-
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	4,179.28	2025/6/4	2025/11/24	-	4,179.28	-	-	4,168.36	0.30%	-
Financial institution	Non-related party	No	Forward foreign exchange contract (sell)	32,244.90	2025/6/19	2026/1/9	-	32,244.90	-	-	32,213.70	2.36%	-
Total				88,707.65			31,428.99	56,108.01	41,516.44	-	44,992.50	3.29%	-331.19

Source of funds for investment in derivatives

Litigation involved (if applicable)

Disclosure date of the announcement in relation to the approval of investment in derivatives by the Board (if any)

Disclosure date of the announcement in relation to the approval of investment in derivatives by the Shareholders' meeting (if any)

Self-financing

Not applicable

27 March 2025

Not applicable

# SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

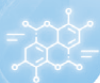
## VI. ANALYSIS OF INVESTMENT (continued)

### 4. Investment in financial assets (continued)

#### (2) Information on investment in derivatives

Unit: RMB0'000

Derivatives											Percentage of investment amount at the End of the Period to the net assets of the Company at the End of the Period	Actual gains or losses during the Period	
Name of the operator of derivative investment	Connected relationship	Connected Transaction	Type of derivative investment	Initial investment amount of derivative investment	Commencement date	Maturity date	Investment amount at the Beginning of the Period	Amount of purchase during the Period	Amount of Disposal during the Period	Impairment provision (if any)	Investment amount at the End of the Period	assets of the Company at the End of the Period	Actual gains or losses during the Period
Risk analysis of derivatives position held during the Reporting Period and explanation of control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				To effectively manage the uncertainty of exchange rate fluctuations on assets denominated in foreign currency of the Company, foreign exchange forward contracts and other financial derivatives are employed to lock relevant exchange rates for the purpose of hedging. The Company has formulated the "Foreign Exchange Risk Management Measures" in relation to the operation and control of foreign exchange derivatives: 1. Market risk: the uncertainty of exchange rate fluctuations in the foreign exchange market has led to higher market risk in foreign exchange forward business. Control measures: the Company's foreign exchange forward business is entered into for hedging exchange rate risk associated with assets denominated in U.S. dollar and lock the future exchange settlement price of such assets. It is designed to be used as a hedging instrument. Such foreign exchange derivatives shall not be used for speculative trading. The principle of prudence and conservation shall be observed so as to effectively prevent market risk. 2. Operational risk: operational risk is arising from imperfect internal process, improper operation, system failure and other factors. Control measures: the Company has formulated the corresponding management measures, clearly defined the responsibilities of all parties, improved the review and approval process and established supervisory mechanism, so as to effectively reduce operational risk. 3. Legal risk: the Company's foreign exchange forward business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: in addition to strengthening the knowledge of laws and regulations and market rules, the Company's responsible department also stipulates that the Company's legal department shall strictly review various business contracts, agreements and other documents, clarify rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's derivatives investment and operations meet the requirements of applicable laws and regulations as well as the Company's internal systems. In order to manage the uncertainty risk caused by price fluctuations of bulk commodities on the purchase cost of raw materials of the Company, financial derivatives such as commodity futures contracts are employed to hedge raw materials. The Company has formulated the "Measures for the Management of Commodity Futures Hedging Business" to standardize the management and risk control of commodity futures derivatives: 1. Market risk: the uncertainty of price changes of bulk commodities has led to greater market risk in futures business. Control measures: the Company's futures hedging business shall not carry out speculative trading, the operation principle of prudence and conservation shall be observed, the number of hedging transactions shall be strictly limited, such that it does not exceed the actual number of spot transactions, and the futures position shall not exceed the spot volume for hedging purpose. 2. Operational risk: operational risk is arising from imperfect internal process, improper operation, system failure and other factors. Control measures: the Company has formulated the corresponding management system, clearly defined the division of responsibilities and approval process, and established an improved supervisory mechanism, so as to effectively reduce operational risk through risk control of business process, decision-making process and transaction process. 3. Legal risk: the Company's commodity futures hedging business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: in addition to strengthening the knowledge of laws and regulations and market rules, the Company's responsible department also stipulates that the Company's legal department shall strictly review various business contracts, agreements and other documents, clarify rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's derivatives investment and operations meet the requirements of applicable laws and regulations as well as the Company's internal systems. Gains or losses arising from changes in fair value of the forward foreign exchange contracts during the Reporting Period were RMB8.5787 million.									
Change in market price or fair value of the derivatives invested during the Reporting Period (specific method, related assumptions and parameters used in the analysis of the fair value of derivatives shall be disclosed)													
Explanation as to whether there has been a material change in the accounting policy and accounting measurement principles for the Company's derivatives during the Reporting Period as compared with those of the Previous Reporting Period				No									



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### VI. ANALYSIS OF INVESTMENT *(continued)*

#### 4. Investment in financial assets *(continued)*

##### (ii) Derivatives investments for speculative purposes during the Reporting Period

☐ Applicable    ☒ Not Applicable

The Company had no derivatives investments for speculative purposes during the Reporting Period.

#### 5. Use of proceeds

☐ Applicable    ☒ Not Applicable

The Company had no use of proceeds during the Reporting Period.

### VII. DISPOSAL OF MATERIAL ASSETS AND EQUITY

#### 1. Disposal of material assets

☐ Applicable    ☒ Not Applicable

#### 2. Disposal of material equity

☐ Applicable    ☒ Not Applicable

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

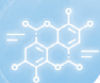
### VIII. ANALYSIS OF MAJOR CONTROLLED AND INVESTED COMPANIES

#### 1. Major subsidiaries and invested companies which contributed more than 10% of net profit of the Company

✓ Applicable    □ Not Applicable

			Unit: RMB					
Company name	Type of company	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	Subsidiary	Principally engaged in production and sale of self-made chemical drugs, biochemical drugs, microecological preparations, biological products etc.	450,000,000.00	5,657,970,425.12	4,481,564,105.26	1,602,736,089.07	618,912,228.46	534,793,334.72
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司)	Subsidiary	Principally engaged in R&D, production and sale of proprietary Chinese medicine, major products include Antiviral Granules, Dexaltin Oral Paste, etc.	149,000,000.00	1,756,393,712.41	1,347,680,093.26	249,207,640.78	37,296,393.32	32,304,466.80
Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠)	Subsidiary	Principally engaged in production and operation of Chinese drug preparations and pharmaceutical raw materials, etc., major products include Shenqi Fuzheng Injection, Xueshuantong, etc.	61,561,014.73	913,397,220.78	832,911,397.27	343,795,404.00	190,851,910.40	163,721,569.02
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司)	Subsidiary	Principally engaged in production of biochemical and polypeptide APIs, major products include biochemical APIs such as Menotrophin and Chorionic Gonadotropin.	87,328,900.00	2,514,932,871.35	1,728,861,836.89	1,171,343,599.63	512,839,778.63	440,447,913.61
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	Subsidiary	Principally engaged in production and operation of chemical APIs, major products include Cefuroxime Sodium, Cefodizime Sodium, Ceftriaxone Sodium, etc.	128,280,000.00	1,590,545,893.47	1,040,397,826.61	436,423,664.68	77,746,941.81	63,082,553.23
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	Subsidiary	Principally engaged in export of APIs, intermediate products and related technologies, major products include Pravastatin, Mevastatin, Salinomycin, etc.	239,887,700.00	4,192,250,635.01	2,822,342,829.14	1,343,981,722.22	449,416,416.29	322,104,689.50
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司)	Subsidiary	Principally engaged in production of antibiotics APIs, intermediate and drug preparation products and chemical raw materials for pharmaceutical production, major products include Colistin Sulfate, Vancomycin, Phenylalanine, etc.	USD 41,700,000	1,930,705,410.18	1,564,822,136.59	624,467,179.81	305,964,790.46	261,709,156.82
Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司)	Subsidiary	Principally engaged in production and sale of diagnostic reagents.	400,000,000.00	1,052,744,374.17	763,145,165.25	375,635,626.21	98,392,035.10	87,182,448.93
Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司)	Subsidiary	Principally engaged in research, development and commercialization of biopharmaceutical products.	1,500,000,000.00	427,655,190.96	-1,270,979,182.43	24,169,537.66	-88,883,556.97	-89,655,125.50

**Note:** The data of Xinbeijiang Pharma includes its subsidiaries, namely Ningxia Pharma, Fuzhou Fuxing and Gutian Fuxing Pharmaceutical Co., Ltd. (古田福興醫藥有限公司). Livzon MAB is the key biologics R&D enterprise of the Group. Its loss is mainly due to investment in R&D.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### VIII. ANALYSIS OF MAJOR CONTROLLED AND INVESTED COMPANIES *(Continued)*

#### 2. Subsidiaries acquired and disposed of during the Reporting Period

☐ Applicable    ☒ Not Applicable

#### 3. Description of major controlled and invested company

☐ Applicable    ☒ Not Applicable

#### 4. Details of subsequent events with material impact on the Group after the Reporting Period

Since the end of the Reporting Period, save as disclosed herein, there has been no subsequent event with material impact on the Group.

#### 5. Other significant events

Save as disclosed herein, the Company had no significant investment, material acquisition or disposal involving any subsidiary, associated company or joint-venture company, nor other significant event which is required to be disclosed during the Reporting Period, nor did the Group have any other future plans on material investments or capital assets.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IX. RISKS AND RESPONSE MEASURES

#### 1. Risks of industry policy changes

As an important component of the national economy, the development of the pharmaceutical industry is closely connected to industry policies set by the state. China is continuously deepening the reform of its medical and healthcare system, and the related policies and regulatory systems are being further revised and improved. For example, the implementation and adjustment of the medical insurance catalogue, the regular promotion of volume-based procurement, the upgrade of support policies for innovative drug research and development, and the strengthening of industry compliance supervision are among a series of policy measures that are profoundly reshaping the industry ecosystem. These have a far-reaching impact on the future development of the pharmaceutical industry, and to varying degrees also impact the Company's research and development, production, and sales. At the same time, external policy factors such as geopolitical changes and macroeconomic regulation may also have certain impacts on the operation of pharmaceutical enterprises. On 10 July 2025, the National Healthcare Security Administration announced the "2025 National Basic Medical Insurance, Maternity Insurance and Work Injury Insurance Drug Catalogue and Commercial Health Insurance Innovative Drug Catalogue Adjustment Work Plan" (《2025年國家基本醫療保險、生育保險和工傷保險藥品目錄及商業健康保險創新藥品目錄調整工作方案》), clearly stating that the 2025 adjustment of the basic medical insurance drug catalogue and the formulation of the commercial health insurance innovative drug catalogue will be carried out simultaneously. This change puts forward new requirements for enterprises' market access strategies for their products.

Countermeasures:

- Consolidate the foundation for medical insurance access: As of the end of the Reporting Period, the Company has had 193 products included in the medical insurance catalogue (92 in Category A and 101 in Category B), which not only enhances patients' accessibility and affordability of medicines, but also lays the market foundation for hospital access for the products. For the new round of medical insurance catalogue adjustment in the second half of 2025, the Company has already launched coordinated preparation work for key varieties such as Aripiprazole Microspheres for Injection (注射用阿立哌唑微球), to ensure active response to policy requirements.
- Build a policy response system: Continuously and closely track industry policy developments (including medical insurance, volume-based procurement, support for innovative drugs, and compliance supervision, etc.), and establish a rapid response mechanism. At the same time, reduce costs through large-scale production and refined management to offset potential price pressure from policies.
- Strengthen long-term competitiveness: Continue to increase R&D investment, enhance innovative drug R&D capabilities, promote product structure upgrades; at the same time improve the compliance management system to ensure that the entire operation process meets policy requirements, laying a solid foundation for long-term sustainable development.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IX. RISKS AND RESPONSE MEASURES *(continued)*

#### 2. Risk of new drug R&D

Generally speaking, drugs go through processes from R&D to market launch, including pre-clinical research, clinical application, clinical trial approval, clinical trials, production application, and production approval, characterized by many stages, long cycles, and high risks. Even if products are successfully launched, their market sales scale is affected by many factors, and profit expectations are uncertain. In addition, regulatory technical requirements related to drug R&D (such as clinical trial standards and review guidelines) are undergoing dynamic adjustments, which may increase variables in the R&D process. It is worth noting that since the State Council approved the “Implementation Plan for Supporting Innovative Drug Development Throughout the Entire Chain” (《全鏈條支持創新藥發展實施方案》) in July 2024, on 30 June 2025, the National Healthcare Security Administration and the National Health Commission issued the “Several Measures to Support the High-Quality Development of Innovative Drugs”(《支持創新藥高質量發展的若干措施》), proposing to support innovative drug R&D through the application of medical insurance data and multi-department collaboration. A series of policy releases have provided certain support for reducing R&D risks.

Countermeasures:

- Establish an efficient and transparent communication mechanism with regulatory authorities: The Company actively seeks regulatory feedback at key stages through communication and exchanges to avoid major directional adjustments at later stages. At the same time, we constantly focus on the latest policy developments of agencies such as the FDA and the European Medicines Agency (EMA), and assess their potential impact on R&D strategies.
- Strengthen the R&D system and improve R&D efficiency: Guided by unmet clinical needs, we focus on advantageous therapeutic areas, continue to increase R&D investment, and optimize the pipeline layout. By introducing high-end R&D talent, the full-chain capability of “pre-clinical research – clinical trials – production transformation” was improved. At the same time, we leverage national innovative drug support policies (such as medical insurance data application) to optimise clinical trial design and shorten the R&D cycle.
- Expand internal and external collaboration and internationalisation: We actively carry out domestic and overseas innovative drug R&D cooperation (such as license-in/out, joint development) to accelerate the introduction and export of high-quality pipelines; simultaneously promote overseas registration and market expansion of innovative drugs, cultivate new profit growth points, and reduce the risk of reliance on a single market.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IX. RISKS AND RESPONSE MEASURES *(continued)*

#### 3. Product price fluctuation risk

Market competition in the pharmaceutical industry is becoming increasingly fierce. Coupled with the multiple impacts of medical insurance payment reform and volume-based procurement policies, pharmaceutical companies generally face downward pressure on drug prices. Since 2018, 10 batches of nationally organised drug procurement have cumulatively purchased 435 types of drugs. On 15 July 2025, the National Joint Drug Procurement Office issued the “Notice on Carrying Out the Information Reporting Work for the Eleventh Batch of Nationally Organised Drug Centralised Procurement Related Drugs” (《關於開展第十一批國家組織藥品集中採購相關藥品信息填報工作的通知》). Drug price reductions are also reflected in national medical insurance negotiations. In the 2024 national medical insurance negotiations, the average price reduction for newly admitted drugs through negotiation and bidding reached 63%. The above factors may all lead to fluctuations in the prices of the Company’s products, affecting short-term business performance.

Countermeasures:

- Accurately respond to volume-based procurement: although being selected in volume-based procurement may lead to a significant drop in drug prices, a stable guaranteed procurement volume of drugs can be maintained during the procurement cycle. At the same time, the Company will also reduce unit costs by optimising production processes and expanding production and sales scale. In addition, if extra market share can be gained after being selected, it can further offset the impact of price reductions, forming a scale effect of “trading price for volume, and compensating price with volume”. As the rules for centralised procurement continue to improve, the National Healthcare Security Administration stated that the eleventh batch of national procurement will adhere to the principles of “stabilising clinical use, ensuring quality, preventing collusion in bidding, and avoiding involution”, and will no longer simply use the lowest quotation as a reference. This round of centralised procurement involves two of the Company’s products: Fluvoxamine Maleate Tablets (馬來酸氟伏沙明片) and Sodium Magnesium Potassium Sulfate Oral Concentrated Solution (硫酸鎂鉀鉀口服濃溶液). The Company will closely monitor the reporting volume and selection trends, striving to provide the public with high-quality and reasonably priced drugs.
- Optimise product and pricing strategy: We continue to focus on high-potential, high-barrier varieties such as innovative drugs, optimise product structure, and reduce reliance on price-sensitive varieties. For medical insurance negotiations, we strengthen post-launch clinical value research and pharmacoeconomic evaluation of products to enhance bargaining power. We implement differentiated pricing based on the economic level of each region, balancing patient affordability and company operational efficiency while ensuring drug prices are transparent and reasonable.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IX. RISKS AND RESPONSE MEASURES *(continued)*

#### 4. Raw material supply and price fluctuation risks

At present, the supply and price of raw materials have been affected by various external factors and are uncertain: First, macroeconomic fluctuations, policy adjustments, and natural disasters, as force majeure, may lead to restricted supply or increased costs of raw materials; Second, although upstream industries such as biopharmaceuticals have developed rapidly in China in recent years, some raw materials still rely on imports, and if there are changes in international trade policies or geopolitical impacts, there may be risks of supply interruption or significant price fluctuations. In addition, Chinese medicinal materials, especially wild resource varieties, have unstable supply and are easily affected by market speculation, with more significant price fluctuations.

Countermeasures:

- Strengthen cost and risk control: Raw materials for some key products are supplied through the Group's internal industrial chain, achieving dual control of raw material prices and supply. The active pharmaceutical ingredient segment locks in the cost of core raw and auxiliary materials through diversified procurement, dynamic price monitoring, and timely futures hedging; In response to trade policy risks, the localisation substitution of key raw materials has been promoted to reduce import dependence.
- Build a stable supply system: We implement "source control" for Chinese medicinal materials – for key varieties such as antiviral granules (抗病毒顆粒) and Shenqi Fuzheng injection (參芪扶正注射液), ensure raw material quality and stable supply through self-built or jointly built GAP planting bases with suppliers; For medicinal materials mainly from wild resources and with easily fluctuating prices, we implement strategic reserve procurement.
- Improve efficiency through lean production: On the premise of ensuring quality, we reduce unit raw material consumption through lean production measures such as process optimisation and energy consumption control, further offsetting the pressure of rising raw material prices.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IX. RISKS AND RESPONSE MEASURES *(continued)*

#### 5. Environmental Risks

As the national environmental protection policy requirements become increasingly strict, environmental regulation intensity continues to rise, and public awareness of environmental protection gradually increases, higher environmental requirements are being placed on pharmaceutical manufacturing enterprises. Investments in construction of enterprise environmental protection facilities and pollution control will continue to increase, raising the production and operation costs of enterprises.

Countermeasures:

- Improve the environmental management system: We strictly follow national and local environmental protection laws and regulations, establish a full-process environmental management system covering “three wastes” treatment, noise control, and energy consumption, build an EHS management framework and implement responsibilities at all levels to ensure compliant operations.
- Increase investment and upgrade technology: We continuously optimise environmental protection facility upgrades and operations & maintenance, reduce pollutant emissions by improving production processes, updating equipment, and optimising procedures; strengthen monitoring of key pollutant discharge units, enhance energy and resource utilisation efficiency, and reduce environmental impact at the source.
- Implement a long-term green strategy: We strengthen employee environmental awareness and professional skills training, and integrate the green concept into the entire production process. With the long-term goal of “achieving carbon neutrality by 2055,” we continuously promote green and low-carbon operations, balance environmental protection investment with operational benefits, and achieve sustainable development.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### X. REPURCHASE, SALE OR REDEMPTION OF SECURITIES

#### Repurchase of A Shares

Repurchase Plan of A Shares:

On 24 December 2024, the repurchase of part of the Company's A Shares scheme (the "Repurchase Scheme") had been considered and approved at the 2024 fourth extraordinary general meeting, the 2024 second class meeting of A Shareholders and the 2024 second class meeting of H Shareholders of the Company. In order to promote the stable development of the Company and effectively safeguard the interests of the Shareholders, the Company intends to use its own funds to repurchase part of its A Shares by means of centralized bidding, and all the repurchased shares this time will be cancelled for reducing the registered capital. According to the Repurchase Scheme, the repurchase price shall not exceed RMB45.00 per A Share. The aggregate amount of funds to be used for the repurchase shall not be less than RMB600 million (inclusive) and not more than RMB1,000 million (inclusive). On 29 May 2025, the Company's annual general meeting for the year 2024, the 2025 first class meeting of A Shareholders and the first class meeting of H Shareholders, considered and approved the renewal of the Repurchase of Part of the Company's A Shares Scheme. The implementation period of the Repurchase Scheme (the "Repurchase Period") was twelve months from 24 December 2024.

As at 30 June 2025, the Company has repurchased a total of 11,318,855 A Shares of the Company by means of centralized bidding transactions pursuant to the Repurchase Scheme during the Repurchase Period, accounting for 1.25% of the total issued share capital and 1.87% of the total issued A Shares of the Company. The highest purchase price was RMB38.37 per share, while the lowest purchase price was RMB33.21 per share. The aggregate amount of funds utilized was RMB406,838,989.15 (excluding the transaction costs).

The repurchased A Shares have not been cancelled. The monthly report on the repurchase of A Shares during the Reporting Period is as follows:

Month	Number of repurchases (shares)	Maximum purchase price per share (RMB/share)	Minimum purchase price per share (RMB/share)	Total funds used (RMB'000, excluding transaction costs)
December 2024 (Repurchase Period only)	723,800	38.37	37.50	2,749.46
January 2025	5,850,055	37.94	35.18	21,149.36
February 2025	2,852,100	36.65	35.66	10,296.90
April 2025	1,892,900	34.66	33.21	6,488.18

#### Repurchase of H Shares

The grant of general mandate to the Board to repurchase H Shares of the Company (the "First H Share Repurchase Mandate") had been considered and approved by the Board of the Company on 13 May 2024 and by the annual general meeting for the year 2023, the 2024 first class meeting of A Shareholders and the 2024 first class meeting of H Shareholders of the Company on 14 June 2024, respectively. The maximum number of H Shares proposed to be repurchased shall not exceed 30,705,241 H Shares, representing 10% of the total number of H Shares in issue and having not been repurchased as at the date of the passing of the resolution in relation to the First H Share Repurchase Mandate approved by the Shareholders.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### X. REPURCHASE, SALE OR REDEMPTION OF SECURITIES *(continued)*

#### Repurchase of H Shares *(continued)*

As at 13 May 2025, the Company made a total repurchase of 7,245,300 H Shares of the Company under the First H Share Repurchase Mandate, accounting for 0.80% of the total issued share capital and 2.36% of the total issued H Shares of the Company as at 13 May 2025. The highest purchase price was HKD27.80 per share, while the lowest purchase price was HKD23.75 per share. The aggregate amount of funds used for the repurchase was HKD190,692,395.00 (excluding the transaction costs). On 14 May 2025, the H Shares repurchased by the Company were cancelled. The First H Share Repurchase Mandate expired on 29 May 2025 (i.e., upon the conclusion of the 2024 annual general meeting of the Company). During the Reporting Period, the monthly repurchase report is as follows:

Month	Number of repurchases (shares)	Maximum purchase price per share (HKD/share)	Minimum purchase price per share (HKD/share)	Total funds used (HKD'000, excluding transaction costs)
January 2025	271,600	27.55	26.85	737.28

The grant of general mandate to the Board to repurchase H Shares of the Company (the "Second H Share Repurchase Mandate") had been considered and approved by the Board of the Company on 23 April 2025 and by the 2024 annual general meeting, the 2025 first class meeting of A Shareholders and the 2025 first class meeting of H Shareholders of the Company on 29 May 2025, respectively. The maximum number of H Shares proposed to be repurchased shall not exceed 29,980,711 H Shares, representing 10% of the total number of H Shares in issue and having not been repurchased as at the date of the passing of the resolution in relation to the Second H Share Repurchase Mandate approved by the Shareholders. As at the End of the Reporting Period, the Company had not carried out any repurchase of H Shares under the Second H Share Repurchase Mandate.

Save as disclosed above, throughout the period from 1 January 2025 to 30 June 2025, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the listed securities of the Company (including the sale of H treasury shares (as defined in the Hong Kong Listing Rules)). As at the End of the Reporting Period, the Company did not hold any H treasury shares (as defined in the Hong Kong Listing Rules).

### XI. SHARE OPTIONS INCENTIVE SCHEMES

#### 1. The 2022 Share Options Incentive Scheme

On 29 August 2022, the Company convened the thirty-fourth meeting of the tenth session of the Board to consider and approve the "2022 Share Options Incentive Scheme of the Company (Draft) (《2022年股票期權激勵計劃(草案)》)" and its summary (the "2022 Share Options Incentive Scheme"), pursuant to which, it was proposed to grant to incentive participants 20,000,000 share options which involved a total of 20,000,000 ordinary A Shares. In particular, there would be 18,000,000 shares options under the first grant (the "First Grant"), and 2,000,000 shares options under the reserved grant (the "Reserved Grant"). The incentive participants of the 2022 Share Options Incentive Scheme include the Directors, senior management, mid-level management and relevant core personnel of the Company. The incentive participants shall exclude independent Directors, Supervisors and Shareholders individually or in aggregate holding 5% or more of the shares of the Company or the de facto controllers and their spouses, parents or children.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### XI. SHARE OPTIONS INCENTIVE SCHEMES *(continued)*

#### 1. The 2022 Share Options Incentive Scheme *(continued)*

##### First Grant

With 7 November 2022 as the date of the First Grant, granting 17,973,500 share options to 1,026 incentive participants (incentive participants were not required to pay any consideration to the Company when accepting the share options) with the exercise price of RMB31.31 per A Share. Registration of the First Grant was completed on 23 November 2022. The abbreviation of the share options: Livzon JLC3. The code of the share options: 037312.

Details of the allocation and exercise of the First Grant are set out in the table below:

*Unit: 0'000 share options*

Incentive participant	Position	Beginning of the Reporting Period			During the Reporting Period					End of the Reporting Period		
		Number of share options held <sup>(2)(3)</sup>	Number of share options vested <sup>(2)</sup>	Number of share options unvested <sup>(2)(3)</sup>	Number of share options granted	Number of share options vested <sup>(2)</sup>	Number of share options exercised <sup>(2)</sup>	Number of share options lapsed	Number of share options cancelled <sup>(5)</sup>	Number of share options held <sup>(2)(3)</sup>	Number of share options vested <sup>(2)(3)</sup>	Number of share options unvested <sup>(2)(3)</sup>
Tang Yanggang	Executive Director and President	4.80	–	4.80	–	–	–	–	4.80	–	–	–
Xu Guoxiang	Vice Chairman, Executive Director and Vice President	4.80	–	4.80	–	–	–	–	4.80	–	–	–
Yang Daihong	Vice President (Resigned)	3.60	–	3.60	–	–	–	–	3.60	–	–	–
Si Yanxia	Vice President, Chief Financial Officer	3.60	–	3.60	–	–	–	–	3.60	–	–	–
Huang Yuxuan	Vice President	3.60	–	3.60	–	–	–	–	3.60	–	–	–
Du Jun	Vice President	3.60	–	3.60	–	–	–	–	3.60	–	–	–
Yang Liang	Vice President, Secretary to the Board and Company Secretary (Resigned)	3.60	–	3.60	–	–	–	–	3.60	–	–	–
Hou Xuemei <sup>(4)</sup>	Mid-level management	1.92	–	1.92	–	–	–	–	1.92	–	–	–
	Mid-level management and relevant core personnel of the Company (1,018 persons)	498.8550	–	498.8550	–	–	–	–	498.8550	–	–	–

- Notes:** (1) The registration of the First Grant under the 2022 Share Options Incentive Scheme was completed on 23 November 2022. Therefore, during the Reporting Period, the total number of share options that can be granted under the First Grant was 0.
- (2) The grant date of the aforesaid share options is 7 November 2022, and the exercise price is RMB31.31 per A Share. For details of the vesting period (namely vesting period) and exercise period of the aforesaid share options, please refer to the relevant contents in the announcements of the Company dated 30 August 2022, 21 September 2022 and 7 November 2022 and the circular of the Company dated 27 September 2022. The total fair value of the aforesaid share options as at the date of grant (7 November 2022) was RMB116.7559 million. For details of the fair value and accounting policies of such share options, please refer to the relevant contents in the above-mentioned announcements and circular.
- (3) On 4 November 2022 (trading day before the grant date), the closing price of the A Shares of the Company was RMB38.10 per share.
- (4) Hou Xuemei is the spouse of Tao Desheng, a Director of the Company, and is the close associate of Tao Desheng under the Hong Kong Listing Rules.
- (5) The exercise price of the share options cancelled during the Reporting Period was RMB31.31 per share.
- (6) As at the End of the Reporting Period, all share options granted under the First Grant have been granted and some have been vested to the incentive participants. Therefore, the total number of share options that can be granted under the First Grant was 0 at the End of Reporting Period.
- (7) The 2022 Share Options Incentive Scheme does not include Related Entity Participants (as defined in Chapter 17 of the Hong Kong Listing Rules) or Service Providers (as defined in Chapter 17 of the Hong Kong Listing Rules). The Company has also not granted or will grant options in excess of 1% of the total issued share capital of the Company to any incentive participant.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### XI. SHARE OPTIONS INCENTIVE SCHEMES *(continued)*

#### 1. The 2022 Share Options Incentive Scheme *(continued)*

##### Reserved Grant

With 30 October 2023 as the date of the Reserved Grant, granting 2,000,000 share options to 243 incentive participants (incentive participants were not required to pay any consideration to the Company when accepting the share options) with the exercise price of RMB36.26 per A Share. Registration of the Reserved Grant was completed on 28 November 2023. The abbreviation of the share options: Livzon JLC4. The code of the share options: 037409.

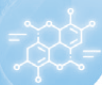
Details of the allocation and exercise of the Reserved Grant are set out in the table below:

*Unit: 0'000 share options*

Incentive participant	Position	Beginning of the Reporting Period			During the Reporting Period					End of the Reporting Period		
		Number of share options held	Number of share options vested	Number of share options unvested <sup>(2)(3)</sup>	Number of share options granted	Number of share options vested	Number of share options exercised	Number of share options lapsed	Number of share options cancelled <sup>(4)</sup>	Number of share options held <sup>(2)(3)</sup>	Number of share options vested	Number of share options unvested <sup>(2)(3)</sup>
Du Jun	Vice President	1.50	–	1.50	–	–	–	–	1.50	–	–	–
Mid-level management and relevant core personnel of the Company (242 persons)		98.50	–	98.50	–	–	–	–	98.50	–	–	–

##### Notes:

- (1) The registration of the Reserved Grant under the 2022 Share Options Incentive Scheme was completed on 28 November 2023. Therefore, during the Reporting Period, the total number of share options that can be granted under the Reserved Grant was 0.
- (2) The grant date of the aforesaid share options is 30 October 2023, and the exercise price is RMB36.26 per A Share. For details of the vesting period (namely vesting period) and exercise period of the aforesaid share options, please refer to the relevant contents in of the announcements of the Company dated 30 August 2022, 21 September 2022 and 30 October 2023 and the circular of the Company dated 27 September 2022. The total fair value of the aforesaid share options as at the date of grant (30 October 2023) was RMB3.3436 million. For details of the fair value and accounting policies of such share options, please refer to the relevant contents in the above-mentioned announcements and circular.
- (3) On 27 October 2023 (trading day before the grant date), the closing price of the A Shares of the Company was RMB34.27 per share.
- (4) The exercise price of the share options cancelled during the Reporting Period was RMB36.26 per share.
- (5) As at the End of the Reporting Period, all share options granted under the Reserved Grant have been granted but not yet vested to the incentive participants. Therefore, the total number of share options that can be granted under the Reserved Grant was 0 at the End of Reporting Period.
- (6) The 2022 Share Options Incentive Scheme does not include Related Entity Participants (as defined in Chapter 17 of the Hong Kong Listing Rules) or Service Providers (as defined in Chapter 17 of the Hong Kong Listing Rules). The Company has also not granted or will grant options in excess of 1% of the total issued share capital of the Company to any incentive participant.



## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### **XI. SHARE OPTIONS INCENTIVE SCHEMES** *(continued)*

#### **1. The 2022 Share Options Incentive Scheme** *(continued)*

On 6 May 2025, the Company completed the cancellation of 384,045 Share Options that had not been exercised corresponding to the first exercise period of the Share Options under the First Grant, the 5,283,750 Share Options corresponding to the third exercise period of the Share Options under the First Grant and the 1,000,000 Share Options corresponding to the second exercise period of the Share Options under the Reserved Grant. Upon completion of the cancellation, there is no remaining Share Options under the First Grant and the Reserved Grant. For details, please refer to the announcements dated 30 August 2022, 21 September 2022, 7 November 2022, 23 November 2022, 30 October 2023, 29 November 2023, 13 May 2024, 27 May 2024, 23 April 2025 and 6 May 2025 and the Company's circular dated 27 September 2022.

#### **2. The shares issued for share options and awards granted under all share plans**

During the Reporting Period, as all share options under 2022 Share Options Incentive Scheme were cancelled during the Reporting Period, the number of shares issued by the Company in respect of the share options and awards granted under all plans divided by the weighted average number of relevant class of shares (A Shares) in issue during the Reporting Period was 0.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### XII. LIST OF MEMBERS OF THE BOARD OF DIRECTORS AND THE SUPERVISORY COMMITTEE

As at the disclosure date of the Report, the Board of the Company is comprised of eleven Directors, including two executive Directors, four non-executive Directors and five independent non-executive Directors.

#### Executive Directors

Mr. Tang Yanggang (唐陽剛先生) (President)

Mr. Xu Guoxiang (徐國祥先生) (Vice Chairman and Vice President)

#### Non-executive Directors

Mr. Zhu Baoguo (朱保國先生) (Chairman)

Mr. Tao Desheng (陶德勝先生) (Vice Chairman)

Mr. Lin Nanqi (林楠棋先生)

Mr. Qiu Qingfeng (邱慶豐先生)

#### Independent Non-executive Directors

Mr. Bai Hua (白華先生)

Mr. Tian Qiusheng (田秋生先生)

Mr. Wong Kam Wa (黃錦華先生)

Mr. Luo Huiyuan (羅會遠先生)

Ms. Cui Lijie (崔麗婕女士)

The Supervisory Committee of the Company is comprised of three Supervisors. As at the disclosure date of the Report, the Supervisors of the Company are as follows:

Mr. Wang Maolin (汪卯林先生) (Chief Supervisor)

Mr. Huang Huamin (黃華敏先生)

Mr. Tang Yin (湯胤先生)



## SECTION IV CORPORATE GOVERNANCE

### I. CORPORATE GOVERNANCE

#### 1. Overview

During the Reporting Period, the Company constantly enhanced the corporate governance structure and strengthened the internal control systems of the Company strictly in accordance with the Company Law, the Securities Law, the Guidelines for Corporate Governance of Listed Companies, the Shenzhen Listing Rules, the Guideline No. 1 on Self-Discipline Supervision of Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of Main Board Listed Companies, and other requirements of normative documents relating to the governance of listed companies announced by the CSRC, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, to achieve higher corporate governance standards.

The Board believes that the actual conditions of corporate governance of the Company are in compliance with the rules and requirements of normative documents including the Guidelines for Corporate Governance of Listed Companies without deviation.

During the Reporting Period, the decision-making and supervisory organs of the Company, including the general meetings, the Board and the Supervisory Committee, have all carried out management, decision-making and supervision strictly pursuant to the requirements of normative operation rules and internal control, with standardized and effective operation. The special committees of the Board have all performed their corresponding duties.

#### 2. Compliance with the Corporate Governance Code

The Company confirmed that during the period from 1 January 2025 to 30 June 2025, the Company has strictly complied with the principles and the code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 of the Hong Kong Listing Rules.

#### 3. Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix C3 of the Hong Kong Listing Rules as its own Model Code regarding the securities transactions in the H Shares of the Company by the Company's Directors, Supervisors and the "Relevant Employees" as defined in the Corporate Governance Code as set out in Appendix C1 of the Hong Kong Listing Rules. After making due and specific enquiries to all of the Directors and Supervisors of the Company, the Company was not aware of any information which has reasonably revealed that each of the Directors and Supervisors has not complied with the standards required by the above-mentioned code regarding securities transactions during the period from 1 January 2025 to 30 June 2025. All Directors and Supervisors have confirmed that they have complied with the standards as set out in the above-mentioned code during the period from 1 January 2025 to 30 June 2025. The Company has also made specific enquiries to all relevant employees in respect of compliance with the standards set out in the above-mentioned code by the employees, and noted that there has been no incident of non-compliance with the standards as set out in the above-mentioned code.

## SECTION IV CORPORATE GOVERNANCE

### I. CORPORATE GOVERNANCE *(continued)*

#### 4. Special committees of the Board

Pursuant to the Corporate Governance Code, three committees are set up under the Board, namely the Audit Committee, the Remuneration and Assessment Committee, and the Nomination Committee, so as to oversee specific scopes concerning the state of affairs of the Company. Each of the Board committees has specific term of reference in writing. The written term of reference for each of the Board committees are published on websites of the Hong Kong Stock Exchange and the Company. Apart from the requirements under the Hong Kong Listing Rules and the Corporate Governance Code, the Company has also established (i) the Strategy Committee in order to monitor the Company's long-term development strategic plan, conduct research and give recommendations thereon; and (ii) the environmental, social and governance ("ESG") committee (the "ESG Committee") in order to promote the development and implementation of ESG affairs of the Group.

##### **Audit Committee**

The Audit Committee under the eleventh session of the Board is comprised of three independent non-executive Directors of the Company. The chairman of the committee is Mr. Bai Hua and other committee members are Mr. Luo Huiyuan and Mr. Tian Qiusheng. Mr. Bai Hua possesses appropriate accounting and financial management expertise as required under Rule 3.10 of the Hong Kong Listing Rules. The key responsibilities of the Audit Committee are to review the Company's financial reports; review the Company's financial control system, risk management system and internal control system; study the Company's relationships with external auditors and consider the annual audit plans submitted by external auditors; and review the arrangement in the Company for submission of reports in confidence by relevant employees of the Company in relation to concern of possible improprieties in financial reporting, internal control or other aspects.

The Audit Committee has reviewed the Group's unaudited interim results and interim report for the six months ended 30 June 2025 and agreed to submit the same to the Board for consideration.

##### **Remuneration and Assessment Committee**

The Remuneration and Assessment Committee under the eleventh session of the Board is comprised of three independent non-executive Directors. The chairman of the committee is Mr. Tian Qiusheng and other committee members are Mr. Bai Hua and Ms. Cui Lijie, the member composition is in compliance with the requirements under Rule 3.25 of the Hong Kong Listing Rules. The key responsibilities of the Remuneration and Assessment Committee include assessing, reviewing and giving advice to/advising the Board on the remuneration packages for the chairman of the Board, executive Directors and senior management of the Company; making recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration and the establishment of a formal and transparent procedure for developing remuneration policy, so as to ensure that any Director or any of their associates shall not be involved in fixing their remuneration and related matters; and reviewing and/or approving matters related to share schemes as described in Chapter 17 of the Hong Kong Listing Rules.

## SECTION IV CORPORATE GOVERNANCE

### I. CORPORATE GOVERNANCE *(continued)*

#### 4. Special committees of the Board *(continued)*

##### Nomination Committee

The Nomination Committee under the eleventh session of the Board is comprised of four Directors. The chairman of the committee is Mr. Luo Huiyuan (independent non-executive Director) and other committee members include Mr. Tian Qiusheng (independent non-executive Director), Mr. Tao Desheng (non-executive Director), and Ms. Cui Lijie (independent non-executive Director). The member composition is in compliance with the requirements under Rule 3.27A of the Hong Kong Listing Rules. The key responsibilities of the Nomination Committee include reviewing the structure, number of members and composition of the Board (in respect of various areas including gender, age, cultural and educational background, skills, knowledge and experience); studying the criteria and procedures for selection and appointment of Directors and senior management, and making recommendations thereon to the Board; advising the Board on the appointment or reappointment of Directors and succession plan for Directors (particularly the chairman and the president); and evaluating the independence of independent non-executive Directors, assisting the Board in maintaining a board skills matrix, as well as supporting the Company's regular evaluation of the Board's performance.

##### Strategy Committee

The Strategy Committee under the eleventh session of the Board is comprised of three Directors. The chairman of the committee is Mr. Zhu Baoguo (non-executive Director) and other committee members include Mr. Tao Desheng (non-executive Director) and Mr. Tang Yanggang (executive Director). The key responsibilities of the Strategy Committee are to conduct research on the Company's long-term development strategies and major investment decisions, and to give recommendations thereon.

##### Environmental, Social and Governance Committee

The ESG Committee under the eleventh session of the Board is comprised of five Directors. The chairman of the committee is Mr. Zhu Baoguo (non-executive Director), and other committee members are Mr. Tang Yanggang (executive Director), Mr. Bai Hua, Mr. Tian Qiusheng and Mr. Wong Kam Wa (independent non-executive Directors). The key responsibilities of the ESG Committee are to review the ESG affairs of the Group and report to the Board on such matters, and to perform other responsibilities prescribed from time to time by the Shenzhen Listing Rules and the Hong Kong Listing Rules.

### II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

✓ Applicable    ☐ Not Applicable

Name	Position	Type	Date	Reason
Yang Liang	Vice President	Resigned	31 March 2025	Personal development
Yang Daihong	Vice President	Resigned	23 April 2025	Work adjustment
Xu Xiao	Vice President	Appointed	23 April 2025	Not applicable

### III. CHANGES IN THE BRIEF BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of the Report, changes in the brief biographies of Directors, Supervisors and senior management during their term of office required to be disclosed according to Rules 13.51(2) and 13.51B of the Hong Kong Listing Rules are set out below:

Mr. Bai Hua has ceased to be a member of Publicity Committee of the Guangdong Certified Public Accountants Association.

### IV. PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL FOR THE REPORTING PERIOD

☐ Applicable    ✓ Not Applicable

## SECTION V MAJOR EVENTS

### I. EXPLANATION ON CHANGES IN THE SCOPE OF CONSOLIDATION IN COMPARISON WITH THE FINANCIAL STATEMENTS FOR THE PREVIOUS ACCOUNTING PERIOD

☐ Applicable   ☒ Not Applicable

### II. SIGNIFICANT EVENTS OF SUBSIDIARIES OF THE COMPANY

☒ Applicable   ☐ Not Applicable

#### Launch of futures hedging activities by controlling subsidiaries

On 26 March 2025, the Board of the Company considered and approved the Resolution on the Launch of Futures Hedging Activities by Controlling Subsidiaries, and agreed that the controlling subsidiaries of the Company, namely, Xinbeijiang Pharma, Fuzhou Fuxing, Ningxia Pharma and Sichuan Guangda, may continue to carry out commodity futures hedging activities (the "Futures Hedging Activities"). The total deposit planned to be invested in the Futures Hedging Activities shall not exceed RMB20.00 million. The subsidiaries of the Company shall carry out the Futures Hedging Activities in a hedging principle of avoiding the risk of fluctuation in raw material price and stabilizing purchase costs, and no speculative transaction is allowed.

The Group carries out the Futures Hedging Activities for a purpose of avoiding the risks arising from the fluctuation in the prices of principal raw materials used in production and operation. The transaction relating to standardized futures contracts listed on domestic futures exchanges shall be carried out in combination with plans of sales and production procurement to hedge the price fluctuation risks in the transactions in the spot market, thereby stabilizing procurement costs and guaranteeing the steady business development of the Group.

#### Proposed acquisition of equity in Vietnam's Company IMP

Please refer to the section "Section III Management Discussion and Analysis 19. Significant Investments".

### III. PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

☐ Applicable   ☒ Not Applicable

### IV. DIVIDENDS AND BONUS SHARES

On 29 May 2025, the Company held the 2024 annual general meeting to consider and approve the distribution of cash dividend of RMB11.00 (tax inclusive) for every 10 shares to all Shareholders of the Company, based on the Company's total share capital (excluding the shares of the Company which were repurchased but not yet cancelled) as at the registration date of shareholding as determined by implementation of the 2024 annual profit distribution plan. There will be no bonus shares, nor will the capital reserves be capitalised.

The distribution of the cash dividends for the Company's A Shares was completed on 13 June 2025, and the distribution of the cash dividends for the Company's H Shares was completed on 11 July 2025.

The Company has proposed to distribute neither interim dividends, nor bonus shares, for the six months ended 30 June 2025. During the six months ended 30 June 2024, the Company did not distribute any interim dividends.

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### I. CHANGES IN SHARES

#### 1. Changes in shares

As at 30 June 2025, the share capital structure of the Company was as follows:

Unit: share(s)

	Before the current change		Increase/decrease (+, -) due to the current change					After the current change	
	Number	Percentage	Issuance of new shares	Bonus issue	conversion to shares	Others	Subtotal	Number	Percentage
I. Shares subject to selling restrictions	19,960,260	2.19%	-	-	-	+186,745	186,745	20,147,005	2.23%
1. Shares held by state government									
2. Shares held by state-owned entities	17,306,329	1.90%	-	-	-	-	-	17,306,329	1.91%
3. Shares held by other domestic holders	2,653,931	0.29%	-	-	-	+186,745	186,745	2,840,676	0.31%
Including: Shares held by domestic entities									
Shares held by domestic natural persons	2,653,931	0.29%	-	-	-	+186,745	186,745	2,840,676	0.31%
4. Shares held by foreign holders									
Including: Shares held by foreign entities									
Shares held by foreign natural persons									
II. Shares not subject to selling restrictions	891,385,470	97.81%	-	-	-	-7,432,045	-7,432,045	883,953,425	97.77%
1. Ordinary shares denominated in RMB	584,333,053	64.12%	-	-	-	-186,745	-186,745	584,146,308	64.61%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares	307,052,417	33.69%	-	-	-	-7,245,300	-7,245,300	299,807,117	33.16%
4. Others									
III. Total number of shares	911,345,730	100.00%	-	-	-	-7,245,300	-7,245,300	904,100,430	100%

#### Reasons for changes in shares

☒ Applicable    ☐ Not Applicable

On 31 March 2025, Mr. Yang Liang ceased to serve as vice president of the Company or hold any positions in its subsidiaries, and all of the A shares of the Company held by him were restricted for sale within half a year from the date of his resignation. He shall continue to comply with the relevant selling restriction (i.e. disposing of no more than 25% of all the shares held by him each year) within six months from the date of resignation to the expiration of six months after the expiry of term of office of the eleventh session of the senior management of the Company. As at the end of the Reporting Period, all of the 230,000 A shares held by him were subject to lock-up, among which 172,500 A Shares were restricted at the Beginning of the Period, and newly 57,500 A Shares were subject to restriction during the Period. Therefore, the number of Shares of the Company subject to selling restrictions increased by 57,500 Shares, while the number of Shares not subject to selling restrictions decreased accordingly.

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### I. CHANGES IN SHARES *(continued)*

#### 1. Changes in shares *(continued)*

##### Reasons for changes in shares *(continued)*

On 23 April 2025, Mr. Yang Daihong ceased to hold the position of vice president of the Company and still holds other positions in the Company after his resignation. All of the A shares of the Company held by him were restricted for sale within half a year from the date of his resignation. He shall continue to comply with the relevant selling restriction (i.e. disposing of no more than 25% of all the shares held by him each year) within six months from the date of resignation to the expiration of six months after the expiry of term of office of the eleventh session of the senior management of the Company. As at the end of the Reporting Period, all of the 516,979 A Shares held by him were subject to lock-up, among which 387,734 A Shares were restricted at the Beginning of the Period, and newly 129,245 A Shares were subject to restriction during the Period. Therefore, the number of Shares of the Company subject to selling restrictions increased by 129,245 Shares, while the number of Shares not subject to selling restrictions decreased accordingly.

On 14 May 2025, the Company cancelled 7,245,300 H Shares that had been repurchased, resulting in a decrease of 7,245,300 H Shares not subject to selling restrictions of the Company.

##### Approval of changes in shares

☒ Applicable   ☐ Not Applicable

On 23 April 2025, the Company convened the 24th meeting of the eleventh session of the Board, at which the proposal on Cancellation of Share Options under the 2022 Share Options Incentive Scheme was considered and approved. It agreed to cancel 384,045 Share Options held by 31 Incentive Participants that remained unexercised upon expiry during the first exercise period of the Share Options under the First Grant. And, since the performance targets at the Company level for the third exercise period of the Share Options under the First Grant and the second exercise period of the Share Options under the Reserved Grant were not met, it agreed to cancel the 5,283,750 Share Options corresponding to the third exercise period of the Share Options under the First Grant and the 1,000,000 Share Options corresponding to the second exercise period of the Share Options under the Reserved Grant. Upon the cancellation of above-mentioned Share Options completed on 6 May 2025, there are no remaining Share Options under the First Grant and the Reserved Grant.

On 14 June 2024, the Company convened the annual general meeting for the year 2023, the 2024 first class meeting for A Shareholders and the 2024 first class meeting for H Shareholders, considered and approved the grant of general mandate to the Board to repurchase of H Shares of the Company. As at 13 May 2025, the Company repurchased a total of 7,245,300 H Shares of the Company. On 14 May 2025, all the H Shares repurchased by the Company were cancelled.

##### Transfer of changes in shares

☐ Applicable   ☒ Not Applicable

##### Progress of the implementation of repurchased shares reduction through centralized bidding

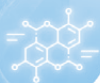
☐ Applicable   ☒ Not Applicable

##### Impact of changes in shares on the financial indicators of the latest year and the latest period, such as basic and diluted earnings per share, net assets per share attributable to the ordinary shareholders of the Company

☐ Applicable   ☒ Not Applicable

##### Other information considered necessary by the Company or required by securities regulators to be disclosed

☐ Applicable   ☒ Not Applicable



## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### I. CHANGES IN SHARES *(continued)*

#### 2. Changes in shares with selling restrictions

✓ Applicable    ☐ Not Applicable

*Unit: Share(s)*

Name of Shareholder	Number of shares subject to selling restrictions at the Beginning of the Period	Number of shares released from selling restrictions during the Period	Increase in the number of shares subject to selling restrictions during the Period	Number of shares subject to selling restrictions at the End of the Period	Reasons for selling restrictions	Date of release from selling restrictions
Guangzhou Begol Trading Holdings Limited (廣州市保科力貿易公司)	17,306,329	–	–	17,306,329	Shares subject to selling restriction before initial offering	N/A
Tang Yanggang	258,722	–	–	258,722	Locked shares held by the senior management	N/A
Tao Desheng	550,350	–	–	550,350	Locked shares held by the senior management	N/A
Xu Guoxiang	587,850	–	–	587,850	Locked shares held by the senior management	N/A
Yang Daihong (Resigned)	387,734	–	129,245	516,979	Locked shares held by the senior management	24 October 2025 and 29 December 2026
Si Yanxia	325,817	–	–	325,817	Locked shares held by the senior management	N/A
Huang Yuxuan	137,488	–	–	137,488	Locked shares held by the senior management	N/A
Yang Liang (Resigned)	172,500	–	57,500	230,000	Locked shares held by the senior management	1 October 2025 and 29 December 2026
Du Jun	37,567	–	–	37,567	Locked shares held by the senior management	N/A
Zhou Peng (Resigned)	195,903	–	–	195,903	Locked shares held by the senior management	29 December 2026
Total	19,960,260	–	186,745	20,147,005	–	–

### II. ISSUE AND LISTING OF SECURITIES

#### Issue of securities (excluding preferred shares) during the Reporting Period

☐ Applicable    ✓ Not Applicable

# SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

## III. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS IN THE COMPANY

Total number of ordinary shareholders at the End of the Reporting Period 46,449 (including 46,430 A Shareholders and 19 H Shareholders) Total number of preferred shareholders with resumed voting rights at the End of the Reporting Period (if any) 0

Shareholders holding more than 5% shares or shareholdings of the top 10 shareholders (excluding shares lent through refinancing)

Name of shareholder	Nature of shareholder	Class of shares	Shareholding percentage	Number of ordinary shares held at the End of the Period (shares)	Change during the Period (shares)	Number of ordinary shares held with selling restrictions (shares)	Number of ordinary shares held without selling restrictions (shares)	Pledge, mark or lock-up Share status	Number (shares)
HKSCC Nominees Limited <sup>(Note 2)</sup>	Foreign entity	H Share	33.13%	299,527,639	-7,241,550	–	299,527,639	–	–
Joincare	Domestic non-state owned entity	A Share	24.49%	221,376,789	–	–	221,376,789	–	–
Begol	State-owned entity	A Share	1.91%	17,306,329	–	17,306,329	–	Pledged and locked up	17,306,329
Haibin Pharma	Domestic non-state owned entity	A Share	1.86%	16,830,835	–	–	16,830,835	–	–
Hong Kong Securities Clearing Company Limited	Foreign entity	A Share	1.75%	15,863,630	-18,315,006	–	15,863,630	–	–
Peng Xiaoliang (彭曉強)	Domestic natural person	A Share	0.69%	6,223,967	2,075,930	–	6,223,967	–	–
Industrial and Commercial Bank of China Limited – CEIBS Healthcare Hybrid Securities Investment Fund (中國工商銀行股份有限公司－中歐醫療健康混合型證券投資基金)	Others	A Share	0.66%	5,938,991	5,938,991	–	5,938,991	–	–
Ruizhong Life Insurance Co., Ltd. – Proprietary Funds (瑞眾人壽保險有限公司－自有資金)	Others	A Share	0.64%	5,748,089	-2,046,400	–	5,748,089	–	–
Agricultural Bank of China Limited – CSI 500 Exchange-Traded Open-End Index Securities Investment Fund (中國農業銀行股份有限公司－中證500交易型開放式指數證券投資基金)	Others	A Share	0.60%	5,390,601	197,400	–	5,390,601	–	–
Guotai Fund Management Co., Ltd. – Social Security Fund Portfolio 1102 (國泰基金管理有限公司－社保基金1102組合)	Others	A Share	0.58%	5,287,839	1,003,420	–	5,287,839	–	–
Description of strategic investors or general legal persons who became Top 10 ordinary shareholders through placement of new shares	Not applicable								
Description of connection or acting-in-concert relationship of the above shareholders	(1) On 2 January 2004, Joincare and Begol entered into a Share Transfer and Custody Agreement and a Share Pledge Agreement, pursuant to which the 6,059,428 shares of the Company held by Begol as domestic entity (the number of shares was increased to 7,877,256 shares after the Company's implementation of 2014 Equity Distribution, the number of shares was increased to 10,240,432 shares after the Company's implementation of 2016 Equity Distribution, the number of shares was increased to 13,312,561 shares after the Company's implementation of 2017 Equity Distribution and the number of shares was increased to 17,306,329 shares after the Company's implementation of 2018 Equity Distribution) were directly transferred, entrusted and pledged to Joincare; (2) Haibin Pharma was a subsidiary directly and indirectly owned by Joincare as to 100% equity interest; (3) the Company was not aware whether the other Shareholders mentioned above are related parties or persons acting-in-concert as defined in the Administrative Measures for the Takeover of Listed Companies (《上市公司收購管理辦法》).								
Description of the above shareholders involved in entrustment/entrusted voting right and waiver of voting right	No								
Special notes on the special repurchase account among the top 10 shareholders (if any)	At the End of the Period, the number of shares held in the special account for repurchase of securities of Livzon Pharmaceutical Group Inc. was 11,318,855 shares.								

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### III. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS IN THE COMPANY

(continued)

Shareholdings of top 10 shareholders not subject to selling restrictions  
(excluding shares lend through refinancing and locked shares held by the senior management)

Name of shareholder	Number of ordinary shares held without selling restrictions at the End of the Reporting Period	Class of shares	
		Class of shares	Number (shares)
HKSCC Nominees Limited <sup>(Note 2)</sup>	299,527,639	Overseas listed foreign shares	299,527,639
Joincare	221,376,789	Ordinary shares denominated in RMB	221,376,789
Haibin Pharma	16,830,835	Ordinary shares denominated in RMB	16,830,835
Hong Kong Securities Clearing Company Limited	15,863,630	Ordinary shares denominated in RMB	15,863,630
Peng Xiaoqiang (彭曉強)	6,223,967	Ordinary shares denominated in RMB	6,223,967
Industrial and Commercial Bank of China Limited – CEIBS Healthcare Hybrid Securities Investment Fund (中國工 商銀行股份有限公司—中歐醫療健康混合型證 券投資基金)	5,938,991	Ordinary shares denominated in RMB	5,938,991
Ruizhong Life Insurance Co., Ltd. – Proprietary Funds (瑞眾人壽保險有限責任公司—自有資金)	5,748,089	Ordinary shares denominated in RMB	5,748,089
Agricultural Bank of China Limited – CSI 500 Exchange-Traded Open-End Index Securities Investment Fund (中國農業銀行股份有限公司—中證500交 易型開放式指數證券投資基金)	5,390,601	Ordinary shares denominated in RMB	5,390,601
Guotai Fund Management Co., Ltd. – Social Security Fund Portfolio 1102 (國泰基金管理有限公司—社保基 金1102組合)	5,287,839	Ordinary shares denominated in RMB	5,287,839
Shanghai Lingren Private Equity Fund Management Partnership (Limited Partnership) – Lingren Excellence Evergreen Phase II Private Equity Securities Investment Fund (上海瓚仁私募基金管理合夥企業(有限合 夥)—瓚仁卓越長青二期私募證券投資基金)	5,094,949	Ordinary shares denominated in RMB	5,094,949

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### III. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS IN THE COMPANY

(continued)

Shareholdings of top 10 shareholders not subject to selling restrictions  
(excluding shares lend through refinancing and locked shares held by the senior management)

Name of shareholder	Number of ordinary shares held without selling restrictions at the End of the Reporting Period		Class of shares	Number (shares)
	Class of shares			
Description of connection or acting-in-concert relationship among the top 10 shareholders without selling restrictions and between the top 10 shareholders without selling restrictions and the top 10 shareholders	(1) On 2 January 2004, Joincare and Begol entered into a Share Transfer and Custody Agreement and a Share Pledge Agreement, pursuant to which the 6,059,428 original domestic legal person shares of the Company held by Begol (the number of shares was increased to 7,877,256 shares after the Company's implementation of 2014 Equity Distribution, the number of shares was increased to 10,240,432 shares after the Company's implementation of 2016 Equity Distribution, the number of shares was increased to 13,312,561 shares after the Company's implementation of 2017 Equity Distribution and the number of shares was increased to 17,306,329 shares after the Company's implementation of 2018 Equity Distribution) were directly transferred, entrusted and pledged to Joincare; (2) Haibin Pharma was a controlling subsidiary directly and indirectly owned by Joincare as to 100% equity interest; (3) the Company was not aware whether the other shareholders mentioned above are related parties or persons acting-in-concert as defined in the Administrative Measures for the Takeover of Listed Companies (《上市公司收購管理辦法》).			
Description of the top 10 shareholders involved in margin financing and securities lending business (if any)	Among the above-mentioned shareholders, Peng Xiaoqiang holds 6,223,867 shares through the Credit Securities Account.			

- Notes:
1. The shareholdings of the above top 10 shareholders are listed in accordance with the data in the register of members as at 30 June 2025, provided by CSDCC and Tricor Investor Services Limited in Hong Kong.
  2. HKSCC Nominees Limited is a nominee holder of H Shares of the Company, and the Company cannot ascertain whether such H Shares are subject to any pledge, mark, or lock-up, and such shareholdings held by HKSCC Nominees Limited on behalf of others included 163,364,672 H Shares held by Topsino, which was a wholly-owned subsidiary of Joincare, the controlling shareholder of the Company.

**Shareholders holding more than 5%, top 10 Shareholders, and top 10 Shareholders of circulation Shares without selling restrictions participating in refinancing business shares lend**

☐ Applicable    ☒ Not Applicable

**The top 10 Shareholders and the top 10 Shareholders of circulation Shares without selling restrictions have changed compared with the Previous Period due to the lending or returning through the refinancing business shares**

☐ Applicable    ☒ Not Applicable

**Whether any of the top 10 ordinary Shareholders and the top 10 ordinary Shareholders not subject to selling restrictions of the Company conducted any transactions on agreed repurchases during the Reporting Period**

☐ Yes    ☒ No

The top 10 ordinary Shareholders and the top 10 ordinary Shareholders not subject to selling restrictions of the Company did not conduct any transactions on agreed repurchases during the Reporting Period.

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### IV. CHANGES IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

☐ Applicable    ☒ Not Applicable

### V. AS AT 30 JUNE 2025, THE INTERESTS OR SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (WITHIN THE MEANING OF PART XV OF SFO) AS RECORDED IN THE REGISTER REQUIRED TO BE KEPT UNDER SECTION 352 OF THE SFO, OR AS OTHERWISE NOTIFIED TO THE COMPANY AND THE HONG KONG STOCK EXCHANGE PURSUANT TO THE MODEL CODE, WERE AS FOLLOWS:

#### Interest in shares/underlying shares of the Company

Name of director	Capacity	Number of shares/ underlying shares interested (long position)	As a percentage of the specific class of issued shares of the Company	As a percentage of the total issued shares of the Company
Mr. Zhu Baoguo (朱保國)	Interest of controlled corporation	255,513,953 A Shares <sup>(1) (2)</sup>	42.28%	28.26%
		163,364,672 H Shares <sup>(1) (3)</sup>	54.49%	18.07%
Mr. Tao Desheng (陶德勝)	Beneficial owner	733,800 A Shares	0.12%	0.08%
	Interest of spouse	146,806 A Shares <sup>(4)</sup>	0.02%	0.02%
		880,606 A Shares	0.15%	0.10%
Mr. Xu Guoxiang (徐國祥)	Beneficial owner	783,800 A Shares	0.13%	0.09%
Mr. Tang Yanggang (唐陽剛)	Beneficial owner	344,963 A Shares	0.06%	0.04%

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### V. AS AT 30 JUNE 2025, THE INTERESTS OR SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (WITHIN THE MEANING OF PART XV OF SFO) AS RECORDED IN THE REGISTER REQUIRED TO BE KEPT UNDER SECTION 352 OF THE SFO, OR AS OTHERWISE NOTIFIED TO THE COMPANY AND THE HONG KONG STOCK EXCHANGE PURSUANT TO THE MODEL CODE, WERE AS FOLLOWS: *(continued)*

#### Interest in shares/underlying shares of associated corporations of the Company

Name of director	Name of associated corporation	Capacity	Equity interest/ number of shares (long position)	As a percentage of the equity interest of associated corporation
Mr. Zhu Baoguo (朱保國)	Baiyeyuan	Beneficial owner	72,000,000 (RMB) <sup>(1)</sup>	90.00% <sup>(1)</sup>
	Joincare	Interest of controlled corporations	895,653,653 shares <sup>(1)(5)</sup>	48.96% <sup>(6)</sup>
	LivzonBio <sup>(7)</sup>	Interest of controlled corporations	294,000,000 (RMB) <sup>(1)(8)</sup>	26.84% <sup>(7)</sup>
	Livzon HK <sup>(7)</sup>	Interest of controlled corporations	4,000 shares <sup>(1)(9)</sup>	100.00% <sup>(7)</sup>
	Livzon MAB <sup>(7)</sup>	Interest of controlled corporations	1,500,000,000 (RMB) <sup>(1)(10)</sup>	100.00% <sup>(7)</sup>
Mr. Tang Yanggang (唐陽剛)	Xinbeijiang Pharma <sup>(11)</sup>	Interest of controlled corporations	20,238,780 shares <sup>(11)</sup>	8.44%
	Livzon Diagnostics <sup>(12)</sup>	Interest of controlled corporations	36,099,971 shares <sup>(12)</sup>	9.03%
Mr. Xu Guoxiang (徐國祥)	Livzon Diagnostics <sup>(13)</sup>	Others	2,153,399 shares <sup>(13)</sup>	0.54%
Mr. Lin Nanqi (林楠棋)	Joincare	Beneficial owner	1,291,040 shares	0.07%
Mr. Qiu Qingfeng (邱慶豐)	Joincare	Beneficial owner	717,409 shares	0.04%

#### Notes:

- (1) Joincare was 48.96% held by Baiyeyuan which was in turn 90% held by Mr. Zhu Baoguo (朱保國). Mr. Zhu Baoguo was deemed to be interested in the shares of the Company and the equity interest of its associated corporations in which Joincare was or was deemed to be interested by virtue of the SFO.
- (2) Among these shares, 238,683,118 shares (in which 17,306,329 shares were directly transferred, entrusted and pledged by Begol in favor of Joincare in accordance with the Share Transfer, Custody and Pledge Agreement entered into among three parties, namely Begol, Joincare and Zhuhai Lishi Investment Co., Ltd. (珠海市麗士投資有限公司), on 2 January 2004, and the Share Transfer and Custody Agreement and the Share Pledge Agreement entered into between Begol and Joincare) were directly held or controlled by Joincare and 16,830,835 shares were held directly by Joincare's wholly-owned subsidiary, Haibin Pharma, respectively.
- (3) These shares were held directly by Topsino, a wholly-owned subsidiary of Joincare.

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### V. AS AT 30 JUNE 2025, THE INTERESTS OR SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS (WITHIN THE MEANING OF PART XV OF SFO) AS RECORDED IN THE REGISTER REQUIRED TO BE KEPT UNDER SECTION 352 OF THE SFO, OR AS OTHERWISE NOTIFIED TO THE COMPANY AND THE HONG KONG STOCK EXCHANGE PURSUANT TO THE MODEL CODE, WERE AS FOLLOWS: *(continued)*

#### Interest in shares/underlying shares of associated corporations of the Company *(continued)*

Notes: *(continued)*

- (4) As these shares and underlying shares were held directly by Ms. Hou Xuemei (侯雪梅), the spouse of Mr. Tao Desheng (陶德勝), Mr. Tao Desheng was deemed to be interested in these shares and underlying shares.
- (5) Baiyeyuan held 895,653,653 shares of Joincare.
- (6) The total issued share capital of Joincare was 1,829,453,386 shares. Therefore, Baiyeyuan held 48.96% equity interest in Joincare.
- (7) LivzonBio was directly held as to 26.84% by Joincare. Livzon HK and Livzon MAB were directly held as to 100% by LivzonBio.
- (8) These equity interests were held by Joincare.
- (9) These shares were held by LivzonBio.
- (10) These equity interests were held by LivzonBio.
- (11) Xinbeijiang Pharma was directly held as to 87.14% by the Company, and directly held as to 8.44% (i.e. 20,238,780 shares) by Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中匯源投資合夥企業(有限合夥)), which was in turn directly held as to 24.00% by Mr. Tang Yanggang, who is also managing partner of Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership).
- (12) Livzon Diagnostics was directly held as to 47.425% by the Company, and as to 9.025% (i.e. 36,099,971 shares) by Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海麗英投資管理合夥企業(有限合夥)) ("Liying"), and Mr. Tang Yanggang (唐陽剛) was the general partner of Liying who directly held 19.9234% equity interest in Liying and had sole discretion to decide all matters of Liying.
- (13) Mr. Xu Guoxiang (徐國祥) directly held 5.9651% equity interest in Liying, and therefore Livzon Diagnostics was indirectly held as to 0.54% by Mr. Xu Guoxiang.

Save as disclosed above, none of the Directors, Supervisors and chief executives of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### VI. CHANGE OF CONTROLLING SHAREHOLDER OR DE FACTO CONTROLLER

#### Change of controlling shareholder during the Reporting Period

☐ Applicable    ☒ Not Applicable

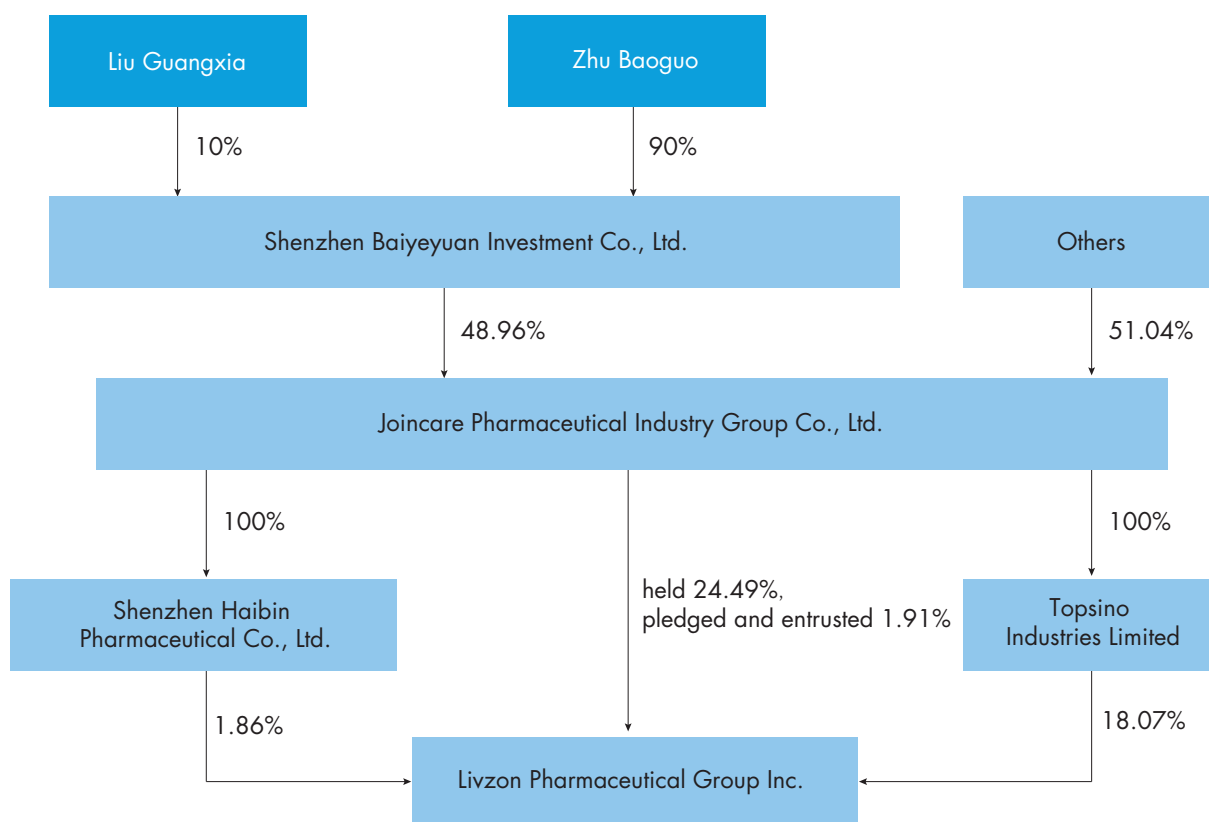
There was no change in the controlling shareholder of the Company during the Reporting Period.

#### Change of de facto controller during the Reporting Period

☐ Applicable    ☒ Not Applicable

There was no change in the de facto controller of the Company during the Reporting Period.

#### Structure chart on ownership and controlling relationship between the Company and its de facto controller as at the End of the Reporting Period



- Notes:
1. Mr. Zhu Baoguo (朱保國) is the spouse of Ms. Liu Guangxia (劉廣霞).
  2. As at the End of the Reporting Period, Baiyeyuan held 895,653,653 shares of Joincare, representing 48.96% equity interest in Joincare.

## SECTION VI CHANGES IN EQUITY AND SHAREHOLDERS

### VII. AS AT 30 JUNE 2025, THE FOLLOWING MAJOR SHAREHOLDERS AND OTHER PERSONS, OTHER THAN THE DIRECTORS, SUPERVISORS OR CHIEF EXECUTIVES (AS DEFINED IN THE SFO), HAD INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY WHICH WERE REQUIRED TO BE RECORDED IN THE REGISTER REQUIRED TO BE KEPT BY THE COMPANY UNDER SECTION 336 OF THE SFO:

Name of shareholder	Capacity	Number of shares interested	Position	As a percentage of the specific class of issued shares of the Company	As a percentage of the total issued shares of the Company
Substantial Shareholders					
Baiyeyuan	Interest of controlled corporations	255,513,953 A Shares <sup>(1)</sup>	Long position	42.28%	28.26%
	Interest of controlled corporations	163,364,672 H Shares <sup>(2)</sup>	Long position	54.49%	18.07%
		418,878,625 Shares			46.33%
Ms. Liu Guangxia (劉廣霞)	Interest of spouse	255,513,953 A Shares <sup>(3)</sup>	Long position	42.28%	28.26%
		163,364,672 H Shares <sup>(3)</sup>	Long position	54.49%	18.07%
		418,878,625 Shares			46.33%
Joincare	Beneficial owner	221,376,789 A Shares	Long position	36.63%	24.49%
	Interest of controlled corporations	16,830,835 A Shares <sup>(4)</sup>	Long position	2.79%	1.86%
	Holder of security interest in shares	17,306,329 A Shares <sup>(5)</sup>	Long position	2.86%	1.91%
		255,513,953 A Shares		42.28%	28.26%
	Interest of controlled corporations	163,364,672 H Shares <sup>(2)</sup>	Long position	54.49%	18.07%
Topsino	Beneficial owner	163,364,672 H Shares	Long position	54.49%	18.07%

*Notes:*

- (1) Among these shares, 238,683,118 shares and 16,830,835 shares were directly held by Joincare and its wholly-owned subsidiary, Haibin Pharma, respectively.
- (2) These shares were directly held by Topsino, a wholly-owned subsidiary of Joincare.
- (3) As Ms. Liu Guangxia (劉廣霞) is the spouse of Mr. Zhu Baoguo (朱保國), she is deemed to be interested in the shares in which Mr. Zhu Baoguo is deemed to be interested.
- (4) These shares were directly held by Haibin Pharma, a wholly-owned subsidiary of Joincare.
- (5) These shares were directly transferred, entrusted and pledged by Begol in favor of Joincare in accordance with the Share Transfer, Custody and Pledge Agreement entered into among three parties, namely Begol, Joincare and Zhuhai Lishi Investment Co., Ltd. (珠海市麗士投資有限公司), on 2 January 2004 and the Share Transfer and Custody Agreement and the Share Pledge Agreement entered into between Begol and Joincare.

Save as disclosed above, no other persons, other than the Directors, Supervisors or chief executives of the Company, had interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

## SECTION VII FINANCIAL REPORT

### I. AUDIT REPORT

**Whether the interim report has been audited**

☐ Yes    ☒ No

The interim financial report of the Company is unaudited.

# CONSOLIDATED AND COMPANY BALANCE SHEET

## II. FINANCIAL STATEMENTS

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

Item	Notes	Amount at the End of the Period		Amount at the Beginning of the Year	
		Consolidated	Company	Consolidated	Company
<b>Current assets:</b>					
Monetary funds	V.1	10,352,467,614.29	5,449,568,487.88	10,827,146,984.92	6,635,542,800.19
Financial assets held for trading	V.2	258,321,589.51	113,389,509.97	89,363,055.07	11,404,575.20
Bills receivable	V.3	1,143,554,768.40	596,955,068.86	1,313,604,720.17	673,226,891.51
Accounts receivables	V.4	2,301,463,456.31	1,031,158,102.62	1,935,502,036.72	972,481,999.45
Receivables financing		—	—	—	—
Prepayments	V.5	139,386,597.12	35,007,344.51	149,477,979.10	33,948,499.09
Other receivables	V.6	43,537,896.67	181,090,372.06	34,558,694.17	343,051,410.41
Of which: Interest receivable		—	—	—	—
Dividends receivable		146,732.76	—	—	—
Inventories	V.7	1,714,611,456.84	278,521,492.92	1,997,642,296.29	430,530,510.77
Contract assets		—	—	—	—
Held-for-sale assets		—	—	—	—
Non-current assets due within one year	V.8	214,121,617.17	214,121,617.17	—	—
Other current assets	V.9	70,712,661.88	443,555.11	72,684,877.86	443,555.11
<b>Total current assets</b>		<b>16,238,177,658.19</b>	<b>7,900,255,551.10</b>	<b>16,419,980,644.30</b>	<b>9,100,630,241.73</b>
<b>Non-current assets:</b>					
Debt investments		—	—	—	—
Other debt investments		—	—	—	—
Long-term receivables		—	—	—	—
Long-term equity investments	V.10	1,075,561,617.48	4,791,296,671.52	1,056,220,316.06	4,639,108,916.39
Other equity instrument investments	V.11	558,309,364.71	300,947,483.90	561,645,609.43	301,855,344.29
Other non-current financial assets		—	—	—	—
Investment properties	V.12	9,505,412.42	—	9,925,854.14	—
Fixed assets	V.13	4,122,580,653.78	68,969,572.06	4,254,805,388.16	73,100,631.48
Construction in progress	V.14	287,181,711.89	597,551.25	257,366,336.12	270,028.31
Productive biological assets		—	—	—	—
Oil and gas assets		—	—	—	—
Right-of-use assets	V.15	27,488,747.28	3,548,002.45	25,083,211.98	1,984,702.44
Intangible assets	V.16	491,674,761.81	35,792,384.58	403,681,866.63	28,202,791.90
Development expenditure	V.17	292,037,483.65	168,477,248.49	220,497,980.76	128,218,680.33
Goodwill	V.18	124,911,302.94	—	124,911,302.94	—
Long-term deferred expenses	V.19	162,862,193.48	6,393,200.65	175,748,366.88	7,915,196.40
Deferred income tax assets	V.20	383,939,697.45	210,736,019.56	356,345,428.36	165,234,242.75
Other non-current assets	V.21	398,639,433.59	130,785,443.69	589,613,391.42	332,709,154.32
<b>Total non-current assets</b>		<b>7,934,692,380.48</b>	<b>5,717,543,578.15</b>	<b>8,035,845,052.88</b>	<b>5,678,599,688.61</b>
<b>Total assets</b>		<b>24,172,870,038.67</b>	<b>13,617,799,129.25</b>	<b>24,455,825,697.18</b>	<b>14,779,229,930.34</b>

# CONSOLIDATED AND COMPANY BALANCE SHEET

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

Item	Notes	Amount at the End of the Period		Amount at the Beginning of the Year	
		Consolidated	Company	Consolidated	Company
<b>Current liabilities:</b>					
Short-term loans	V.23	2,130,000,000.00	—	2,455,000,000.00	—
Financial liabilities held for trading		8,581.94	—	8,096,946.08	—
Bills payables	V.24	833,253,202.89	2,080,491,534.82	965,581,088.61	2,312,599,858.49
Accounts payables	V.25	556,966,971.46	556,446,109.49	618,397,523.74	315,012,554.57
Receipts in advance		—	—	—	—
Contract liabilities	V.26	71,786,066.37	9,544,523.60	124,631,997.54	13,010,535.05
Employee benefits payables	V.27	251,414,206.75	102,106,312.39	330,257,959.08	97,844,042.36
Taxes and surcharge payables	V.28	235,685,063.88	20,643,901.58	202,697,245.73	9,610,259.20
Other payable	V.29	3,220,186,591.34	6,855,148,172.79	2,861,381,342.08	6,637,330,323.52
Of which: Interest payables		—	—	—	—
Dividends payable		337,182,016.44	327,771,520.77	9,890,041.38	20,174.46
Held-for-sale liabilities		—	—	—	—
Non-current liabilities due within one year	V.30	106,810,750.64	3,097,917.91	48,742,085.99	1,444,410.23
Other current liabilities	V.31	3,625,829.51	1,121,824.42	10,642,182.94	1,677,573.27
<b>Total current liabilities</b>		<b>7,409,737,264.78</b>	<b>9,628,600,297.00</b>	<b>7,625,428,371.79</b>	<b>9,388,529,556.69</b>
<b>Non-current liabilities:</b>					
Long-term loans	V.32	1,367,623,489.02	—	1,465,735,112.37	—
Bonds payables		—	—	—	—
Leasing liabilities	V.33	15,115,615.71	494,326.48	13,102,527.71	589,146.14
Long-term payable		—	—	—	—
Long-term employee benefits payable		—	—	—	—
Provisions		—	—	—	—
Deferred gains	V.34	245,657,635.30	81,117,050.00	238,422,836.35	48,790,000.00
Deferred income tax liabilities	V.20	210,547,671.33	43,991,204.78	207,390,254.92	43,930,378.41
Other non-current liabilities		—	—	—	—
<b>Total non-current liabilities</b>		<b>1,838,944,411.36</b>	<b>125,602,581.26</b>	<b>1,924,650,731.35</b>	<b>93,309,524.55</b>
<b>Total liabilities</b>		<b>9,248,681,676.14</b>	<b>9,754,202,878.26</b>	<b>9,550,079,103.14</b>	<b>9,481,839,081.24</b>
Share capital	V.35	904,100,430.00	904,100,430.00	911,345,730.00	911,345,730.00
Other equity instruments		—	—	—	—
Of which: Preferred shares		—	—	—	—
Perpetual bonds		—	—	—	—
Capital reserve	V.36	320,945,818.56	837,254,713.99	529,244,187.41	1,006,190,587.35
Less: treasury shares	V.37	406,895,970.97	406,895,970.97	196,616,427.46	196,616,427.46
Other comprehensive income	V.38	61,496,567.33	195,158,136.72	112,180,366.63	195,929,818.05
Special reserve		—	—	—	—
Surplus reserve	V.39	744,801,154.15	539,838,100.57	744,801,154.15	539,838,100.57
Undistributed profits	V.40	12,053,255,754.00	1,794,140,840.68	11,761,379,178.60	2,840,703,040.59
Total equity attributable to shareholders of the parent company		<b>13,677,703,753.07</b>	<b>3,863,596,250.99</b>	<b>13,862,334,189.33</b>	<b>5,297,390,849.10</b>
Minority interests		1,246,484,609.46	—	1,043,412,404.71	—
<b>Total shareholders' (or owners') equity</b>		<b>14,924,188,362.53</b>	<b>3,863,596,250.99</b>	<b>14,905,746,594.04</b>	<b>5,297,390,849.10</b>
<b>Total liabilities and shareholders' (or owners') equity</b>		<b>24,172,870,038.67</b>	<b>13,617,799,129.25</b>	<b>24,455,825,697.18</b>	<b>14,779,229,930.34</b>

Chairman of the Board and Legal Representative:  
Zhu Baoguo

Executive Director and President:  
Tang Yanggang

Chief Financial Officer:  
Si Yanxia

Head of Accounting Department:  
Si Yanxia

# CONSOLIDATED AND COMPANY INCOME STATEMENT

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

Item	Notes	Amount for the Period		Amount for the Previous Period	
		Consolidated	Company	Consolidated	Company
<b>I. Operating income</b>	V.41	6,271,912,644.11	2,769,994,605.85	6,282,354,251.22	2,765,366,574.23
Less: Operating costs	V.41	2,131,486,497.05	2,013,442,851.53	2,138,550,303.96	1,964,294,127.61
Tax and surcharge	V.42	78,437,545.86	14,492,902.22	70,512,730.70	13,111,179.04
Selling expenses	V.43	1,736,694,564.36	827,638,750.16	1,739,737,092.61	692,356,567.59
Administrative expenses	V.44	299,475,439.09	107,341,931.68	330,935,311.51	124,826,623.73
R&D expenses	V.45	432,050,650.15	132,821,637.42	490,658,756.13	139,102,255.66
Finance expenses	V.46	-165,118,251.30	-99,297,434.19	-77,592,397.16	-52,702,626.37
Of which: Interest expenses		29,903,696.96	26,998,905.63	46,250,017.10	29,990,646.38
Interest income		175,238,273.30	129,739,331.18	123,741,723.21	87,042,739.41
Add: Other income	V.47	71,721,503.21	6,172,577.46	57,967,829.74	14,234,549.15
Investment income	V.48	28,282,266.89	125,073,112.48	15,574,609.82	264,467,644.63
("-" represents losses)					
Of which: Income from		28,942,720.29	29,004,317.83	13,332,979.65	22,451,469.67
investments in					
associates and joint					
ventures					
Gains on derecognition of		—	—	—	—
financial assets at					
amortized cost					
("-" represents losses)					
Gains from hedging net exposure ("-" represents losses)		—	—	—	—
Gains from changes in fair value ("-" represents losses)	V.49	-7,952,018.52	1,984,934.77	-18,391,559.98	-4,499,203.80
Credit impairment loss ("-" represents losses)	V.50	-5,724,240.50	-3,006,132.82	-3,212,261.28	-3,053,442.67
Asset impairment loss ("-" represents losses)	V.51	-11,545,716.96	-7,378,282.99	-29,139,720.53	-7,296,313.11
Gains from disposal of assets ("-" represents losses)	V.52	-149,723.72	9,316.34	-76,440.36	-6,372.39
<b>II. Operating profit</b>		1,833,518,269.30	-103,590,507.73	1,612,274,910.88	148,225,308.78
("-" represents losses)					
Add: Non-operating income	V.53	2,016,396.74	292,562.68	3,520,232.49	—
Less: Non-operating expenditure	V.54	7,424,921.21	6,470,719.50	7,401,195.04	5,386,444.24
<b>III. Total profit</b>		1,828,109,744.83	-109,768,664.55	1,608,393,948.33	142,838,864.54
("-" represents net losses)					
Less: Income tax expenses	V.55	276,888,506.24	-45,266,197.14	253,694,814.03	-30,428,898.11
<b>IV. Net profit</b>		1,551,221,238.59	-64,502,467.41	1,354,699,134.30	173,267,762.65
("-" represents net losses)					
(I) Classified by continuing operations:					
Of which: Net profit from continuing		1,551,221,238.59	-64,502,467.41	1,354,699,134.30	173,267,762.65
operations ("-" represents					
net losses)					
Net profit from discontinued		—	—	—	—
operations ("-" represents					
net losses)					
(II) Classified by attribution to ownership:					
Of which: Net profit attributable to		1,281,087,956.53	-64,502,467.41	1,170,970,883.51	173,267,762.65
shareholders of the parent					
company ("-" represents					
net losses)					
Profit and loss attributable to		270,133,282.06	—	183,728,250.79	—
minority interests					
("-" represents net losses)					

# CONSOLIDATED AND COMPANY INCOME STATEMENT

Item	Notes	Amount for the Period		Amount for the Previous Period	
		Consolidated	Company	Consolidated	Company
<b>V. Other comprehensive net income after taxation</b>		<b>-59,117,732.98</b>	<b>-771,681.33</b>	<b>-8,408,273.70</b>	<b>-3,008,003.83</b>
Other comprehensive net income after taxation attributable to shareholders of the parent company		-57,835,447.93	-771,681.33	-8,539,891.47	-3,008,003.83
(I) Other comprehensive income not to be reclassified into profit or loss		-4,393,365.67	-771,681.33	-14,907,517.81	-3,106,639.50
1. Changes in remeasurement of defined benefit plans		—	—	—	—
2. Other comprehensive income not to be reclassified into profit or loss under equity method		—	—	—	—
3. Changes in fair value of other equity Instrument investments		-4,393,365.67	-771,681.33	-14,907,517.81	-3,106,639.50
4. Changes in fair value of enterprise's own credit risk		—	—	—	—
5. Others		—	—	—	—
(II) Other comprehensive income to be reclassified into profit or loss		-53,442,082.26	—	6,367,626.34	98,635.67
1. Other comprehensive income to be reclassified into profit or loss under equity method		2,410.36	—	87,526.33	98,635.67
2. Changes in fair value of other debt investments		—	—	—	—
3. Financial assets reclassified into other comprehensive income		—	—	—	—
4. Credit impairment provision for other debt investments		—	—	—	—
5. Reserve for cash flow hedging (effective portion of profit or loss from cash flow hedging)		—	—	—	—
6. Translation difference of financial statements denominated in foreign currency		-53,444,492.62	—	6,280,100.01	—
7. Others		—	—	—	—
Other comprehensive net income after taxation attributable to minority interests		-1,282,285.05	—	131,617.77	—
<b>VI. Total comprehensive income</b>		<b>1,492,103,505.61</b>	<b>-65,274,148.74</b>	<b>1,346,290,860.60</b>	<b>170,259,758.82</b>
Total comprehensive income attributable to shareholders of the parent company		1,223,252,508.60	-65,274,148.74	1,162,430,992.04	170,259,758.82
Total comprehensive income attributable to minority interests		268,850,997.01	—	183,859,868.56	—
<b>VII. Earnings per share</b>					
(I) Basic earnings per share	V. 56	1.43	—	1.27	—
(II) Diluted earnings per share	V. 56	1.43	—	1.27	—

Chairman of the Board and Legal Representative:  
Zhu Baoguo

Executive Director and President:  
Tang Yanggang

Chief Financial Officer:  
Si Yanxia

Head of Accounting Department:  
Si Yanxia

# CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

Item	Notes	Amount for the Period		Amount for the Previous Period	
		Consolidated	Company	Consolidated	Company
<b>I. Cash flow from operating activities:</b>					
Cash received from sale of goods and supply of services rendered		6,540,240,940.02	3,124,406,510.62	6,543,511,645.63	3,125,647,378.48
Refund of taxes and levies		39,483,317.20	—	41,235,110.39	—
Cash received relating to other operating activities	V.57	263,315,721.53	382,740,714.62	230,571,266.69	140,027,645.63
<b>Subtotal of cash inflow from operating activities</b>		<b>6,843,039,978.75</b>	<b>3,507,147,225.24</b>	<b>6,815,318,022.71</b>	<b>3,265,675,024.11</b>
Cash paid for purchase of goods and services rendered		1,556,355,140.52	2,278,081,425.86	1,705,129,771.68	2,789,792,193.41
Cash paid to and on behalf of employees		999,509,581.76	313,597,102.74	953,348,139.60	303,572,175.72
Payments for various taxes and levies		743,098,013.65	106,835,202.25	793,599,768.11	106,837,838.95
Cash paid relating to other operating activities	V.57	1,857,136,474.62	871,356,035.70	1,833,209,086.93	596,844,607.75
<b>Subtotal of cash outflow from operating activities</b>		<b>5,156,099,210.55</b>	<b>3,569,869,766.55</b>	<b>5,285,286,766.32</b>	<b>3,797,046,815.83</b>
<b>Net cash flow from operating activities</b>		<b>1,686,940,768.20</b>	<b>-62,722,541.31</b>	<b>1,530,031,256.39</b>	<b>-531,371,791.72</b>
<b>II. Cash flow from investing activities:</b>					
Cash received from disposal of investments		2,795,983,830.21	1,410,567,790.00	404,071,475.99	—
Cash received on investment income		12,749,897.77	98,647,567.35	6,997,674.74	242,866,174.96
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,227,533.00	1,007,000.00	233,140.00	12,640.00
Net cash received from disposal of subsidiaries and other operating units		—	—	—	—
Cash received relating to other investing activities	V.57	75,249.03	—	—	—
<b>Subtotal of cash inflow from investing activities</b>		<b>2,810,036,510.01</b>	<b>1,510,222,357.35</b>	<b>411,302,290.73</b>	<b>242,878,814.96</b>
Cash payments for acquisition of fixed assets, intangible assets and other long-term assets		386,750,792.40	51,892,896.63	270,182,173.72	20,255,613.59
Cash payments for investments		2,989,309,986.72	1,644,581,101.00	363,360,774.95	431,321,200.54
Net cash paid for acquisition of subsidiaries and other operating units		—	—	—	—
Cash paid relating to other investing activities	V.57	4,517,299.69	—	931,044.37	—
<b>Subtotal of cash outflow from investing activities</b>		<b>3,380,578,078.81</b>	<b>1,696,473,997.63</b>	<b>634,473,993.04</b>	<b>451,576,814.13</b>
<b>Net cash flow from investing activities</b>		<b>-570,541,568.80</b>	<b>-186,251,640.28</b>	<b>-223,171,702.31</b>	<b>-208,697,999.17</b>

# CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

Item	Notes	Amount for the Period		Amount for the Previous Period	
		Consolidated	Company	Consolidated	Company
<b>III. Cash flow from financing activities:</b>					
Cash received from investments		–	–	156,333,115.63	156,333,115.63
Of which: Cash received by subsidiaries from investments of minority interests		–	–	–	–
Cash received from borrowings		1,790,140,000.00	–	1,984,343,152.42	–
Cash received relating to other financing activities	V.57	–	109,563,920.90	1,040,757.54	726,008,857.96
<b>Subtotal of cash inflow from financing activities</b>		<b>1,790,140,000.00</b>	<b>109,563,920.90</b>	<b>2,141,717,025.59</b>	<b>882,341,973.59</b>
Cash paid on repayment of debts		2,155,551,809.00	–	2,087,545,056.78	30,000,000.00
Cash paid for distribution of dividends, profit or interests		785,433,411.00	652,271,903.80	711,943,512.51	347,112,642.11
Of which: Dividends and profits paid to minority interests by subsidiaries		105,609,371.25	–	318,942,427.50	–
Cash paid relating to other financing activities	V.57	415,214,466.14	389,304,720.94	147,967,442.20	136,322,737.59
<b>Subtotal of cash outflow from financing activities</b>		<b>3,356,199,686.14</b>	<b>1,041,576,624.74</b>	<b>2,947,456,011.49</b>	<b>513,435,379.70</b>
<b>Net cash flow from financing activities</b>		<b>-1,566,059,686.14</b>	<b>-932,012,703.84</b>	<b>-805,738,985.90</b>	<b>368,906,593.89</b>
<b>IV. Effect of changes in foreign exchange rates on cash and cash equivalents</b>		<b>-26,044,411.79</b>	<b>-4,987,426.88</b>	<b>2,871,040.49</b>	<b>-3,129,639.60</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>-475,704,898.53</b>	<b>-1,185,974,312.31</b>	<b>503,991,608.67</b>	<b>-374,292,836.60</b>
Add: Balance of cash and cash equivalents at the Beginning of the Period		10,817,816,661.30	6,635,539,216.26	10,976,366,402.44	8,990,226,490.75
<b>VI. Balance of cash and cash equivalents at the End of the Period</b>		<b>10,342,111,762.77</b>	<b>5,449,564,903.95</b>	<b>11,480,358,011.11</b>	<b>8,615,933,654.15</b>

Chairman of the Board and Legal Representative:  
Zhu Baoguo

Executive Director and President:  
Tang Yanggang

Chief Financial Officer:  
Si Yanxia

Head of Accounting Department:  
Si Yanxia

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Livzon Pharmaceutical Group Inc.

Unit: RMB

Item	Amount for the Previous Period											Total shareholders' equity	
	Shareholders' equity attributable to shareholders of the parent company												
	Share capital	Preferred shares	Other equity instruments	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provisions	Undistributed profits		Minority interest
I. Balance as at the end of the previous year	923,938,139.00	-	-	-	1,322,498,474.23	-	143,071,567.85	-	744,801,154.15	-	10,908,185,967.49	724,207,693.32	14,766,702,996.04
Add: Adjustment for changes in accounting policies													
Correction of accounting errors in prior period													
Consolidation of enterprises under common control													
Other													
II. Balance at the Beginning of the Year	923,938,139.00	-	-	-	1,322,498,474.23	-	143,071,567.85	-	744,801,154.15	-	10,908,185,967.49	724,207,693.32	14,766,702,996.04
III. Increase/decrease during the period	2,387,345.00	-	-	-	33,654,557.27	73,447,558.49	-7,073,911.83	-	-	-	-78,127,245.15	-36,697,298.97	-159,304,112.17
("+" represents increases)													
(I) Total comprehensive income													
(II) Capital contributed and reduced by shareholders	2,387,345.00	-	-	-	15,759,111.49	73,447,558.49	-8,539,891.47	-	-	-	1,170,970,883.51	183,859,868.56	1,346,290,860.60
1. Ordinary shares contributed by shareholders	5,166,145.00	-	-	-	156,585,854.95	135,510,814.56	-	-	-	-	-	96,617,832.47	41,316,730.47
2. Capital contributed by holders of other equity instruments													26,241,185.39
3. Share-based equity-settled payments													
4. Others	-2,778,800.00	-	-	-	13,748,213.96	-62,063,256.07	-	-	-	-	-1,247,632,149.02	95,290,501.35	-1,564,807,149.02
(III) Profit distribution													
1. Transfer of surplus reserve													
2. Provision to general risk reserve													
3. Distribution to shareholders													
4. Others													
(IV) Internal transfer within shareholders' equity													
1. Transfer of capital reserve to share capital													
2. Transfer of surplus reserve to share capital													
3. Compensate losses													
4. Changes in defined benefit plans transferred to retained earnings													
5. Other comprehensive income transferred to retained earnings													
6. Others													
(V) Special reserve													
1. Extraction during the period													
2. Amount used during the period													
(VI) Others													
IV. Balance as at the End of the Period	926,325,484.00	-	-	-	1,356,153,031.50	73,447,558.49	135,997,656.02	-	744,801,154.15	-	10,830,058,722.34	687,510,394.35	14,607,398,888.87
					17,895,445.78								17,895,445.78

Chairman of the Board and Legal Representative:  
Zhu Baoguo

Executive Director and President:  
Tang Yanggang

Chief Financial Officer:  
Si Yanxia

Head of Accounting Department:  
Si Yanxia



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unit: RMB

Prepared by: Livzon Pharmaceutical Group Inc.

Item	Balance as at the End of the Period									
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits
<b>I. Balance as at the end of the previous year</b>	911,345,730.00	-	-	-	1,006,190,587.35	196,616,427.46	195,929,818.05	-	539,838,100.57	2,840,703,040.59
Add: Adjustment for changes in accounting policies										
Correction of accounting errors in prior period										
Others										
<b>II. Balance at the beginning of the year</b>	911,345,730.00	-	-	-	1,006,190,587.35	196,616,427.46	195,929,818.05	-	539,838,100.57	2,840,703,040.59
<b>III. Increase/decrease during the period</b>	-7,245,300.00	-	-	-	-168,935,873.36	210,279,543.51	-771,681.33	-	-	-1,046,562,199.91
(“-” represents decreases)										
(I) Total comprehensive income										
(II) Capital contributed and reduced by shareholders	-7,245,300.00	-	-	-	-168,935,873.36	210,279,543.51	-771,681.33	-	-	-1,046,562,199.91
1. Ordinary shares contributed by shareholders										
2. Capital contributed by holders of other equity instruments										
3. Share-based equity-settled payments										
4. Others										
(III) Profit distribution	-7,245,300.00	-	-	-	-168,935,873.36	-176,181,173.36	-	-	-982,059,732.50	-982,059,732.50
1. Transfer of surplus reserve										
2. Provision to general risk reserve										
3. Distribution to shareholders										
4. Others										
(IV) Internal transfer within shareholders' equity										
1. Transfer of capital reserve to share capital										
2. Transfer of surplus reserve to share capital										
3. Compensate losses										
4. Changes in defined benefit plans transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special reserve										
1. Extraction during the period										
2. Amount used during the period										
(VI) Others										
<b>(IV) Balance as at the End of the Period</b>	904,100,430.00	-	-	-	837,254,713.99	406,895,970.97	195,158,136.72	-	539,838,100.57	1,794,140,840.68
										3,865,596,250.99

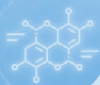
Unit: RMB

*Chairman of the Board and Legal Representative:*  
Zhu Baoguo

*Executive Director and President:*  
Tang Yanggang

*Chief Financial Officer:*  
Si Yanxia

*Head of Accounting Department:*  
Si Yanxia



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## I. BASIC INFORMATION OF THE COMPANY

In March 1992, Livzon Pharmaceutical Group Inc. (麗珠醫藥集團股份有限公司) (hereinafter referred to as the "Company") was transformed into a company limited by shares by directed placement, with seven companies namely, Macau Nam Yue (Group) Co., Ltd. (澳門南粵(集團)有限公司), Zhuhai Credit Cooperative Union (珠海市信用合作聯社), Guangdong Medicine Group Co., Ltd. (廣東省製藥工業公司), Zhuhai Medicine Corporation (珠海市醫藥總公司), Guangzhou Medicines & Health Products Imp. & Exp. Corp. (廣州醫藥保健品進出口公司), Zhuhai branch of Bank of China (中國銀行珠海市分行) and Zhuhai Guihua Employees Mutual Aid Association (珠海桂花職工互助會) as its promoters to make share contribution by converting their net assets in their original sino-foreign joint ventures with limited liability into consideration, and by directed placement from other domestic legal persons and internal staff pursuant to the approval document [1992] No. 29 issued by Zhuhai Economic System Reform Commission (珠海市經濟體制改革委員會) and the approval document [1992] No. 45 jointly issued by Joint Examination Group for Pilot Joint Stock Enterprise in Guangdong Province (廣東省企業股份制試點聯審小組) and Guangdong Economic System Reform Committee (廣東省經濟體制改革委員會).

In 1993, pursuant to Yue Zheng Jian Fa Zi [1993] No. 001 document (粵證監發字[1993] 001號文) issued by Guangdong Securities Regulatory Commission (廣東省證券監督管理委員會), Shen Ren Yin Fu Zi [1993] No. 239 document (深人銀覆字[1993]第239號文) issued by Special Economic Zone branch of the People's Bank of China (中國人民銀行深圳經濟特區分行) and Zheng Jian Fa Shen Zi [1993] No. 19 documents (證監發審字[1993] 19號文) issued by China Securities Regulatory Commission, the Company was listed on the Shenzhen Stock Exchange.

In 1998, the promoters of the Company, namely Zhuhai Credit Cooperative Union (珠海市信用合作聯社), Guangdong Medicine Group Co., Ltd. (廣東省製藥工業公司), Zhuhai Guihua Employees Mutual Aid Association (珠海桂花職工互助會) and Zhuhai branch of Bank of China (中國銀行珠海市分行) entered into an equity transfer agreement with China Everbright (Group) Corporation (中國光大(集團)總公司), respectively, and transferred all their shares to China Everbright (Group) Corporation (中國光大(集團)總公司). Upon completion of the transfer, China Everbright (Group) Corporation (中國光大(集團)總公司) held 38,917,518 domestic legal person shares of the Company. Macau Nam Yue (Group) Co., Ltd. (澳門南粵(集團)有限公司), the foreign promoter of the Company, entered into an equity transfer agreement with China Everbright Pharmaceutical Co., Ltd. (中國光大醫藥有限公司), and transferred all of the 18,893,448 foreign-invested legal person shares held by it to China Everbright Pharmaceutical Co., Ltd. (中國光大醫藥有限公司).

On 12 April 2002, China Everbright (Group) Corporation (中國光大(集團)總公司) entered into an equity custody agreement with Xi'an Dongsheng Group Co., Ltd. (西安東盛集團有限公司), and assigned the 38,917,518 domestic legal person shares of the Company held by it in the custody of Xi'an Dongsheng Group Co., Ltd. (西安東盛集團有限公司). On 21 December 2004, Xi'an Dongsheng Group Co., Ltd. (西安東盛集團有限公司) accepted the transfer of 38,917,518 legal person shares of the Company held by China Everbright (Group) Corporation (中國光大(集團)總公司). As at 31 December 2004, China Everbright (Group) Corporation (中國光大(集團)總公司) did not hold any share in the Company, and Xi'an Dongsheng Group Co., Ltd. (西安東盛集團有限公司) directly held 38,917,518 legal person shares of the Company, representing 12.72% of the total share capital of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## I. BASIC INFORMATION OF THE COMPANY *(continued)*

On 4 February 2005, Joicare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司) (herein after referred to as "Joiicare Group") entered into an equity transfer agreement and an equity pledge agreement with Xi'an Dongsheng Group Co., Ltd. (西安東盛集團有限公司), pursuant to which, Xi'an Dongsheng Group Co., Ltd. (西安東盛集團有限公司) directly transferred and pledged the 38,917,518 domestic legal person shares of the Company (representing 12.72% of the total share capital of the Company) to Joicare Group. On 3 August 2006, the procedures for the transfer of the 38,917,518 domestic legal person shares to Joicare Group were completed.

As at 31 December 2012, Joicare Group and its subsidiaries held a total of 140,122,590 shares of the Company through transfer agreements and direct purchase from the secondary market, representing 47.3832% of the total share capital of the Company, therefore it became the largest shareholder of the Company and had de facto control in the Company. Of which, 6,059,428 legal person shares held in the name of Guangzhou Begol Trading Holdings Limited (廣州市保科力貿易公司) did not complete the procedures for the transfer to Joicare Group.

As at 30 June 2025, the share capital of the Company was RMB904,100,430.

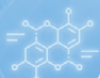
The place of incorporation and the head office of the Company are located in 38 Chuangye North Road, Jinwan District, Zhuhai City.

The Company is engaged in the pharmaceutical manufacturing industry.

The nature of business and principal activities of the Company and its subsidiaries: primarily engaged in the R&D, production and sale of pharmaceutical products, which covered drug preparation products, active pharmaceutical ingredients ("APIs") and intermediates as well as diagnostic reagents and equipment and also included a wide range of therapeutic fields such as gastroenterology, assisted reproduction, psychiatry and tumor immunity.

During the Reporting Period, there was no change in the principal activities of the Company.

The financial statements and notes to the financial statements of the Company were approved at the 26th meeting of the 11th session of the Board on 20 August 2025.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## II. BASIS OF PREPARATION FOR THE FINANCIAL STATEMENTS

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

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

The Company's accounting is measured on an accrual basis. Except for certain financial instruments, these financial statements are generally measured at historical cost. In case of asset impairment, the Group shall make provisions for impairment in accordance with applicable provisions.

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Company determines capitalization condition of R&D expenses and revenue recognition policies on the basis of its production and operation characteristics. Details of accounting policies are set out in Note III. 22 and Note III. 29.

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

The financial statements comply with the Accounting Standards for Business Enterprises, which gave a true and complete view of the consolidated and the Company's financial position as at 30 June 2025, and the consolidated and the Company's operating results and the consolidated and the Company's cash flow and other relevant information from January to June 2025.

### 2. Accounting period

The accounting period of the Company is classified into an accounting year and an interim accounting period. An interim accounting period refers to a reporting period shorter than an accounting year. The accounting year of the Company is from 1 January to 31 December in each calendar year.

### 3. Business cycle

A business cycle of the Company consists of 12 months, which is the classification standard for the liquidity of assets and liabilities.

### 4. Functional currency

The Company and its domestic subsidiaries use RMB as their functional currency according to the primary economic environment in which they operate. The functional currency of the Company and its domestic subsidiaries is RMB. Overseas subsidiaries of the Company usually recognise HK dollar, Macau dollar, Indonesian rupiah and US dollar as their functional currencies according to the primary economic environment in which these subsidiaries operate. The Company prepares its financial statements in RMB.

# NOTES TO THE FINANCIAL STATEMENTS

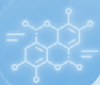
From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 5. Methods for determining materiality criteria and basis for selection

Item	Materiality criteria
Material receivables for which provision for bad debt has been made on individual basis	The amount of individual provision accounts for more than 5% of the total amount of each category of receivables and the amount exceeds RMB50 million
Write-off of material receivables in the Period	The amount of individual write-off accounts for more than 5% of the total amount of each category of receivables and the amount exceeds RMB50 million
Material construction in progress	The budgeted investment amount of individual project accounts for more than 5% of the total consolidated assets and the amount exceeds RMB100 million
Material contract liabilities aged over one year	Contract liabilities aged over one year account for more than 10% of the total contract liabilities and the amount exceeds RMB50 million
Material accounts payable and other payables aged over one year	Accounts payable/other payables with an individual age of over one year account for more than 10% of the total accounts payable/other payables and the amount exceeds RMB50 million
Material non-wholly owned subsidiaries	One or all of the total assets, operating income and net profit (or absolute loss) of a subsidiary account for more than 10% of the corresponding items in the consolidated financial statements
Material capitalized R&D items	The closing balance of individual project accounts for more than 10% of the closing balance of development expenditure and the amount exceeds RMB100 million
Material investing activities items	Individual investment activity accounts for more than 10% of the total cash inflow or outflow related to investment activities received or paid and the amount exceeds RMB100 million
Material joint ventures or associates	The book value of long-term equity investment in individual investee accounts for more than 3% of the total consolidated net assets and the amount exceeds RMB500 million, or the investment profit or loss under the equity method of long-term equity investment accounts for more than 10% of the consolidated net profit



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

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

#### (1) Business combinations involving enterprises under common control

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 6. Accounting treatment for business combinations involving enterprises under common control and business combinations involving enterprises not under common control (continued)

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

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

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

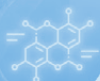
Business combination involving enterprises not under common control and achieved in a number of transactions

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

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

#### (3) Transaction fees attribution during the business combination

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



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 7. Judgment criteria for control and preparation of consolidated financial statements

#### (1) Judgment criteria for control

The scope of consolidated financial statements is determined based on control. Control means the Company has exposures or rights to variable returns from its involvement with an investee and the ability to affect those returns through power over such investee. The Company will reassess when changes in relevant elements involved in the definition of control are caused by changes in relevant facts and circumstances.

In determining whether to incorporate structured entities into the scope of consolidation, the Company assesses whether it controls the structured entities based on all facts and circumstances, including the assessment of the purpose and design of the establishment of the structured entities, the identification of the types of variable returns, and whether they have assumed some or all of the variable returns through their involvement in the relevant activities.

#### (2) Method for preparation of the consolidated financial statements

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## **III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** *(continued)*

### **7. Judgment criteria for control and preparation of consolidated financial statements** *(continued)*

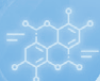
#### **(3) Purchase of minority interests in the subsidiaries**

The difference between the long-term equity investments costs acquired by the purchase of minority interests and the share of the net assets that the subsidiaries continue to calculate from the date of purchase or the date of consolidation in proportion to the new shareholding ratio, and the difference between the disposal of some equity investment without losing control over its subsidiaries and the disposal of the long-term equity investment corresponding to the share of the net assets of the subsidiaries from the date of purchase or the date of consolidation, shall be adjusted against share premium under the capital reserve in the consolidated balance sheet, with any excess adjusted against retained earnings.

#### **(4) Treatment of loss of control of subsidiaries**

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

Other comprehensive income in relation to the original subsidiary's equity investment shall be accounted for on the same accounting treatment as direct disposal of relevant asset or liability by the original subsidiary when the control is lost and other changes in equity interest attributable to the owners related to the original subsidiary involving accounting for using the equity method shall be transferred to profit or loss for the current period when the control is lost.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 7. Judgment criteria for control and preparation of consolidated financial statements

*(continued)*

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

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

- ① Such transactions are entered into simultaneously or upon the consideration of the mutual impacts;
- ② No complete commercial result will be realised without such transactions as a whole;
- ③ The occurrence of one transaction depends on the occurrence of at least another transaction;
- ④ The result of an individual transaction is not economical, but it would be economical after taken into account of other transactions in the series.

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

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

- ① In case the transactions are “a basket of transactions”, such difference is recognised as the other comprehensive income and will be carried forward to the profit or loss for the current period when the control is lost.
- ② In case the transactions are not “a basket of transactions”, such difference is accounted into share premium under the capital reserve as equity, and shall not be carried forward to the profit or loss for the current period when the control is lost.

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

#### (1) Joint operation

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

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

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

#### (2) Joint ventures

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

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

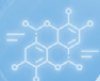
### 9. Standards for determination of cash and cash equivalents

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

### 10. Foreign currency business and translation of financial statements in foreign currency

#### (1) Foreign currency business

Foreign currency transactions incurred by the Company are translated to the functional currency at the spot exchange rates on the date of the transactions upon initial recognition, which is normally the median exchange rate quoted by the People's Bank of China on that day with the same below; provided that the foreign currency exchange business or the transactions involving foreign currency exchange incurred by the Company are translated to the functional currency at the actual exchange rates.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 10. Foreign currency business and translation of financial statements in foreign currency *(continued)*

#### (1) Foreign currency business *(continued)*

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

#### (2) Translation of financial statements in foreign currency

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

The revenue and expenses in the income statement are translated at the spot exchange rate on the transaction date.

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

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

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

### 11. Financial instruments

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

#### (1) Recognition and derecognition of financial instruments

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 11. Financial instruments (continued)

#### (1) Recognition and derecognition of financial instruments (continued)

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

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

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

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

#### (2) Classification and measurement of financial assets

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

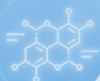
Financial assets are measured at fair value on initial recognition. The relevant transaction cost of financial assets at fair value through profit or loss is directly recognised in profit or loss for the current period, and that of other types of financial assets is included in the initial recognition amount. Accounts receivables arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Company.

##### ① Financial assets at amortised cost

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 11. Financial instruments (continued)

#### (2) Classification and measurement of financial assets (continued)

##### ② Financial assets at fair value through other comprehensive income

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

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

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

##### ③ Financial assets at fair value through profit or loss

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 11. Financial instruments (continued)

#### (2) Classification and measurement of financial assets (continued)

##### ③ Financial assets at fair value through profit or loss (continued)

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

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

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

#### (3) Classification and measurement of financial liabilities

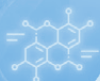
On initial recognition, the Company's financial liabilities are classified into financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. For financial liabilities not classified as financial liabilities at fair value through profit or loss, the relevant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

##### ① Financial liabilities at fair value through profit or loss

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

##### ② Financial liabilities at amortised cost

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



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 11. Financial instruments (continued)

#### (3) Classification and measurement of financial liabilities (continued)

- ③ Distinction between financial liabilities and equity instruments

Financial liability refers to a liability that meets one of following criteria:

- A. Contractual obligation to deliver cash or other financial assets to other parties.
- B. Under any potential adverse condition, contractual obligation to exchange financial assets or financial liabilities with other parties.
- C. A non-derivative contract that will or may be settled in the entity's own equity instruments for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.
- D. A derivative contract that will or may be settled in the entity's own equity instruments, except for derivative instrument contracts that exchange a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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

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

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

#### (4) Derivative financial instruments and embedded derivatives

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 11. Financial instruments (continued)

#### (4) Derivative financial instruments and embedded derivatives (continued)

For the hybrid instrument which includes embedded derivatives, where the host contract is a financial asset, requirements in relation to the classification of financial assets shall apply to the hybrid instrument as a whole. Where the host contract is not a financial asset, and the hybrid instrument is not measured at fair value through the profit and loss for accounting purposes, there is no close relation between the embedded derivatives and the host contract in terms of economic features and risks, and if the instrument is subject to the same conditions as the embedded derivatives, exists independently and meets the definition of derivatives, the embedded derivatives shall be separated from the hybrid instrument and treated as separate derivative financial instruments. If it is unable to separately measure the embedded derivatives upon acquisition or on the subsequent balance sheet date, the hybrid instrument shall be entirely designated as a financial asset or financial liability at fair value through the profit and loss.

#### (5) Fair value of the financial instrument

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

#### (6) Impairment of financial assets

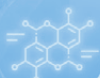
The following items are subject to impairment accounting and recognition of loss allowances based on expected credit losses:

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

#### Measurement of expected credit loss (ECL)

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

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



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 11. Financial instruments *(continued)*

#### (6) Impairment of financial assets *(continued)*

##### **Measurement of expected credit loss (ECL) *(continued)***

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

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

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

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

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

For bills receivable, accounts receivables, receivables financing, other receivables, contract assets and others, if the credit risk characteristics of a customer are significantly different from other customers in the portfolio, or if there is a significant change in the credit risk characteristics of the customer, the Company makes bad debt provision for the accounts receivables on individual basis. Except for accounts receivables for which bad debt provision is made on individual basis, the Company classifies accounts receivables into portfolios based on credit risk characteristics, and measures bad debt provision on portfolios basis.

##### **Bills receivable, accounts receivables and contract assets**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 11. Financial instruments (continued)

#### (6) Impairment of financial assets (continued)

##### Bills receivable, accounts receivables and contract assets (continued)

##### A. Bills receivable

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

##### B. Accounts receivables

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

##### Contract assets

- Contract assets portfolio: Sale of products

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

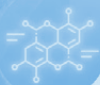
For accounts receivables classified into portfolios, the Company measures expected credit losses through preparing a table of concordance between the aging of accounts receivables and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions. The aging of accounts receivables is calculated from the date of billing.

##### Other receivables

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 11. Financial instruments (continued)

#### (6) Impairment of financial assets (continued)

##### Debt investments and other debt investments

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

##### Assessment of significant increase in credit risk

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 11. Financial instruments (continued)

#### (6) Impairment of financial assets (continued)

##### Credit-impaired financial assets

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

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

##### Presentation of allowance for ECL

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

##### Write-off

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

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



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 11. Financial instruments *(continued)*

#### (7) Transfer of financial assets

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

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

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it shall be treated as follows: if the Company has forgone control over the financial asset, it should derecognise the financial asset and recognise the assets and liabilities generated; if the Company retains its control over the financial asset, it should recognise the financial asset to the extent of its continuing involvement in the transferred financial asset and recognise the relevant liability accordingly.

#### (8) Offsetting financial assets and financial liabilities

When the Company has the legal right to offset recognised financial assets and financial liabilities, and the legal right can be executed at present, and the Company has a plan to settle by net amount or to realize the financial assets and repay the financial liabilities at the same time, the financial assets and financial liabilities will be offset and the net amount will be presented in the balance sheet. Otherwise, the financial assets and financial liabilities shall be presented separately in the balance sheet and cannot be offset.

### 12. Fair value measurement

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

The Company measures the relevant asset or liability at fair value assuming the orderly transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability. In the absence of such a principal market, the Company assumes that the transaction takes place at the most advantageous market for the relevant asset or liability. A principal market (or the most advantageous market) is the transaction market that the Company can enter into at the measurement date. The Company adopts the same hypothesis which would be used by the market participants in asset or liability pricing to maximize their economic benefit.

If there is an active market for the financial asset or financial liability, the Company uses the quotation on the active market as its fair value. For financial instrument without an active market, the Company uses valuation technique to recognise its fair value. However, under limited circumstances, the Company may use all information about the results and operation of the investee obtained after the date of initial recognition to determine whether the cost represents its fair value. Cost may represent the best estimate of fair value of the relevant financial asset within the scope of distribution, and such cost represents the appropriate estimate of fair value within the scope of distribution.

For non-financial assets measured at fair value, the Company takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 12. Fair value measurement (continued)

The Company uses the valuation techniques that are appropriate in the circumstances and for which sufficient data and other information available, and maximizes the use of relevant observable inputs, while unobservable inputs will be used only when the observable inputs cannot or impracticable to be obtained.

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

At each balance sheet date, the Company re-assesses the assets and liabilities measured at fair value on continuing basis recognised in the financial statements to determine whether any transfer occurs between fair value hierarchies.

### 13. Inventories

#### (1) Classification of inventories

The Company's inventories include, among others, raw materials, packaging materials, work in progress, finished goods, subcontracting materials and low-value consumables.

#### (2) Method of costing for inventory acquisition and distribution

Inventories are measured at actual cost on acquisition. Cost of inventories comprises actual costs of purchase and which incurred in bringing the inventories to their present location and condition. Cost of distribution of inventories is calculated using the weighted average cost method. Low-value consumables and packaging materials are amortised in full upon the use.

#### (3) The underlying factors in the determination and the basis of provision for diminution in value of inventories

On the balance sheet date, the inventories are calculated at the lower of cost and the net realisable value. When the net realisable value is lower than the cost, the provision for diminution in value of inventories is made.

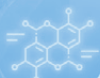
Net realisable value is the estimated selling price less the estimated costs of completion, selling expenses and related taxes. The net realisable value of inventories is determined based on objective evidence, and consideration will be given to the purpose of holding the inventories and the effects of the events after balance sheet date.

The Company usually makes provision for diminution in value of inventories on an item-by-item basis. For large volume inventories with low unit price, the provision for diminution in value of inventories is made by categories.

At the balance sheet date, if the factors that previously give rise to the write-down of inventories no longer exist, the provision for diminution in value of inventories should be reversed within the amount of the provision that has been made.

#### (4) Inventory system

The Company maintains a perpetual inventory system.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 13. Inventories *(continued)*

#### (5) Amortisation methods for low-value consumables

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

### 14. Assets held for sale and discontinued operations

#### (1) Standards for determination and accounting treatment for non-current assets or the disposal group classified as held for sale

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 14. Assets held for sale and discontinued operations (continued)

#### (1) Standards for determination and accounting treatment for non-current assets or the disposal group classified as held for sale (continued)

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

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

- ① The carrying amount of the asset of disposal group before it was classified into the held-for-sale category after being adjusted with the depreciation, amortisation or impairment that could have been recognized if it was not classified into the held-for-sale category;
- ② The recoverable amount.

#### (2) Recognition standards of discontinued operation

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

- ① The component represents an independent principal business or a separate principal business place.
- ② The component is a part of the related plan for the contemplated disposal of an independent principal business or a separate principal business place.
- ③ The component is a subsidiary acquired exclusively for the purpose of resale.

#### (3) Presentation

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

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



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 14. Assets held for sale and discontinued operations (continued)

#### (3) Presentation (continued)

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

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

### 15. Long-term equity investment

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

#### (1) Determination of initial investment cost

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 15. Long-term equity investment (continued)

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

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

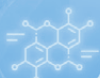
If the Company is able to exert significant influence or implement joint control (which does not constitute control) on the investee through additional investment or other reason, the sum of the fair value of the original equity plus the additional investment cost will be used as the initial investment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

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

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

If the shareholding ratio of the Company is reduced due to the increase of capital of other investors, and thus the control is lost, but the joint control or significant influence can be exerted on the investee, the Company should recognise the net assets increased due to the capital increase of the investee according to the new shareholding ratio. The difference between the original book value of the long-term equity investment corresponding to the decrease in the shareholding ratio should be included in the current profit and loss; then, according to the new shareholding ratio, the investment shall be deemed to be adjusted under equity method since the acquisition date.

The Company recognises the unrealized profit or loss of intra-transaction with associates and joint ventures that belongs to itself according to the percentage of shareholding and recognises the investment gains or losses after offset. However, the loss arising from the unrealized intra-transaction between the Company and investees, which belongs to the impairment loss of assets transferred, cannot be offset.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 15. Long-term equity investment *(continued)*

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

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

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

#### (4) Held-for-sale equity investment

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

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

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

#### (5) Methods for impairment test and impairment provision

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

### 16. Investment properties

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 17. Fixed assets

#### (1) Conditions for recognition of fixed assets

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

The fixed asset can be recognised only when it is probable that the related economic benefits will flow to the entity and the cost of the fixed asset can be reliably measured.

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

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

#### (2) Depreciation methods of fixed assets

Fixed assets are depreciated using the equal annual instalment method. Fixed assets start to be depreciated when the assets are ready for their intended use and stop to be depreciated when the assets are derecognised or classified as held-for-sale non-current assets. For those fixed assets without considering impairment provision, the Company's annual depreciation rates are shown as follows according to the category, expected useful lives and estimated net residual values rates:

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

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

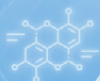
#### (3) Refer to Note III. 23 for the impairment testing and the impairment provision of fixed assets.

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

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

#### (5) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 18. Construction in progress

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

Construction in progress is transferred to fixed assets when the assets are ready for their intended use.

The standards for transfer of construction in progress of the Company to fixed assets are as follows:

Category	Standards for transfer to fixed assets
Properties and buildings	(1) the main construction works and ancillary works have been substantially completed; (2) the construction project meets the pre-determined design requirements and it has been inspected and accepted by survey, design, construction, supervision and other entities; (3) they have been inspected and accepted by departments such as fire protection department, land and resources department, planning department; (4) they have passed the on-site GMP inspection and received the certificate of GMP compliance inspection if they are subject to GMP certification; (5) if the construction projects reach the expected usable state but has not yet completed the final account, they will be transferred to fixed assets at the estimated value based on the actual cost of construction from the date when they reach the expected usable state.
Production and ancillary equipment subject to installation and commissioning	(1) the relevant equipments and other ancillary facilities have been installed; (2) the equipments can maintain a normal and stable operation over a period of time after commissioning; (3) production equipments are able to steadily produce qualified products over a period of time; (4) the equipments have been inspected and accepted by asset management personnel and users; (5) they have passed GMP on-site inspection and received the certificate of GMP compliance inspection if they are subject to GMP certification.

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

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 19. Borrowing costs

#### (1) Recognition principle of capitalization of borrowing costs

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

- ① Expenditures for the asset incurred, capital expenditure includes the expenditure in the form of cash payment, transfer of non-cash assets or the interest-bearing liabilities for the purpose of acquiring, constructing or producing assets eligible for capitalization;
- ② Borrowing costs incurred;
- ③ Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

#### (2) Capitalization period of borrowing costs

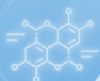
Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The borrowing cost incurred after that is recognised as an expense to the extent that occurred and included in profit or loss for the current period.

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

#### (3) Calculation of the capitalization rate and amount of borrowing costs

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

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



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 20. Biological assets

#### (1) Determination of biological assets

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

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

#### (2) Classification of biological assets

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

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

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

#### (3) Impairment of biological assets

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

### 21. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the enterprise. An intangible asset is recognised only when all of the following conditions are satisfied:

- ① It is probable that the economic benefits associated with the intangible assets will flow to the enterprise;
- ② The cost of the intangible asset can be reliably measured.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 21. Intangible assets (continued)

Intangible assets are initially measured at actual cost.

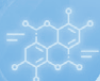
- ① Where the payment for acquisition of an intangible asset is postponed beyond the normal credit terms, which substantially constitutes a financing transaction, the present value of the purchase price will be recognised as the cost of intangible assets.
- ② The intangible assets acquired from debtor under debt restructuring are stated at the fair value, and the difference between the carrying amount of the restructured debt and the fair value of the intangible assets acquired from debtor under debt restructuring is recognised in the profit or loss for the current period. For non-monetary assets exchange with commercial substance, if the fair value of the assets received or transferred can be reliably measured, the intangible assets received in the exchange of non-monetary assets shall normally be stated at the fair value of the assets transferred, unless there is objective evidence indicating that the fair value of the assets received is more reliable; for the exchange of non-monetary assets that does not meet the above conditions, the cost of intangible assets received is recognised at the carrying amount of the assets transferred with the relevant taxes, hence no gains or losses shall be recognised.
- ③ The intangible assets acquired in the business combinations under common control are stated at the carrying amount of the intangible assets of the acquiree. The intangible assets acquired in the business combinations not under common control are recognised at its fair value.

The Company shall make judgement to determine the useful life of intangible assets upon acquisition based on its analysis. For intangible assets with finite useful life, the useful life shall be estimated from its length of service, its output in the future or other similar factors involved. When there is no foreseeable limit to the period over which an intangible asset is expected to generate economic benefits for the enterprise, it is regarded as having an indefinite useful life.

Amortisation of intangible assets: intangible assets with finite useful life are amortised in the profit or loss using the straight-line method over the estimated useful life. An intangible asset with indefinite useful life is not amortised. The useful life for an intangible asset with a finite useful life and the method of amortisation are reviewed by the Company at least once at the end of each financial year. If the useful life and amortisation method for the intangible assets are different from the previous estimate, the change of amortisation is recognised prospectively.

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

Category	Useful life	Basis for determining useful life	Amortisation	Notes
Land use rights	50 years	Registration period of land use rights certificate	Equal annual instalment method	
Patent and technical know-how	1-10 years	The shorter of the expected period of benefits and the patent validity period	Equal annual instalment method	
Software	2-5 years	Expected period of benefits	Equal annual instalment method	
Trademark rights	5 years	The shorter of the expected period of benefits and the trademark validity period	Equal annual instalment method	
Others	10 years	Expected period of benefits	Equal annual instalment method	



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 21. Intangible assets *(continued)*

When it is estimated that an intangible asset can no longer bring future economic benefits to the enterprise on the balance sheet date, the carrying amount of the intangible asset should be reversed to the profit or loss for the current period.

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

### 22. Research and development expenditure

The Company's research and development expenses are expenses directly related to the Company's research and development activities, including the compensation of research and development employee, direct investment expenses, depreciation expenses and long-term deferred expenses, equipment commissioning expenses, amortisation expenses of intangible asset, outsourced external research and development expenses, clinical trial expenses, other expenses, etc. Shared equipment, production lines and sites for research and development activities and other production and operation activities are included in research and development expenses according to the allocation of the proportion of working hours and area.

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

Expenditures on the research phase refer to the costs incurred for original, exploratory and planned researches with the prospect of gaining new scientific or technical knowledge and understanding to collect data and prepare for further development activities. There is great uncertainty as to whether research in progress can move onto development phase and whether intangible assets can be created at the end of the development phase. Expenditures on the research phase shall be recognised in the profit or loss for the current period when incurred.

Expenditures on the development phase refer to the cost incurred for applying research findings or other knowledge to a plan or design to produce new materials, devices, products or make substantial improvement thereof before the commercial production or use. In the development phase, facilitating by the works conducted during the research phase, the Company shall be capable to demonstrate the feasibility of creating new products or new technologies. Expenditures on the development phase will be capitalized only when all of the following conditions are satisfied: it is technically feasible to complete the intangible asset so that it will be available for use or sale; the Company intends to complete the intangible asset and use or sell it; it can be demonstrated how the intangible asset will generate economic benefits, including proving that the intangible assets or the products produced by it will have markets, or the intangible assets for internal use will be useful; there are adequate technical, financial and other resources to complete the development and the Company is able to use or sell the intangible assets; and expenditures on the development phase attributable to the intangible assets can be reliably measured. The development expenditures that do not satisfy the above conditions shall be recognised in the profit or loss for the current period.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 22. Research and development expenditure (continued)

Capitalisation conditions for specific research and development projects are as follows: upon obtaining relevant approvals, such as the "Clinical Test Approval (臨床試驗批件)", "Drug Registration Approval (藥品註冊批件)" obtained in accordance with the Provisions for Drug Registration (《藥品註冊管理辦法》) promulgated by the State Food and Drug Administration or approvals issued by international drug administration institutions, or satisfying the conditions of pilot in research and development projects, after considering both the research and development process of the pharmaceutical industry and the Company's own research and development features, the expenses occurred after obtaining such approval or commencing the pilot may be capitalized as research and development expenses provided that the conditions for development are satisfied according to the Company's assessment; the remaining research and development expenditures will be charged to research and development expenses; and the purchase price of any production technology or formulation acquired externally is recognised as development expenses and any project requiring further research and development is recognised according to the standards as mentioned above.

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

### 23. Impairment of assets

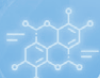
The impairment of the long-term equity investments in subsidiaries, associates and joint ventures, investment properties subsequently measured at cost, fixed assets, construction in progress, right-of-use assets, intangible assets, goodwill, etc. (excluding inventories, deferred income tax assets and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

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

The recoverable amount of an asset is determined by the higher amount of its fair value less disposal costs and the present value of future cash flows expected to be derived from the assets. The Company estimates the recoverable amount based on individual asset; for an individual asset which is difficult to estimate the recoverable amount, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The determination of an asset group is based on whether major cash inflows generated by the asset group are independent of the cash inflows from other assets or asset groups.

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

In terms of impairment test of the goodwill, the carrying amount of the goodwill arising from business combination shall be allocated to the related asset groups on a reasonable basis from acquisition date; where it is difficult to allocate to the related asset groups, it is allocated to the combination of related asset groups. The related asset groups or combination of asset groups are those which can benefit from the synergies of the business combination and are not larger than the reportable segments identified by the Company.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 23. Impairment of assets *(continued)*

In the impairment test, if there is any indication that an asset group or a combination of asset groups related to goodwill may be impaired, the Company first tests the asset group or combination of asset groups excluding goodwill for impairment, calculates the recoverable amount and recognises the corresponding impairment loss. An impairment test is then carried out on the asset group or combination of asset groups containing goodwill by comparing its carrying amount with its recoverable amount. If the recoverable amount is lower than the carrying amount, an impairment loss is recognised for goodwill.

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

### 24. Long-term deferred expenses

The Company's long-term deferred expenses are measured at actual cost and evenly amortized on straight-line basis over the expected beneficial period. For the long-term deferred expense items that cannot benefit the subsequent accounting periods, their amortized value shall be entirely included in the profit or loss for the current period.

### 25. Employee compensation

#### (1) The scope of employee compensation

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

According to liquidity, employee compensation is presented separately as "employee benefits payables" item and "long-term employee benefits payables" item in the balance sheet.

#### (2) Short-term employee compensation

During the accounting period in which the employees render the related services, actually incurred wages, bonuses, social insurance contributions (including medical insurance fees, work-related injury insurance fees, maternity insurance fees, etc.) and housing provident fund are recognised as liability and included in the profit or loss for the current period or related asset costs.

#### (3) Post-employment benefits

Post-employment benefit plans mainly include defined contribution plans. Defined contribution plans refer to the post-employment benefit plans under which an entity pays fixed contributions into a separate fund and will have no obligation to pay further contributions. The Company is only involved in defined contribution plans.

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

During the accounting period in which the employees render services, the amount payable calculated according any defined contribution plan is recognised as a liability and included in the profit or loss for the current period or related asset costs.

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 25. Employee compensation *(continued)*

#### (4) Termination benefits

When the Company provides termination benefits to employees, employee compensation liabilities arising from termination benefits are recognised and included in the profit or loss for the current period at the earlier of the following dates: when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; the Company recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

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

#### (5) Other long-term benefits

When other long-term employee benefits provided to the employees by the Company meet the conditions of a defined contribution plan, those benefits shall be accounted for in accordance with the relevant provisions of the above defined contribution plans.

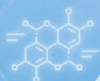
### 26. Provisions

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

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

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

If all or some expenses incurred for settlement of recognised provisions are expected to be borne by a third party or another party, the compensation amount shall, on a recoverable basis, be recognised as asset separately, and compensation amount recognised shall not be more than the carrying amount of the liability recognised.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 27. Share-based payment and equity instruments

#### (1) Category of share-based payment

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

#### (2) Determination of fair value of equity instrument

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 27. Share-based payment and equity instruments (continued)

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

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

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

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

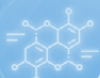
For share-based payment transactions involving the Company and the shareholders or the actual controller of the Company, the settlement enterprise and the enterprise receiving services (one under the Company while the other external to the Company) shall follow the requirements below to conduct accounting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

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

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

- ② Where an enterprise receiving services has no settlement obligations or grants its own equity instruments to employees, such share-based payment transaction will be treated as equity-settled share-based payment; where an enterprise receiving services has settlement obligations and grants equity instruments (other than its own) to employees, such share-based payment transaction will be treated as cash-settled share-based payment.

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



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 28. Preferred shares, perpetual bonds and other financial instruments

#### (1) Distinction between financial liabilities and equity instruments

The Company classifies the financial instrument or its components as financial assets, financial liabilities or equity instruments at the initial recognition based on the contract terms of the issued financial instruments and the economic substances they reflect, instead of only in legal form, and combining the definitions of financial assets, financial liabilities and equity instruments.

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

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

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

### 29. Revenue

#### (1) General principles

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

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

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

- ① When the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract.
- ② When the customer is able to control the commodity in progress in the course of performance by the Company under the contract.
- ③ The product produced by the Company under the contract is irreplaceable and the Company has the right to payment for performance completed to date during the term of the contract.

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 29. Revenue *(continued)*

#### (1) General principles *(continued)*

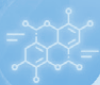
For a performance obligation satisfied over time, the Company shall recognise revenue over time by measuring the process towards complete satisfaction of the performance obligation. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to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

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

- ① The Company has the current right to receive payment for the goods or services, which is when the customer has the current payment obligations for the goods.
- ② The Company has transferred the legal title of the goods to the customer, which is when the customer possesses the legal title of the goods.
- ③ The Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods.
- ④ The Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtains all of the substantial risks and rewards of ownership of the goods.
- ⑤ When the customer has accepted the goods or services.
- ⑥ When other information indicates that the customer has obtained control of the goods.

A contract asset represents the Company's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditioned on factors other than passage of time, for which the impairment allowance for expected credit loss is recognised (see Note III. 11(6)). The Company shall present any unconditional (i.e. if only the passage of time is required) rights to consideration from the customer separately as a receivable. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

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



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 29. Revenue *(continued)*

#### (2) Specific methods

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

The credit period granted by the Company to various customers is consistent, and there is no significant financing component.

The cooperation model between the Company and its distributors is buy-out sales, and the sales revenue recognition under the distribution model is consistent with the direct sales model.

For sales with a sales return clause, revenue is recognised to the extent that it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The Company recognises liabilities according to the expected refund amount, and recognises the balance of the book value when the goods expected to be returned are transferred, net of the estimated costs to recover the goods (including the impairment of the value of the returned goods) as an asset.

### 30. Contract costs

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

Incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, e.g. an incremental sales commission. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other expenses incurred by the Company for obtaining the contract, except for the incremental costs expected to be recovered, are recognised in profit or loss for the current period when incurred.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 30. Contract costs (continued)

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

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

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

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

### 31. Government grants

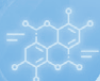
A government grant shall be recognised only when the enterprise can comply with the conditions attaching to the grant and the enterprise can receive the grant.

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 31. Government grants *(continued)*

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

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

### 32. Deferred income tax assets and deferred income tax liabilities

Income tax expense comprises current income tax expense and deferred income tax expense. Current income tax and deferred income tax are included in the profit or loss for the current period as tax expense, except for deferred income tax arising from a business combination, which is adjusted against the carrying amount of goodwill, and deferred income tax related to transactions or events that are directly recognised in shareholders' equity which are recognised directly in shareholders' equity.

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

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

- (1) The initial recognition of goodwill, and the initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit when the transaction occurs (except for a single transaction that gives rise to equal taxable temporary differences and deductible temporary differences arising from the assets and liabilities initially recognised);
- (2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- (1) The transaction is neither a business combination nor affects accounting profit or taxable profit when the transaction occurs (except for a single transaction that gives rise to equal taxable temporary differences and deductible temporary differences arising from the assets and liabilities initially recognised);
- (2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred income tax asset is recognised when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future, and it is probable that taxable profits will be available in the future, against which the temporary difference can be utilized.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 32. Deferred income tax assets and deferred income tax liabilities (continued)

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

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

At the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented on a net basis after offsetting when all the following conditions are met:

- (1) The taxpayer of the Company has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- (2) The deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same taxation authority on the same taxpayer within the Company.

### 33. Leases

#### (1) Identification of leases

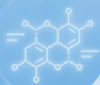
At the inception of a contract, the Company, as a lessee or lessor, assesses if the customer in a contract has the right to obtain substantially all the economic benefits from use of the identified assets and the right to direct the use of the identified assets in the period of use. The Company would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

#### (2) The Company as the lessee

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 33. Leases *(continued)*

#### (2) The Company as the lessee *(continued)*

##### **Short-term lease**

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

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

##### **Leases of low-value assets**

Leases of low-value assets refer to a lease with a value of less than RMB0.04 million when the individual leased asset is a brand-new asset.

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

For the leases of low-value assets, the Company chooses to adopt the above simplified treatment method in accordance with the specific conditions of each lease.

##### **Lease modification**

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(continued)

### 33. Leases (continued)

#### (3) The Company as the lessor

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

##### Finance leases

In a finance lease, the Company uses the net lease investment as the carrying amount of finance lease receivables at the inception of a lease. The net lease investment is the sum of the unguaranteed residual value and the present value of the outstanding lease payment at the inception of a lease, discounted using the interest rate implicit in the lease. The Company, as the lessor, calculates and recognises the interest income over each period of the lease term at a fixed periodic interest rate. Variable lease payments not included in the measurement of the net lease investment, which are obtained by the Company as a lessor, are recognised in profit or loss as incurred.

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

##### Operating leases

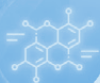
For the rental of operating leases, the Company recognises it in the profit or loss for the current period on a straightline basis over each period of the lease term. The initial direct cost incurred in connection with an operating lease shall be capitalized and amortised on the same basis for recognition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

##### Lease modification

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 34. Right-of-use assets

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

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

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

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

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

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

### 35. Repurchase of shares

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

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

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 36. Significant accounting judgements and estimates

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

#### (1) Classification of financial assets

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

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

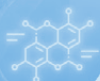
When assessing whether the contractual cash flows of financial assets are consistent with basic lending arrangement, the Company adopts the following significant judgements: whether the time distribution or amounts of the principal within the duration may change due to early repayment and other reasons;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

#### (2) Measurement of ECL for account receivables

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

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

The Company assesses whether there are any indicators of impairment for non-current assets other than financial assets as at the balance sheet date. For intangible assets that have not yet reached their usable status, in addition to the annual impairment test, when there are indications of impairment, an impairment test is also conducted. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value of future cash flows. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

*(continued)*

### 36. Significant accounting judgements and estimates *(continued)*

#### (4) Impairment of goodwill

The Company evaluates whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the asset groups to which the goodwill is allocated. In estimating the value in use, the Company needs to estimate the future cash flows generated from the asset groups and also to choose an appropriate discount rate in order to calculate the present value of the future cash flows.

#### (5) Development expenditure

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

#### (6) Deferred income tax assets

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

#### (7) Revenue recognition

As stated in Note III. 29, the Company makes the following significant accounting judgements and estimates in terms of revenue recognition: identifying customer contracts; estimating the recoverability of the considerations that are entitled to be obtained by transferring goods to customers; identifying the performance obligation in the contract; estimating the variable consideration in the contract and cumulative revenue recognised where it is highly probable that a significant reversal therein will not occur when the relevant uncertainty is resolved; assessing whether there is a significant financing component in the contract; estimating the individual selling price of the individual performance obligation in the contract, etc. The Company makes judgments primarily based on historical experiences and works. Changes in these significant judgments and estimates may have significant impacts on the operating income, operating costs, and profit or loss of the current or subsequent periods.

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

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

### 37. Changes in significant accounting policies and accounting estimates

#### (1) Changes in accounting policies

None.

#### (2) Changes in significant accounting estimates

None.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## IV. TAXATION

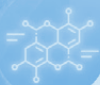
### 1. The main taxes and tax rates

Types of tax	Basis of taxation	Statutory tax rate (%)
Value added tax	Taxable value added amount	3, 6, 13
Urban maintenance and construction tax	Actual amount of turnover tax paid	1, 5, 7
Education surcharges	Actual amount of turnover tax paid	3
Local education surcharges	Actual amount of turnover tax paid	Note 1
Enterprise income tax	Taxable income	Note 2

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

*Note 2:* The enterprise income tax rates applicable to the Company and its subsidiaries are set out as follows:

Name of taxpayer	Income tax rate (%)
Livzon Pharmaceutical Biotechnology Co., Ltd. (麗珠醫藥生物科技有限公司), Lian Hong Kong Limited (麗安香港有限公司), Livzon Biologics Hong Kong Limited (麗珠生物科技香港有限公司)	16.5
Companhia de Macau Carason Limitada (澳門嘉安信有限公司), Li Zhu (Macau) Limitada (麗珠(澳門)有限公司), Macau Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (澳門麗珠中藥現代化科技有限公司)	0 or 12 (Tax rate is 12% where the taxable income is MOP0.6 million or more; for those with taxable income less than MOP0.6 million, they are exempted from income taxes.)
The Company and Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠), Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠), Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司), Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司), Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司), Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司), Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司), Shanghai Livzon Biotechnology Co., Ltd. (上海麗珠生物科技股份有限公司), Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (麗珠集團(寧夏)製藥有限公司), Zhuhai Lihe Medical Diagnostic Product Company Limited (珠海麗禾醫療診斷產品有限公司), Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (珠海市麗珠中藥現代化科技有限公司), Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (焦作麗珠合成製藥有限公司)	15
LIVZON MALAYSIA SDN. BHD.	17 or 24 (Tax rate is 17% where registered capital is less than RM2.5 million or initial profit is less than RM0.6 million; tax rate is 24% where registered capital is more than RM2.5 million or initial profit is more than RM0.6 million)
LIAN SGP HOLDING PTE. LTD	17
PT. LIVZON PHARMA INDONESIA	22
Livzon MABPharm (US) Inc. (麗珠單抗生物技術(美國)有限公司)	21
Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II, LIAN International Holding LTD	0
Other subsidiaries	25 or be entitled to preferential tax policies for small and low-profit enterprises



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## IV. TAXATION (continued)

### 2. Tax preference and approvals

#### (1) Preferential value added tax

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

#### (2) Preferential enterprise income tax

The Company and its subsidiaries, Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠), Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠), Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司), Sichuan Ugandan Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司) and Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司) have been entitled to the preferential income tax policies for high and new technology enterprises since 2023 for a valid period of three years; Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司) and Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司) has applied for review of high and new technology enterprises in the Period; Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (焦作麗珠合成製藥有限公司) and Shanghai Livzon Biotechnology Co., Ltd. (上海麗珠生物科技股份有限公司) have been entitled to the preferential income tax policies for high and new technology enterprises since 2024 for a valid period of 3 years; Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (麗珠集團(寧夏)製藥有限公司) was approved to be entitled to enjoy the enterprise taxation preference of the Encouraged Industries in Western China. Such companies were subject to an enterprise income tax rate of 15% for the Period.

In accordance with Article 27 of the Enterprise Income Tax Law of the People's Republic of China and Article 86 of the Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China, the business of planting Chinese herbal medicines engaged by the subsidiaries of the Company, Datong Livzon Qiyuan Medicine Co., Ltd. (大同麗珠芪源藥材有限公司) and Longxi Livzon Shenyuan Medicine Co., Ltd. (隴西麗珠參源藥材有限公司) are exempted from enterprise income tax.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Preferential Enterprise Income Tax Policies of the Guangdong-Macao In-depth Cooperation Zone of Hengqin (Cai Shui [2022] No. 19), qualified industrial enterprises located in the Guangdong-Macao In-depth Cooperation Zone of Hengqin will be subject to a reduced enterprise income tax rate of 15%. Zhuhai Lihe Medical Diagnostic Product Company Limited (珠海麗禾醫療診斷產品有限公司) and Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (珠海市麗珠中藥現代化科技有限公司) met relevant conditions, and were subject to an enterprise income tax rate of 15% for the Period.

According to the preferential tax policies for small low-profit enterprises, until 31 December 2027, the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB3 million is subject to enterprise income tax at a tax rate of 5%.

According to Indonesia's preferential tax policies for micro, small and medium – sized enterprises (MSMEs), for MSMEs, the part of their taxable income that does not exceed 4.8 billion Indonesian rupiah shall be subject to corporate income tax at a rate of 11%.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Monetary funds

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Cash on hand	176,533.29	155,198.45
Bank deposits	10,226,594,415.96	10,702,613,867.91
Other monetary funds	125,696,665.04	124,377,918.56
Total	10,352,467,614.29	10,827,146,984.92
Of which: Total amount of overseas deposits	2,270,438,593.74	1,397,909,086.05

- ① Other monetary funds are mainly deposits for investments.
- ② Bank deposits and restricted funds in other monetary funds were deducted from cash and cash equivalents in cash flow statement. Other than such funds, there are no other amounts subject to restricted uses under mortgage, pledge or lockup, kept outside China and having probable risks in its collection of the balance at the End of the Period. Below are the details of the use of restricted monetary funds:

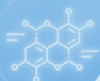
Item	Balance at the End of the Period	Balance at the End of the Previous Year
Deposits under guarantee	10,355,851.52	9,330,323.62

### 2. Financial assets held for trading

#### (1) Classification

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Financial assets measured at fair value through profit or loss for the current period	258,321,589.51	89,363,055.07
Of which: Fund	997,444.81	987,629.66
structured deposits	200,000,000.00	15,081,807.66
Equity instrument investments	56,535,180.88	72,993,949.73
Derivative financial assets	788,963.82	299,668.02
Total	258,321,589.51	89,363,055.07

- ① The Company's investments in equity instruments and certain debt instruments for financial assets held for trading at the End of the Period were listed for trading on stock exchanges such as Shenzhen Stock Exchange, The Stock Exchange of Hong Kong Limited and NASDAQ in the United States. Their fair value was determined based on the closing price on the last trading day in the Reporting Period.
- ② Derivative financial assets represent foreign currency forward contracts, futures contracts, gains from unexpired contracts measured at fair value was recognised as financial assets at balance sheet date.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 2. Financial assets held for trading *(continued)*

- (2) No restrictive financial asset measured at fair value through profit or loss was realised in the balance at the End of the Period.
- (3) There were no hedging instruments in the balance at the End of the Period and no hedging transactions occurred during the Period.

### 3. Bills receivable

Type of bills	Balance at the End of the Period			Balance at the End of the Previous Year		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Bank acceptance bills	1,143,554,768.40		1,143,554,768.40	1,313,604,720.17		1,313,604,720.17

#### (1) Pledged bills receivable at the End of the Period

Type	Pledged amount at the End of the Period
Bank acceptance bills	167,970,254.45

As at 30 June 2025, bills with carrying amount of RMB167,970,254.45 (31 December 2024: RMB282,356,860.08) were pledged for bank acceptance bills.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. Bills receivable (continued)

#### (2) Endorsed or discounted bills receivable not yet mature by the date of balance sheet at the End of the Period

Type	Amount derecognized at the End of the Period	Amount not derecognized at the End of the Period
Bank acceptance bills not yet mature but already endorsed	45,661,199.62	
Bank acceptance bills not yet mature but already discounted		
Total	45,661,199.62	

During the Period, the Company discounted bank acceptance bills of RMB0.00 (Previous Period: RMB0.00) to a bank.

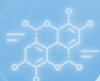
#### (3) There were no bills transferred into account receivables for non-performance by the issuer at the End of the Period.

#### (4) Classified according to the method of provision for bad debt

Category	Balance at the End of the Period				Balance at the End of the Previous Year				
	Book balance		Provision for bad debt		Book balance		Provision for bad debt		Carrying value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Provision for bad debt on individual basis									
Provision for bad debt on collective basis	1,143,554,768.40	100.00			1,313,604,720.17	100.00			1,313,604,720.17
Of which:									
Bank acceptance bills	1,143,554,768.40	100.00			1,313,604,720.17	100.00			1,313,604,720.17
Total	1,143,554,768.40	100.00			1,313,604,720.17	100.00			1,313,604,720.17

Bills receivable with provision for bad debt on individual basis:

Nil.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. Bills receivable (continued)

#### (4) Classified according to the method of provision for bad debt (continued)

Bills receivable with provision for bad debt on collective basis:

Item with provision on collective basis: Bank acceptance bills

Name	Balance at the End of the Period			Balance at the End of the Previous Year		
	Bills receivable	Provision for bad debt	Expected credit loss rate (%)	Bills receivable	Provision for bad debt	Expected credit loss rate (%)
Within 1 year	1,143,554,768.40			1,313,604,720.17		

#### (5) No provision for bad debt was made, recovered or reversed during the Period.

#### (6) No bills receivable was actually written-off during the Period.

### 4. Accounts receivables

#### (1) Disclosed using the aging analysis method

Aging	Balance at the End of the Period	Balance at the End of the Previous Year
Within 1 year		
Of which: Within 3 months (including 3 months)	2,051,969,522.79	1,784,642,012.31
4 – 6 months (including 6 months)	224,696,596.23	129,562,751.22
7 – 12 months (including 12 months)	50,050,620.93	31,445,440.67
Subtotal within 1 year:	2,326,716,739.95	1,945,650,204.20
1 – 2 years (including 2 years)	8,014,443.66	9,392,826.91
2 – 3 years (including 3 years)	17,176,546.12	33,645,227.77
Over 3 years	12,091,267.30	6,805,625.80
Subtotal	2,363,998,997.03	1,995,493,884.68
Less: Provision for bad debt	62,535,540.72	59,991,847.96
Total	2,301,463,456.31	1,935,502,036.72

According to the credit policies of the Company, the Company usually grants a credit period ranging from 30 to 90 days to its customers. The aging of accounts receivable is calculated from the date of billing.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

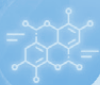
### 4. Accounts receivables (continued)

#### (2) Classified according to the method of provision for bad debt

Category	Balance at the End of the Period					Balance at the End of the Previous Year				
	Book balance		Provision for bad debt			Gross amount		Provision for bad debt		
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	Carrying value	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	Carrying value
Provision for bad debt on individual basis	12,771,229.22	0.54	9,095,518.88	71.22	3,675,710.34	24,973,539.22	1.25	17,637,135.88	70.62	7,336,403.34
Of which:										
Due from domestic customers	12,771,229.22	0.54	9,095,518.88	71.22	3,675,710.34	24,973,539.22	1.25	17,637,135.88	70.62	7,336,403.34
Due from overseas customers										
Provision for bad debt on collective basis	2,351,227,767.81	99.46	53,440,021.84	2.27	2,297,787,745.97	1,970,520,345.46	98.75	42,354,712.08	2.15	1,928,165,633.38
Of which:										
Due from domestic customers	1,841,548,902.69	77.90	43,423,838.63	2.36	1,798,125,064.06	1,535,413,320.03	76.94	35,452,948.18	2.31	1,499,960,371.85
Due from overseas customers	509,678,865.12	21.56	10,016,183.21	1.97	499,662,681.91	435,107,025.43	21.81	6,901,763.90	1.59	428,205,261.53
Total	2,363,998,997.03	100.00	62,535,540.72	2.65	2,301,463,456.31	1,995,493,884.68	100.00	59,991,847.96	3.01	1,935,502,036.72

Accounts receivables with provision for bad debt on individual basis:

Name	Balance at the End of the Period				Balance at the End of the Previous Year			
	Book balance	Provision for bad debt	Expected credit loss rate (%)	Reason for making provision	Book balance	Provision for bad debt	Expected credit loss rate (%)	Reason for making provision
Customer 1	729,549.81	510,684.87	70.00	The possibility of full recovery is expected to be low.	10,081,549.81	7,057,084.87	70.00	The possibility of full recovery is expected to be low.
Customer 2	4,363,408.00	3,054,385.60	70.00		4,363,408.00	3,054,385.60	70.00	
Customer 3	2,679,262.00	1,875,483.40	70.00		2,679,262.00	1,875,483.40	70.00	
Customer 4	2,120,846.00	1,484,592.20	70.00		2,120,846.00	1,484,592.20	70.00	
Customer 5					1,746,986.00	1,222,890.20	70.00	
Total for other customers	2,878,163.41	2,170,372.81	75.41		3,981,487.41	2,942,699.61	73.91	
Total	12,771,229.22	9,095,518.88	71.22		24,973,539.22	17,637,135.88	70.62	



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Accounts receivables (continued)

#### (2) Classified according to the method of provision for bad debt (continued)

Accounts receivables with provision for bad debt on collective basis:

Item with provision on collective basis: Due from domestic customers

	Balance at the End of the Period			Balance at the End of the Previous Year		
	Accounts receivables	Provision for bad debt	Expected credit loss rate (%)	Accounts receivables	Provision for bad debt	Expected credit loss rate (%)
Within 3 months (including 3 months)	1,647,585,947.64	16,544,096.36	1.00	1,394,190,805.19	14,130,809.26	1.01
4 – 6 months (including 6 months)	122,770,842.03	6,140,887.30	5.00	88,534,970.68	4,400,341.57	4.97
7 – 12 months (including 12 months)	47,529,473.75	4,758,507.54	10.01	28,669,323.19	2,875,533.03	10.03
1 – 2 years	8,014,443.66	1,601,888.73	19.99	9,392,826.91	1,887,783.46	20.10
2 – 3 years	4,075,789.72	2,806,052.81	68.85	8,338,629.67	5,871,716.47	70.42
Over 3 years	11,572,405.89	11,572,405.89	100.00	6,286,764.39	6,286,764.39	100.00
Total	1,841,548,902.69	43,423,838.63	2.36	1,535,413,320.03	35,452,948.18	2.31

Item with provision on collective basis: Due from overseas customers

	Balance at the End of the Period			Balance at the End of the Previous Year		
	Accounts receivables	Provision for bad debt	Expected credit loss rate (%)	Accounts receivables	Provision for bad debt	Expected credit loss rate (%)
Within 3 months (including 3 months)	404,383,575.15	4,062,077.80	1.00	390,451,207.12	3,975,162.36	1.02
4 – 6 months (including 6 months)	101,925,754.20	5,106,463.87	5.01	41,027,780.54	2,050,586.84	5.00
7 – 12 months (including 12 months)	2,521,147.18	253,769.53	10.07	2,776,117.48	279,500.11	10.07
1 – 2 years						
2 – 3 years	848,388.59	593,872.01	70.00	851,920.29	596,514.59	70.02
Total	509,678,865.12	10,016,183.21	1.97	435,107,025.43	6,901,763.90	1.59

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 4. Accounts receivables *(continued)*

#### (3) Provision for bad debt made, recovered or reversed during the Period

	Amount of provision for bad debt
Balance at the Beginning of the Period	59,991,847.96
Provision for the Period	3,826,077.20
Recoveries or reversals during the Period	
Write-off during the Period	1,282,384.44
Balance at the End of the Period	62,535,540.72

As at 30 June 2025 and 31 December 2024, the Company had no accounts receivables that were past due but not impaired.

#### (4) Accounts receivables that were actually written off during the Period

Item	Amount written off
Total (domestic customers)	1,282,384.44
Total (overseas customers)	

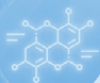
#### (5) Top five balances of accounts receivables by debtors at the End of the Period

The total amount of the top five balances of accounts receivables by debtors at the End of the Period was RMB218,328,125.56, representing 9.24% of the total balances of accounts receivables at the End of the Period, and the corresponding aggregate amount of the balances of provision for bad debt at the End of the Period was RMB4,396,094.02.

#### (6) Accounts receivables have been derecognized due to the transfer of financial assets.

From January to June 2025, the Group carried out non-recourse factoring for certain accounts receivable, and substantially all the risks and rewards related to their ownership have been transferred to other parties. The corresponding accounts receivable derecognized amount to RMB50,589,614.49, and the gains and losses related to derecognition are RMB0.

#### (7) The Company has no assets or liabilities formed by its continuous involvement of transferring accounts receivables.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5. Prepayments

#### (1) Disclosure of prepayments by aging analysis

Aging	Balance at the End of the Period		Balance at the End of Last Year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	129,314,067.52	92.77	139,296,516.84	93.19
1 – 2 years	6,285,336.37	4.51	7,154,918.99	4.79
2 – 3 years	1,750,346.95	1.26	931,627.21	0.62
Over 3 years	2,036,846.28	1.46	2,094,916.06	1.40
Total	139,386,597.12	100.00	149,477,979.10	100.00

#### (2) Prepayments to units with top five balances at the End of the Period by payees of the prepayments

The total amount of prepayments with top five balances at the End of the Period by payees of the prepayments was RMB19,977,696.55, representing 14.33% of the total balance of prepayments at the End of the Period.

### 6. Other receivables

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Dividends receivable	146,732.76	
Other receivables	43,391,163.91	34,558,694.17
Total	43,537,896.67	34,558,694.17

#### (1) Dividends receivable

Item	Balance at the End of the Period	Balance at the End of the Previous Year
KunLun Energy Co. Ltd. (昆侖能源有限公司)	146,732.76	
Subtotal		
Less provision for bad debts		
Total	146,732.76	

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. Other receivables (continued)

#### (1) Dividends receivable (continued)

##### Provision for Bad Debts

At the End of the Period, the provision for bad debts in Stage 1:

Category	Book Balance	Expected credit loss in the next 12 months (%)	Provision for bad debt	Carrying value	Reason
Provision for bad debts on individual basis					
Dividends receivable	146,732.76			146,732.76	Recoverable

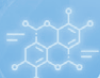
#### (2) Other receivables

① Disclosed using the aging analysis method

Aging	Balance at the End of the Period	Balance at the End of the Previous Year
Within 1 year	40,004,118.46	31,660,138.52
1 – 2 years	5,954,342.62	2,663,796.10
2 – 3 years	1,711,252.64	4,490,233.15
Over 3 years	7,041,057.93	7,065,376.82
Subtotal	54,710,771.65	45,879,544.59
Less: Provision for bad debt	11,319,607.74	11,320,850.42
Total	43,391,163.91	34,558,694.17

② Disclosed by nature

Item	Balance at the End of the Period			Balance at the End of the Previous Year		
	Book balance	Provision for bad debt	Carrying value	Book balance	Provision for bad debt	Carrying value
Deposits under guarantee, deposits and lease expenses	3,737,819.83	1,425,761.23	2,312,058.60	3,847,950.90	1,448,629.93	2,399,320.97
Reserve fund and advances	23,874,389.77	2,623,565.12	21,250,824.65	16,948,099.83	1,583,569.07	15,364,530.76
Balance with associates	471,178.43	4,711.05	466,467.38	654,810.12	6,548.10	648,262.02
Borrowing due from external entities	5,000,000.00	5,000,000.00		5,000,000.00	5,000,000.00	
Tax refund on exports	14,786,187.12	373,383.52	14,412,803.60	12,746,669.03	137,836.48	12,608,832.55
Others	6,841,196.50	1,892,186.82	4,949,009.68	6,682,014.71	3,144,266.84	3,537,747.87
Total	54,710,771.65	11,319,607.74	43,391,163.91	45,879,544.59	11,320,850.42	34,558,694.17



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. Other receivables (continued)

#### (2) Other receivables (continued)

##### ③ Provision for bad debt

At the End of the Period, there was no the provision for bad debt in Stage1:

At the End of the Period, the provision for bad debt in Stage 2 was as follows:

Category	Book balance	Expected credit loss rate over the lifetime (%)	Provision for bad debt	Carrying value	Reason
Provision for bad debt on collective basis	48,975,379.18	11.40	5,584,215.27	43,391,163.91	
Export tax refund receivable	14,786,187.12	2.53	373,383.52	14,412,803.60	
Deposits under guarantee and security deposits and lease expenses receivable	3,737,819.83	38.14	1,425,761.23	2,312,058.60	
Other receivables	30,451,372.23	12.43	3,785,070.52	26,666,301.71	
Total	48,975,379.18	11.40	5,584,215.27	43,391,163.91	

At the End of the Period, the provision for bad debt in Stage 3 was as follows:

Category	Book balance	Expected credit loss rate over the lifetime (%)	Provision for bad debt	Carrying value	Reason
Provision for bad debt on individual basis	5,735,392.47	100.00	5,735,392.47		
Other receivables	5,735,392.47	100.00	5,735,392.47		Expected to have little likelihood of recovery
Total	5,735,392.47	100.00	5,735,392.47		

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. Other receivables (continued)

#### (2) Other receivables (continued)

##### ③ Provision for bad debt (continued)

As at 31 December 2024, the provision for bad debt was as follows:

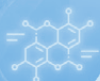
As at 31 December 2024, there was no provision for bad debt in Stage 1:

As at 31 December 2024, the provision for bad debt in Stage 2 was as follows:

Category	Book balance	Expected credit loss rate over the lifetime (%)	Provision for bad debt	Carrying value	Reason
Provision for bad debt on collective basis	38,254,152.12	9.66	3,695,457.95	34,558,694.17	
Export tax refund receivable	12,746,669.03	1.08	137,836.48	12,608,832.55	
Deposits under guarantee and security deposits and lease expenses receivable	3,847,950.90	37.65	1,448,629.93	2,399,320.97	
Other receivables	21,659,532.19	9.74	2,108,991.54	19,550,540.65	
Total	38,254,152.12	9.66	3,695,457.95	34,558,694.17	

As at 31 December 2024, the provision for bad debt in Stage 3 was as follows:

Category	Book balance	Expected credit loss rate over the lifetime (%)	Provision for bad debt	Carrying value	Reason
Provision for bad debt on individual basis	7,625,392.47	100.00	7,625,392.47		
Other receivables	7,625,392.47	100.00	7,625,392.47		Expected to have little likelihood of recovery
Total	7,625,392.47	100.00	7,625,392.47		



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. Other receivables (continued)

#### (2) Other receivables (continued)

- ④ Provision for bad debt made, recovered or reversed during the Period

	Step 1	Step 2	Step 3	
	Expected credit loss over the next 12 months	Expected credit loss over the lifetime (without impairment of credit)	Expected credit loss over the lifetime (with impairment of credit)	Total
<b>Provision for bad debt</b>				
Balance at the Beginning of the Period		3,695,457.95	7,625,392.47	11,320,850.42
Balance at the Beginning of the Period during the Period				
– Transferred to Stage 3				
Provision for the Period		1,898,163.30		1,898,163.30
Reversal during the Period				
Write-off during the Period			1,890,000.00	1,890,000.00
Other changes		-9,405.98		-9,405.98
Balance at the End of the Period		5,584,215.27	5,735,392.47	11,319,607.74

- ⑤ Other receivables were actually written off during the Period

Item	Written-off Amount
Other receivables actually written off	1,890,000.00

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. Other receivables (continued)

#### (2) Other receivables (continued)

- ⑥ Top five balances of other receivables by debtors at the End of the Period

Name of entity	Nature of amount	Balance of other receivables at the End of the Period	Aging	Percentage in the total balance of other receivables at the End of the Period (%)	Balance of provision for bad debt at the End of the Period
Tax refund on exports	Tax refund on exports	14,786,187.12	Within 1 year	27.03	373,383.52
Guangzhou Yinhe Sunshine Biological Products Co., Ltd. (廣州銀河陽光生物製品有限公司)	Loan	5,000,000.00	Over 5 years	9.14	5,000,000.00
Pioneer Time Investment Limited	Security deposits	838,376.83	2-3 years	1.53	586,863.78
Shanghai Jinqiao Export Processing Zone United Development Co., Ltd. (上海金橋出口加工區聯合發展有限公司)	Deposits under guarantee	654,091.80	1-2 years RMB75,248.70; 2-3 years RMB578,843.10	1.20	420,239.91
Shaoguan Power Supply Bureau of Guangdong Power Grid Corporation (廣東電網公司韶關供電局)	Security deposits	500,000.00	Within 1 year	0.91	5,150.00
Total	-	21,778,655.75	-	39.81	6,385,637.21

- ⑦ No accounts receivables of the Company have been derecognized due to the transfer of financial assets.

- ⑧ The Company has no assets or liabilities formed by its continuous involvement of transferring other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7. Inventories

#### (1) Inventories by types

Item	Balance at the End of the Period			Balance at the End of the Previous Year		
	Book balance	Provision for diminution in value	Carrying value	Book balance	Provision for diminution in value	Carrying value
Raw materials	421,975,305.97	19,130,392.34	402,844,913.63	446,645,045.62	18,795,817.23	427,849,228.39
Packaging materials	93,989,160.01	25,763,605.21	68,225,554.80	90,815,125.39	26,226,191.54	64,588,933.85
Work in progress	444,792,241.49	71,560,335.13	373,231,906.36	457,174,029.20	71,560,335.13	385,613,694.07
Finished goods	719,322,802.54	20,730,766.98	698,592,035.56	929,478,569.11	25,889,302.03	903,589,267.08
Sub-contracting materials	896,801.89		896,801.89	1,734,123.93		1,734,123.93
Low-value consumables	42,356,612.69	9,620,103.12	32,736,509.57	38,557,228.82	13,262,003.36	25,295,225.46
Goods in transit	5,221,238.61		5,221,238.61	32,780,385.25		32,780,385.25
Consumable biological assets	20,761,725.00		20,761,725.00	17,112,905.05		17,112,905.05
Proprietary semi-finished goods	127,445,623.55	20,941,882.71	106,503,740.84	166,624,123.20	31,860,889.29	134,763,233.91
Contract performance costs	5,597,030.58		5,597,030.58	4,315,299.30		4,315,299.30
Total	1,882,358,542.33	167,747,085.49	1,714,611,456.84	2,185,236,834.87	187,594,538.58	1,997,642,296.29

#### (2) Provision for diminution in value of inventories

Item	Balance at the Beginning of the Period	Increase during the Period		Decrease during the Period		Balance at the End of Period
		Provision	Others	Reversal or write-off	Others	
Raw materials	18,795,817.23	2,153,115.49		1,818,540.38		19,130,392.34
Packaging materials	26,226,191.54	189,624.27		652,210.60		25,763,605.21
Work in progress	71,560,335.13					71,560,335.13
Finished goods	25,889,302.03	8,977,964.70		14,136,499.75		20,730,766.98
Low-value consumables	13,262,003.36	217,062.46		3,858,962.70		9,620,103.12
Proprietary semi-finished goods	31,860,889.29			10,919,006.58		20,941,882.71
Total	187,594,538.58	11,537,766.92		31,385,220.01		167,747,085.49

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7. Inventories (continued)

#### (2) Provision for diminution in value of inventories (continued)

Item	Basis for determination of net realizable value/remaining consideration and costs to be incurred	Reason for reversal or write-off of provision for diminution in value of inventories/provision for impairment in contract performance cost for the Period
Raw materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processed into finished goods, sold, or scrapped
Packaging materials	The estimated selling price less related taxes	Scrapped
Inventory goods	The estimated selling price less the estimated selling expenses and related taxes	Sold or scrapped
Low-value consumables	The estimated selling price less related taxes	Scrapped
Proprietary semi-finished goods	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Sold or scrapped

#### (3) No borrowing costs had been capitalised in the balance of inventories of the Company at the End of the Period.

### 8. Non-current assets due within 1 year

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Time Deposits	214,121,617.17	

### 9. Other current assets

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Input VAT pending deduction/attestation	6,195,427.16	7,280,059.39
Remaining VAT credit	41,837,824.59	42,484,488.76
Advance payment of income tax	22,216,628.14	22,476,774.60
Others	462,781.99	443,555.11
Total	70,712,661.88	72,684,877.86

## NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 10. Long-term equity investments

		Change during the Period						Balance at the End of the Period (Carrying amount)	Balance of provision for impairment at the End of the Period
Investee	Balance at the Beginning of the Period (Carrying amount)	Balance of provision for impairment at the beginning of the Period	Acquired/ additional investment	Increase in investment	Investment profit and loss under equity method	Adjustment in other comprehensive income	Cash dividend or profit distribution declared	Provision for impairment	Others
Associates									
Lizon Medical Electronic Equipment (Plant) Co., Ltd. (麗珠集團麗珠醫療電子設備有限公司)	1,200,000.00	1,200,000.00							1,200,000.00
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	120,457,740.87				10,308,520.74		8,313,401.29		122,447,860.32
Shenzhen Youbao Technology Co., Ltd. (深圳市有寶科技有限公司)	1,299,140.19			1,299,140.19					
AbsCye Therapeutics Inc. (上海健信生物醫藥科技有限公司)	11,543,155.66 13,815,403.19				-55,361.04 -582,669.05				11,487,794.62 13,232,734.14
Zhuihai Saimed Biotech Inc. (珠海聖美生物診斷技術有限公司)	23,371,683.53				-10,586,967.53				12,784,716.00
Aerio Biotherapy, Inc. (河南省健康元生物醫藥研究院有限公司)	14,985,614.41 6,766,602.74				-2,771,773 -2,109,202.57				14,957,896.68 4,657,400.17
Hangzhou Atom Therapeutics Co., Ltd. (杭州新元素藥業股份有限公司)	86,902,370.94				-5,269,649.64	2,410.36			81,635,131.66
Tianjin Tongreniang Group Co., Ltd. (天津同仁堂集團股份有限公司)	749,294,204.58				37,317,539.31				786,611,743.89
Beijing Infinite Intelligence Pharmaceutical Technology Co., Ltd. (北京英飛智藥科技有限公司)	17,570,377.24				-83,379.60				17,486,997.64
Shenzhen Kangji Biopharma Technology Co., Ltd (深圳康體生物醫藥科技有限公司)	10,219,022.71				31,607.40	8,712.25			10,259,342.36
Total	1,057,420,316.06	1,200,000.00		1,299,140.19	28,940,720.29	2,410.36	8,313,401.29		1,076,761,617.48

# NOTES TO THE FINANCIAL STATEMENTS

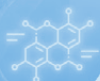
From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. Other equity instrument investments

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Zhuhai China Resources Bank Co., Ltd. (珠海華潤銀行股份有限公司)	228,006,000.00	228,006,000.00
GLOBAL HEALTH SCIENCE	140,738,950.90	143,205,685.40
Nextech V Oncology S.C.S., SICAV-SIF	18,472,941.59	22,515,721.72
Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物醫藥(上海)有限公司)	24,737,630.38	24,737,630.38
ELICIO THERAPEUTICS, INC.	7,486,871.72	4,853,421.34
CARISMA THERAPEUTICS, INC.	2,056,899.93	2,168,737.47
Beijing Luzhu Biotechnology Co., Ltd. (北京綠竹生物技術股份有限公司)	51,368,586.29	49,572,318.75
Guangzhou Keentai Biomedical Technology Co., Ltd. (廣州科恩泰生物醫藥科技有限公司)	12,000,000.00	12,000,000.00
Other	73,441,483.90	74,586,094.37
Total	558,309,364.71	561,645,609.43

As the aforesaid project is a long-term investment that the Company plans to hold for strategic purposes, the Company designates it as a financial asset measured at fair value through other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. Other equity instrument investments (continued)

Continued:

Item	Gains and losses included in other comprehensive income for the Period	Cumulative gains and losses included in other comprehensive income at the End of the Period	Dividend income recognised for the Period	Cumulative gains and losses transferred to retained earnings due to derecognition	Reason for derecognition
Zhuhai China Resources Bank Co., Ltd. (珠海華潤銀行股份有限公司)		129,778,204.00			
GLOBAL HEALTH SCIENCE	-2,466,734.50	-20,427,406.56			
Nextech V Oncology S.C.S., SICAV-SIF	-4,450,383.53	-11,897,021.39			
Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物醫藥(上海) 有限公司)		-2,694,052.73			
ELICIO THERAPEUTICS, INC.	2,633,450.38	-27,876,430.33			
CARISMA THERAPEUTICS, INC.	-111,837.54	-36,750,366.07			
Beijing Luzhu Biotechnology Co., Ltd. (北京綠竹生物 技術股份有限公司)	1,347,200.66	16,026,439.71			
Guangzhou Keentai Biomedical Technology Co., Ltd. (廣州科恩泰生物醫藥 科技有限公司)					
Other	-1,345,061.14	54,286,015.48		-7,151,648.63	Partial recovery of investments

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 12. Investment properties

Item	Plant and building
I. Original book value:	
1. Balance at the Beginning of the Period	17,727,141.51
2. Addition during the Period	
(1) Transfer from fixed assets	
3. Decrease during the Period	
4. Balance at the End of the Period	17,727,141.51
II. Accumulated depreciation and amortization	
1. Balance at the Beginning of the Period	7,801,287.37
2. Addition during the Period	420,441.72
(1) Provision or amortization	420,441.72
(2) Transfer from fixed assets	
3. Decrease during the Period	
4. Balance at the End of the Period	8,221,729.09
III. Provision for impairment	
1. Balance at the Beginning of the Period	
2. Addition during the Period	
3. Decrease during the Period	
4. Balance at the End of the Period	
IV. Carrying amount	
1. Carrying amount at the End of the Period	9,505,412.42
2. Carrying amount at the Beginning of the Period	9,925,854.14

### 13. Fixed assets

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Fixed assets	4,122,580,653.78	4,254,805,388.16
Disposal of fixed assets		
Total	4,122,580,653.78	4,254,805,388.16



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. Fixed assets (continued)

#### (1) Fixed assets

##### ① Status of fixed assets

Item	Plant and building	Machinery and equipment	Motor vehicles	Electronic devices and others	Total
I. Original book value:					
1. Balance at the Beginning of the Period	3,937,499,045.39	4,118,321,712.13	79,009,362.43	647,321,629.59	8,782,151,749.54
2. Addition during the Period	20,962,397.81	88,571,379.43	913,194.88	24,076,437.77	134,523,409.89
(1) Acquisition	8,969,809.12	31,451,354.84	913,194.88	22,701,931.51	64,036,290.35
(2) Construction in progress transferred	11,992,588.69	57,120,024.59		1,374,506.26	70,487,119.54
3. Decrease during the Period	1,964,766.16	22,265,684.28	514,370.98	7,266,206.25	32,011,027.67
(1) Disposal or written off	1,964,766.16	22,265,684.28	294,200.00	7,266,206.25	31,790,856.69
(2) Others			220,170.98		220,170.98
4. Balance at the End of the Period	3,956,496,677.04	4,184,627,407.28	79,408,186.33	664,131,861.11	8,884,664,131.76
II. Accumulated depreciation					
1. Balance at the Beginning of the Period	1,680,699,665.06	2,295,165,229.05	62,452,806.32	435,939,172.52	4,474,256,872.95
2. Addition during the Period	92,922,870.04	128,698,569.16	2,324,292.38	32,418,254.35	256,363,985.93
(1) Provision	92,922,870.04	128,698,569.16	2,324,292.38	32,418,254.35	256,363,985.93
3. Decrease during the Period	687,846.76	14,888,489.26	251,541.01	5,552,239.93	21,380,116.96
(1) Disposal or written-off	687,846.76	14,888,489.26	251,541.01	5,552,239.93	21,380,116.96
(2) Others			217,865.49		217,865.49
4. Balance at the End of the Period	1,772,934,688.34	2,408,975,308.95	64,307,692.20	462,805,186.94	4,709,022,876.43
III. Provision for impairment					
1. Balance at the Beginning of the Period	25,391,870.37	26,573,120.81		1,124,497.25	53,089,488.43
2. Additions during the Period				9,636.13	9,636.13
(1) Provision				9,636.13	9,636.13
3. Amount decrease during the Period	–	26,831.02		11,691.99	38,523.01
(1) Disposal or written-off	–	26,831.02		11,691.99	38,523.01
4. Balance at the End of the Period	25,391,870.37	26,546,289.79		1,122,441.39	53,060,601.55
IV. Carrying amount					
1. Carrying amount at the End of the Period	2,158,170,118.33	1,749,105,808.54	15,100,494.13	200,204,232.78	4,122,580,653.78
2. Carrying amount of balance at the Beginning of the Period	2,231,407,509.96	1,796,583,362.27	16,556,556.11	210,257,959.82	4,254,805,388.16

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. Fixed assets (continued)

#### (1) Fixed assets (continued)

##### ② Temporary idled fixed assets

Item	Original book value	Accumulated depreciation	Provision for impairment	Carrying value	Remarks
Plant and building	14,243,288.67	11,994,477.06		2,248,811.61	
Machinery and equipment	15,668,962.02	14,765,718.93		903,243.09	
Electronic devices and others	317,278.72	301,414.77		15,863.95	
Total	30,229,529.41	27,061,610.76		3,167,918.65	

##### ③ The Company has no fixed assets leased under financial leasing.

##### ④ Fixed assets leased out under operating leases

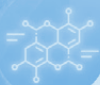
Item	Carrying amount
Plant and building	617,386.98

##### ⑤ Fixed assets pending for certificate of ownership

Item	Carrying value	Reasons for pending for certificate of ownership
Plant and building	430,257,991.81	Application in process

### 14. Construction in progress

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Construction in progress	287,181,711.89	257,366,336.12
Construction supplies		
Total	287,181,711.89	257,366,336.12



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14. Construction in progress (continued)

#### (1) Construction in progress

##### ① Breakdown of construction in progress

Item	Balance at the End of the Period			Balance at the End of the Previous Year		
	Book balance	Provision for impairment	Net carrying value	Book balance	Provision for impairment	Net carrying value
Semaglutide Project (司美項目)	54,028,974.21		54,028,974.21	47,742,942.52		47,742,942.52
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠P03建設項目)	57,909,448.31		57,909,448.31	41,750,648.05		41,750,648.05
Jiaozuo new factory relocation project (焦作新廠遷建項目)	64,192,340.65		64,192,340.65	55,831,987.95		55,831,987.95
Livzon Group Indonesia Factory Construction Project (麗珠集團印尼工廠建設項目)	18,288,794.63		18,288,794.63			
Others	92,931,494.55	169,340.46	92,762,154.09	112,210,098.06	169,340.46	112,040,757.60
Total	287,351,052.35	169,340.46	287,181,711.89	257,535,676.58	169,340.46	257,366,336.12

##### ② Changes of significant construction in progress

Name of Project	Balance at the Beginning of the Period	Addition during the Period	Transferred to fixed assets	Other deductions	Accumulated amount of capitalized interest	Of which: Amount of interest capitalized for the Period	Interest capitalization rate for the Period (%)	Balance at the End of the Period
Semaglutide Project (司美項目)	47,742,942.52	7,507,639.94	1,221,608.25					54,028,974.21
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠P03建設項目)	41,750,648.05	16,713,980.07	555,179.81					57,909,448.31
Jiaozuo new factory relocation project (焦作新廠遷建項目)	55,831,987.95	8,360,352.70						64,192,340.65
Livzon Group Indonesia Factory Construction Project (麗珠集團印尼工廠建設項目)		18,288,794.63						18,288,794.63
Total	145,325,578.52	50,870,767.34	1,776,788.06					194,419,557.80

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14. Construction in progress (continued)

#### (1) Construction in progress (continued)

##### ② Changes of significant construction in progress (continued)

Name of Project	Budgeted amount	Percentage of accumulated cost incurred over budgeted amount (%)	Construction progress (%)	Sources of funds
Semaglutide Project (司美項目)	168,900,000.00	76.33	80.00	Self-funding
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠P03建設項目)	106,033,900.00	55.14	55.00	Self-funding
Jiaozuo new factory relocation project (焦作新廠遷建項目)	184,261,900.00	74.47	75.00	Self-funding
Livzon Group Indonesia Factory Construction Project (麗珠集團印尼工廠建設項目)	191,000,000.00	9.58	10.00	Self-funding
Total	650,195,800.00	—	—	—

##### ③ Provision for impairment of construction in progress

Item	Balance at the Beginning of the Period	Provision for the Period	Decrease in the Period	Balance at the End of the Period
Others	169,340.46			169,340.46



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 15. Right-of-use assets

Item	Plant and building
I. Original book value:	
1. Balance at the Beginning of the Period	51,356,122.68
2. Addition during the Period	12,287,488.95
(1) Leasing	12,287,488.95
3. Decrease during the Period	11,543,971.78
4. Balance at the End of the Period	52,099,639.85
II. Accumulated depreciation	
1. Balance at the Beginning of the Period	26,272,910.70
2. Addition during the Period	9,881,953.65
(1) Provision	9,881,953.65
3. Decrease during the Period	11,543,971.78
4. Balance at the End of the Period	24,610,892.57
III. Provision for impairment	
1. Balance at the Beginning of the Period	
2. Addition during the Period	
3. Decrease during the Period	
4. Balance at the End of the Period	
IV. Carrying amount	
1. Carrying amount at the End of the Period	27,488,747.28
2. Carrying amount at the Beginning of the Period	25,083,211.98

During the Period, the Company recognized lease expenses related to short-term leases and the leases of low- value assets of RMB1.9160 million.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

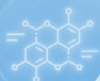
## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 16. Intangible assets

#### (1) Status of Intangible assets

Item	Land use right	Patent and technical know-how	Software	Trademark rights	Others	Total
I. Original book value						
1. Balance at the Beginning of the Period	289,144,745.43	838,450,317.41	73,904,817.10	28,716.98	13,201,934.53	1,214,730,531.45
2. Additions for the Period	91,793,833.79	11,168,648.34	3,893,805.31			106,856,287.44
(1) Acquisition	91,793,833.79	11,168,648.34	3,893,805.31			106,856,287.44
(2) Internal R&D						
3. Decrease for the Period			1,380,579.05			1,380,579.05
(1) Disposal or written off			1,380,579.05			1,380,579.05
4. Balance at the End of the Period	380,938,579.22	849,618,965.75	76,418,043.36	28,716.98	13,201,934.53	1,320,206,239.84
II. Accumulated amortization						
1. Balance at the Beginning of the Period	98,287,970.79	634,402,271.16	58,243,565.74	25,611.71	8,898,251.72	799,857,671.12
2. Additions for the Period	2,893,026.41	12,452,057.36	2,857,975.91	235.86	660,096.72	18,863,392.26
(1) Provision	2,893,026.41	12,452,057.36	2,857,975.91	235.86	660,096.72	18,863,392.26
3. Decrease for the Period			1,380,579.05			1,380,579.05
(1) Disposal or written-off			1,380,579.05			1,380,579.05
4. Balance at the End of the Period	101,180,997.20	646,854,328.52	59,720,962.60	25,847.57	9,558,348.44	817,340,484.33
III. Provision for impairment						
1. Balance at the Beginning of the Period	981,826.94	10,209,166.76				11,190,993.70
2. Additions for the Period						
3. Decrease for the Period						
4. Balance at the End of the Period	981,826.94	10,209,166.76				11,190,993.70
IV. Carrying value						
1. Carrying value at the End of the Period	278,775,755.08	192,555,470.47	16,697,080.76	2,869.41	3,643,586.09	491,674,761.81
2. Carrying value at the Beginning of the Period	189,874,947.70	193,838,879.49	15,661,251.36	3,105.27	4,303,682.81	403,681,866.63

The proportion of intangible assets created due to the internal R&D in the balance of intangible assets at the End of the Period is 48.43%.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 16. Intangible assets *(continued)*

#### (2) Intangible assets pending for certificates of ownership

Item	Book Value	Reason for pending certificates of ownership
Land use right	19,478,694.50	Application in process

#### (3) Notes to intangible assets

The land use rights represent the state-owned land use rights obtained by the Company in accordance with PRC laws in China, and the term of grant will be 50 years commencing from the date of obtaining the land use rights.

### 17. Development expenditure

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Development expenditure	220,497,980.76	71,539,502.89		292,037,483.65

Please refer to Note VI. Research and Development Expenditure for details.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

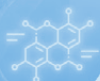
### 18. Goodwill

#### (1) Original book value of goodwill

Name of investee	Balance at the Beginning of the Period	Increase in the Period		Decrease in the Period		Balance at the End of the Period
		Arose from business combination	Others	Disposal	Others	
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	47,912,269.66					47,912,269.66
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司)	13,863,330.24					13,863,330.24
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司)	46,926,155.25					46,926,155.25
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	7,271,307.03					7,271,307.03
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司)	2,045,990.12					2,045,990.12
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	3,492,752.58					3,492,752.58
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓醫藥科技有限公司)	21,870,805.09					21,870,805.09
Total	143,382,609.97					143,382,609.97

#### (2) Provision for impairment of goodwill

Name of investee	Balance at the Beginning of the Period	Increase in the Period		Decrease in the Period		Balance at the End of the Period
		Provision	Others	Disposal	Others	
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司)	11,200,000.00					11,200,000.00
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	7,271,307.03					7,271,307.03
Total	18,471,307.03					18,471,307.03



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 18. Goodwill (continued)

#### (2) Provision for impairment of goodwill (continued)

Goodwill of the Company arose from its business combination involving enterprises not under common control.

On the balance sheet date, the Company conducted impairment test on goodwill and adopted the asset groups related to goodwill to estimate the present value of the future cash flow when estimating the recoverable amount of the investment cost.

The estimated future cash flow of asset groups is calculated according to the five-year financial budget plan made by the management, the cash flows in the years beyond the five-year budget plan remain stable.

Key assumptions of discounted future cash flow for goodwill impairment test are as follows:

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠), key assumptions are a gross margin of 84.97%-86.32% and a business revenue growth rate of -2.63-6.45 % as well as a cash flow discount rate of 14.71%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司), key assumptions are a gross margin of 56.17%-60.53% and a business revenue growth rate of 0-14.43% as well as a cash flow discount rate of 15.15%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司), key assumptions are a gross margin of 58.50%-63.85% and a business revenue growth rate of -2.02%-2.16% as well as a cash flow discount rate of 15.04%. The management took into account historical conditions and predictions for future market development in making above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓醫藥科技有限公司), key assumptions are a gross margin of 2.09%-63.30% and a business revenue growth rate of 0-450% as well as a cash flow discount rate of 15.53%. The management took into account historical conditions and predictions for future market development in making above assumptions.

As tested, the management of the Company expects that no impairment provision is needed during the Reporting Period.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

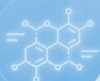
### 19. Long-term deferred expenses

Item	Balance at the Beginning of the Period	Increase during the Period	Decrease during the Period		Balance at the End of the Period
			Amortisation for the Period	Other decrease	
Renovation costs of offices	22,192,916.35	624,971.17	1,264,410.72		21,553,476.80
Renovation costs of plants	106,146,328.77	6,438,488.72	10,042,515.86		102,542,301.63
Resins and fillers	17,816,735.67	3,116,821.01	10,885,538.20		10,048,018.48
License fee	18,584,004.57		1,689,454.98		16,894,549.59
Others	11,008,381.52	4,778,760.68	3,963,295.22		11,823,846.98
Total	175,748,366.88	14,959,041.58	27,845,214.98		162,862,193.48

### 20. Deferred income tax assets and deferred income tax liabilities

#### (1) Deferred income tax assets and deferred income tax liabilities without offsetting

Item	Balance at the End of the Period		Balance at the End of the Previous Year	
	Deductible/ taxable temporary difference	Deferred income tax assets/ liabilities	Deductible/ taxable temporary difference	Deferred income tax assets/ liabilities
<b>Deferred income tax assets:</b>				
Provision for impairment of assets	204,625,153.89	32,669,469.00	202,777,799.75	33,685,563.46
Accrued expenses	769,690,418.16	115,452,585.97	568,516,781.08	85,277,517.17
Deductible losses	856,562,462.32	128,484,369.34	588,291,021.85	88,243,653.28
Deferred income	240,022,157.32	36,003,323.60	232,244,090.61	34,836,613.59
Unrealized gains from intra-company transactions	183,545,758.47	28,126,234.41	342,822,538.33	51,484,093.65
Share incentive costs	107,045,841.91	16,056,876.29	146,115,191.99	21,917,278.80
Changes in fair value	5,270,951.56	1,317,598.23	19,969,938.37	3,805,031.12
Lease liabilities	27,959,403.95	4,204,335.68	25,632,966.15	3,855,370.02
Other deductible temporary difference	143,308,470.80	21,624,904.93	221,049,675.46	33,240,307.27
Subtotal	2,538,030,618.38	383,939,697.45	2,347,420,003.59	356,345,428.36
<b>Deferred income tax liabilities:</b>				
Valuation of financial instruments held for trading and derivative financial instruments	13,844,289.93	2,093,642.89	12,583,829.07	1,925,721.93
Changes in fair value of other equity instruments through other comprehensive income	278,453,362.83	44,500,509.70	276,736,095.37	44,063,292.82
Accelerated depreciation of fixed assets	1,000,406,836.21	151,278,781.56	985,797,180.92	149,087,333.27
Unrealized gains from intra-company transactions	56,940,000.00	8,541,000.00	56,940,000.00	8,541,000.00
Right-of-use assets	27,488,747.28	4,133,737.18	25,083,211.98	3,772,906.90
Subtotal	1,377,133,236.25	210,547,671.33	1,357,140,317.34	207,390,254.92



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 20. Deferred income tax assets and deferred income tax liabilities *(continued)*

#### (2) Breakdown of deductible temporary difference and deductible losses of unrecognized deferred income tax assets

Item	Balance at the End of the Period	Balance at the End of the Previous Year
Deductible temporary difference	513,484,231.75	528,647,041.74
Deductible losses	3,499,158,322.37	3,881,533,397.01
Total	4,012,642,554.12	4,410,180,438.75

#### (3) Deductible losses of unrecognized deferred income tax assets will expire in the following years

Year	Balance at the End of the Period	Balance at the End of the Previous Year	Remarks
2025	407,792,634.57	407,871,974.13	
2026	554,979,730.64	554,979,730.64	
2027	714,897,629.81	714,968,022.87	
2028	875,134,424.67	1,113,026,403.45	
2029	624,716,013.92	951,567,738.41	
2030	168,092,518.03		
Indefinite	153,545,370.73	139,119,527.51	
Total	3,499,158,322.37	3,881,533,397.01	

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 21. Other non-current assets

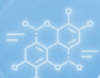
Item	Balance at the End of the Period	Balance at the End of Last Year
Remaining VAT credit	14,205,132.10	3,338,832.19
Prepayment for acquisition of project and equipment	116,749,884.29	119,280,875.84
Time deposits	259,433,316.20	466,993,683.39
Others	8,251,101.00	
Total	398,639,433.59	589,613,391.42

### 22. Assets with restricted ownership or right of use

Item	At the End of the Period		Type of restrictions	Restricted situation
	Book balance	Carrying value		
Monetary funds	10,355,851.52	10,355,851.52	Locked up	Deposits for letters of guarantee and other businesses
Bills receivable	167,970,254.45	167,970,254.45	Pledged	Pledged bills receivable for the bill pool business
Total	178,326,105.97	178,326,105.97		

Continued:

Item	At the End of the Previous Year		Type of restrictions	Restricted situation
	Book balance	Carrying value		
Monetary funds	9,330,323.62	9,330,323.62	Locked up	Deposits for letters of guarantee and other businesses
Bills receivable	282,356,860.08	282,356,860.08	Pledged	Pledged bills receivable for the bill pool business
Total	291,687,183.70	291,687,183.70		



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23. Short-term loans

#### (1) Classification of short-term loans

Item	Balance at the End of the Period	Balance at the End of Last Year
Loans on credit	2,070,000,000.00	2,295,000,000.00
Loans on guarantee	60,000,000.00	100,000,000.00
Loans on pledge		60,000,000.00
Total	2,130,000,000.00	2,455,000,000.00

#### (2) The Company has no overdue but outstanding short-term loans.

### 24. Bills payables

Type	Balance at the End of the Period	Balance at the End of Last Year
Bank acceptance bills	833,253,202.89	965,581,088.61

The Company has no due but unpaid bills payables for the Period.

### 25. Accounts payables

Item	Balance at the End of the Period	Balance at the End of Last Year
Within 3 months (including 3 months)	367,778,964.85	424,390,062.49
4-6 months (including 6 months)	20,652,740.08	27,358,168.95
7-12 months (including 12 months)	37,111,920.58	20,294,215.36
1-2 years (including 2 years)	50,308,936.13	64,871,885.90
Over 2 years	81,114,409.82	81,483,191.04
Total	556,966,971.46	618,397,523.74

(1) The aging of accounts receivables is calculated from the date of billing.

(2) As at the End of the Period, there was no significant accounts payables aged over 1 year.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 26. Contract liabilities

Item	Balance at the End of the Period	Balance at the End of Last Year
Within 1 year	41,690,512.65	93,948,412.46
Over 1 year	30,095,553.72	30,683,585.08
Total	71,786,066.37	124,631,997.54

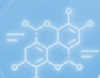
As at the End of the Period, there was no significant contract liabilities aged over 1 year; the amount of income recognized during the Period which was included in the carrying amount of the contract liabilities at the Beginning of the Period is RMB64,910,419.25.

### 27. Employee benefits payables

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Short-term remuneration	330,257,959.08	843,426,257.48	922,278,061.13	251,406,155.43
Post-resignation benefits – defined contribution plans		68,795,727.25	68,787,675.93	8,051.32
Dismissal benefits		6,648,603.00	6,648,603.00	
Total	330,257,959.08	918,870,587.73	997,714,340.06	251,414,206.75

#### (1) Short-term remuneration

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Salaries, bonuses, allowances and subsidies	329,000,003.64	744,002,636.04	822,938,308.49	250,064,331.19
Employee welfare	888,646.50	46,280,020.56	46,276,658.42	892,008.64
Social insurance fees		26,187,959.44	26,185,515.44	2,444.00
Including:				
1. Medical insurance fees		22,845,061.94	22,842,985.22	2,076.72
2. Work-related injury insurance fees		2,872,474.03	2,872,106.75	367.28
3. Maternity insurance fees		470,423.47	470,423.47	
Housing provident fund	206,810.40	25,790,966.26	25,696,113.26	301,663.40
Labour union fees and employee education fees	162,498.54	1,164,675.18	1,181,465.52	145,708.20
Special funds of the share ownership scheme				
Total	330,257,959.08	843,426,257.48	922,278,061.13	251,406,155.43



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 27. Employee benefits payables (continued)

#### (2) Defined contribution plan

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Post-resignation benefits		68,795,727.25	68,787,675.93	8,051.32
Including:				
1. Basic pension insurance fees		65,632,205.47	65,624,577.66	7,627.81
2. Unemployment insurance fees		3,163,521.78	3,163,098.27	423.51
Total		68,795,727.25	68,787,675.93	8,051.32

The Company participates in pension insurance and unemployment insurance plans established by the government in accordance with relevant requirements. According to the plans, the Company makes contributions to these plans in accordance with relevant requirements of the local government. Save for the above contributions, the Company no longer undertakes further payment obligation. The corresponding cost is charged to the profit or loss for the current period or the cost of relevant assets when it occurs.

### 28. Taxes payables

Taxes	Balance at the End of the Period	Balance at the End of Last Year
Value added tax	80,339,366.48	63,382,722.69
Urban maintenance and construction tax	7,897,988.46	6,631,369.85
Enterprise income tax	125,726,755.61	112,878,344.55
Property tax	8,883,411.07	6,071,344.17
Land use tax	1,998,099.81	1,560,812.06
Individual income tax	2,320,910.45	4,120,518.93
Stamp duty	2,254,185.76	2,515,035.51
Education surcharges	5,289,198.30	4,402,109.74
Flood prevention fees	20,300.76	20,300.76
Others	954,847.18	1,114,687.47
Total	235,685,063.88	202,697,245.73

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 29. Other payables

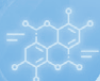
Item	Balance at the End of the Period	Balance at the End of Last Year
Dividends payable	337,182,016.44	9,890,041.38
Other payables	2,883,004,574.90	2,851,491,300.70
Total	3,220,186,591.34	2,861,381,342.08

#### (1) Dividends payable

Item	Balance at the End of the Period	Balance at the End of Last Year
Dividends on ordinary shares	327,771,520.77	20,174.46
Qingyuan Xinbeijiang (Group) Company (清遠新北江企業(集團)公司)	1,200,710.00	1,200,710.00
Other legal persons and individual shares of subsidiaries	5,098,851.73	5,302,168.02
Staff shares of subsidiaries	3,110,933.94	3,366,988.90
Total	337,182,016.44	9,890,041.38

Important dividends payable outstanding over 1 year:

Name of shareholder	Amount of dividends payable	Reason for non-payment
Qingyuan Xinbeijiang (Group) Company (清遠新北江企業(集團)公司)	1,200,710.00	Not yet paid
Other legal persons and individual shares of subsidiaries	5,098,851.73	Not yet paid
Staff shares of subsidiaries	3,110,933.94	Not yet paid
Total	9,410,495.67	—



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 29. Other payables (continued)

#### (2) Other payables

Item	Balance at the End of the Period	Balance at the End of Last Year
Office expenses	57,347,637.70	70,346,214.43
Deposits under guarantees	53,751,806.85	52,996,402.13
Utilities expenses	25,916,179.78	22,230,909.18
Research expenses	43,212,116.63	58,908,906.21
Business promotion expenses	2,583,762,379.74	2,526,916,478.34
Technology transfer funds	5,122,951.42	5,456,393.91
Balance with associates	16,055,624.29	9,778,409.44
Advisory, consultancy and information disclosure expenses	6,294,556.00	3,706,689.58
Business meeting expenses	7,391,123.16	10,857,362.82
Others	84,150,199.33	90,293,534.66
Total	2,883,004,574.90	2,851,491,300.70

The obligations of repurchasing restricted shares of the Directors, the senior management and their spouses amounted to RMB0.00 at the End of the Period.

At the End of the Period, there were no significant other payables aged over 1 year.

### 30. Non-current liabilities due within one year

Item	Balance at the End of the Period	Balance at the End of Last Year
Long-term loans due within 1 year	93,966,962.40	36,211,647.55
Lease liabilities due within 1 year	12,843,788.24	12,530,438.44
Total	106,810,750.64	48,742,085.99

#### (1) Long-term loans due within 1 year

Item	Balance at the End of the Period	Balance at the End of Last Year
Loans on credit	93,966,962.40	36,211,647.55

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 31. Other current liabilities

Item	Balance at the End of the Period	Balance at the End of Last Year
Tax for items pending for settlement	3,625,829.51	10,642,182.94

### 32. Long-term loans

Item	Balance at the End of the Period	Interest rate range	Balance at the End of Last Year	Interest rate range
Loans on credit	93,966,962.40	2.20%-2.45%	94,336,947.20	2.70%-2.95%
Loans on guarantee	1,367,623,489.02	2.40%-2.50%	1,407,609,812.72	2.50%-2.65%
Subtotal	1,461,590,451.42		1,501,946,759.92	
Less: Long-term loans due within 1 year	93,966,962.40	2.20%-2.45%	36,211,647.55	2.80%-2.95%
Total	1,367,623,489.02		1,465,735,112.37	

### 33. Lease liabilities

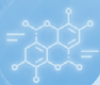
Item	Balance at the End of the Period	Balance at the End of Last Year
Amount payable under lease	27,959,403.95	25,632,966.15
Less: Lease liabilities due within one year	12,843,788.24	12,530,438.44
Total	15,115,615.71	13,102,527.71

During the Period, the amount of interest expenses of lease liabilities was RMB0.6529 million, which was recorded in finance expenses – interest expenses.

### 34. Deferred gains

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Government grants	238,422,836.35	35,050,550.00	27,815,751.05	245,657,635.30

For details of the government grants included in deferred gains, see Note VIII. Government grants.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 35. Share capital

#### January to June 2025

Item	Balance at the Beginning of the Period		Changes for the Period (+ -)					Balance at the End of the Period	
	Amount	Percentage (%)	Issuance of new shares	No. of bonus shares	Reserve Fund capitalized	Others	Subtotal	Amount	Percentage (%)
<b>I. Shares subject to selling restrictions</b>									
1. Shares held by State Government									
2. Shares held by State-owned entities	17,306,329	1.90						17,306,329	1.91
3. Shares held by other domestic holders	2,653,931	0.29				186,745	186,745	2,840,676	0.32
Including: Shares held by domestic natural persons	2,653,931	0.29				186,745	186,745	2,840,676	0.32
4. Shares held by foreign holders									
Including: Shares held by foreign natural persons									
Shares subject to selling restrictions in aggregate	19,960,260	2.19				186,745	186,745	20,147,005	2.23
<b>II. Shares not subject to selling restrictions</b>									
1. Ordinary shares denominated in Renminbi	584,333,053	64.12				-186,745	-186,745	584,146,308	64.61
2. Overseas listed foreign shares (H-share)	307,052,417	33.69				-7,245,300	-7,245,300	299,807,117	33.16
Shares not subject to selling restrictions in aggregate	891,385,470	97.81				-7,432,045	-7,432,045	883,953,425	97.77
<b>III. Total number of shares</b>	<b>911,345,730</b>	<b>100.00</b>				<b>-7,245,300</b>	<b>-7,245,300</b>	<b>904,100,430</b>	<b>100.00</b>

According to the relevant requirements of the Guideline No.1 on Self-Discipline Supervision of Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of Main Board Listed Companies (《深圳證券交易所上市公司自律監管指引第1號—主板上市公司規範運作》), there are 2,840,676 locked shares held by the senior management.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

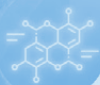
## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 35. Share capital (continued)

January to June 2024

Item	Balance at the Beginning of the Year		Issuance of new shares	Changes for the Period (+ -)			Subtotal	Balance at the End of the Period	
	Amount	(%)		No. of bonus shares	Reserve Fund capitalized	Others		Amount	(%)
<b>I. Shares subject to selling restrictions</b>									
1. Shares held by State Government									
2. Shares held by State-owned entities	17,306,329	1.87						17,306,329	1.87
3. Shares held by other domestic holders	2,604,405	0.28				-65,301	-65,301	2,539,104	0.27
Including: Shares held by domestic natural persons	2,604,405	0.28				-65,301	-65,301	2,539,104	0.27
4. Shares held by foreign holders									
Including: Shares held by foreign natural persons									
Shares subject to selling restrictions in aggregate	19,910,734	2.15				-65,301	-65,301	19,845,433	2.14
<b>II. Shares not subject to selling restrictions</b>									
1. Ordinary shares denominated in Renminbi	594,196,188	64.31	5,166,145			65,301	5,231,446	599,427,634	64.71
2. Overseas listed foreign shares (H-share)	309,831,217	33.54				-2,778,800	-2,778,800	307,052,417	33.15
Shares not subject to selling restrictions in aggregate	904,027,405	97.85	5,166,145			-2,713,499	2,452,646	906,480,051	97.86
<b>III. Total number of shares</b>	923,938,139	100.00	5,166,145			-2,778,800	2,387,345	926,325,484	100.00

According to the relevant requirements of the Guideline No.1 on Self-Discipline Supervision of Companies Listed on the Shenzhen Stock Exchange – Standardized Operation of Main Board Listed Companies (《深圳證券交易所上市公司自律監管指引第1號—主板上市公司規範運作》), there are 2,539,104 locked shares held by the senior management.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 36. Capital reserve

#### January to June 2025

Item	Balance at the Beginning of the Year	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Share premium	257,854,850.06		208,307,081.10	49,547,768.96
Other capital reserve	271,389,337.35	8,712.25		271,398,049.60
Total	529,244,187.41	8,712.25	208,307,081.10	320,945,818.56

The decrease in the share premium in the Period represented: ① the decrease in share premium of RMB168,935,873.36 as a result of cancellation of 7,245,300 repurchased shares; ② the decrease in share premium due to the difference of RMB39,371,207.74 between the capital contribution and the corresponding net assets shares of the subsidiary for the disproportionate capital increase to a subsidiary.

Other capital reserve increase for the Period represented: ① capital reserve increase of RMB8,712.25 due to changes in equity calculated under the equity method.

#### January to June 2024

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Share premium	1,029,948,025.05	188,062,340.99	154,574,957.42	1,063,435,408.62
Other capital reserve	292,550,449.18	30,130,814.70	29,963,641.00	292,717,622.88
Total	1,322,498,474.23	218,193,155.69	184,538,598.42	1,356,153,031.50

The increase in the share premium for the Period represented: ① an increase in share premium of RMB156,585,854.95 as a result of the exercise of 5,166,145 share options during the Period, and the withdrawal of share incentive expenses of RMB29,963,641.00 was transferred from other capital reserves into share premium; ② upon the exercise of share options, pursuant to the taxation rules, the difference between deductible expenses before taxation and the amount of provision increased income tax payable by RMB1,512,845.04, the share premium was decreased accordingly.

The decrease in the share premium in the Period represented: ① the decrease in share premium of RMB59,284,456.07 as a result of cancellation of 2,778,800 repurchased shares; ② the decrease in share premium due to the difference of RMB95,290,501.35 between the capital contribution and the corresponding net assets shares of the subsidiary for the disproportionate capital increase to a subsidiary.

Other capital reserve increase for the Period represented: ① withdrawal of share incentive expenses of RMB13,748,213.96; ② capital reserve increase of RMB16,382,600.74 due to changes in equity calculated under the equity method. The decrease in other capital reserve for the Period represented: the withdrawal of share incentive expenses of RMB29,963,641.00 was transferred from other capital reserves into share premium.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 37. Treasury shares

#### January to June 2025

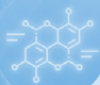
Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Repurchase of A Shares and H Shares	196,616,427.46	386,460,716.87	176,181,173.36	406,895,970.97

The increase in treasury shares for the Period represented: the repurchase of the total amount of capital used for 10,866,655 Shares of the Company through centralized bidding transactions by the Company. The decrease in treasury shares for the Period represented: the cancellation of 7,245,300 repurchased shares.

#### January to June 2024

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Repurchase of A Shares and H Shares		135,510,814.56	62,063,256.07	73,447,558.49

The increase in treasury shares for the Period represented: the repurchase of the total amount of capital used for 4,931,400 Shares through centralized bidding transactions by the Company. The decrease in treasury shares for the Period represented: the cancellation of 2,778,800 repurchased shares.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 38. Other comprehensive income

January to June 2025

Item	Amount for the Period							Balance at the End of the Period (4) = (1)-(2)+(3)
	Balance at the Beginning of the Period (1)	Amount incurred before income tax for the Period	Less: Amount recognized in other comprehensive income in previous period transferred to profit or loss for current period	Less: Amount recognized in other comprehensive income in previous period transferred to earnings for current period (2)	Less: income tax expenses	Attributable to parent company after tax (3)	Attributable to minority interests after tax	
<b>I. Other comprehensive income not to be reclassified into profit or loss</b>	108,011,315.86	-3,321,216.69		-7,151,648.63	1,418,681.71	-4,393,365.67	-346,532.73	110,769,598.82
1. Other comprehensive income not to be reclassified into profit or loss under equity method	10,324,216.71							10,324,216.71
2. Change in fair value of investments in other equity instruments	97,687,099.15	-3,321,216.69		-7,151,648.63	1,418,681.71	-4,393,365.67	-346,532.73	100,445,382.11
<b>II. Other comprehensive income to be reclassified into profit or loss</b>	4,169,050.77	-54,377,834.58				-53,442,082.26	-935,752.32	-49,273,031.49
1. Other comprehensive income to be reclassified into profit or loss under equity method	755,642.47	2,410.36				2,410.36		758,052.83
2. Translation differences of financial statements denominated in foreign currency	3,413,408.30	-54,380,244.94				-53,444,492.62	-935,752.32	-50,031,084.32
<b>Total other comprehensive income</b>	<b>112,180,366.63</b>	<b>-57,699,051.27</b>		<b>-7,151,648.63</b>	<b>1,418,681.71</b>	<b>-57,835,447.93</b>	<b>-1,282,285.05</b>	<b>61,496,567.33</b>

# NOTES TO THE FINANCIAL STATEMENTS

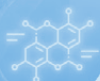
From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 38. Other comprehensive income (continued)

January to June 2024

Item	Balance at the Beginning of the Period (1)	Amount incurred before income tax for the Period	Less: Amount recognized in other comprehensive income in previous period transferred to profit or loss for current period	Amount for the Period		Less: income tax expenses	Attributable to parent company after tax (3)	Attributable to minority interests after tax	Balance at the End of the Period (4) = (1)-(2)+(3)
				Less: Amount recognized in other comprehensive income in previous period transferred to retained earnings for current period (2)					
<b>I. Other comprehensive income not to be reclassified into profit or loss</b>	154,381,888.45	-19,578,365.31		-1,465,979.64	-4,671,481.01	-14,907,517.81	633.51		140,940,350.28
1. Other comprehensive income not to be reclassified into profit or loss under equity method	22,492,256.04								22,492,256.04
2. Change in fair value of investments in other equity instruments	131,889,632.41	-19,578,365.31		-1,465,979.64	-4,671,481.01	-14,907,517.81	633.51		118,448,094.24
<b>II. Other comprehensive income to be reclassified into profit or loss</b>	-11,310,320.60	6,498,610.60				6,367,626.34	130,984.26		-4,942,694.26
1. Other comprehensive income to be reclassified into profit or loss under equity method	435,839.62	87,526.33				87,526.33			523,365.95
2. Translation differences of financial statements denominated in foreign currency	-11,746,160.22	6,411,084.27				6,280,100.01	130,984.26		-5,466,060.21
<b>Total other comprehensive income</b>	<b>143,071,567.85</b>	<b>-13,079,754.71</b>		<b>-1,465,979.64</b>	<b>-4,671,481.01</b>	<b>-8,539,891.47</b>	<b>131,617.77</b>		<b>135,997,656.02</b>



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 39. Surplus reserve

#### January to June 2025

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Statutory surplus reserve	577,212,833.75			577,212,833.75
Discretionary surplus reserve	63,796,201.34			63,796,201.34
Reserve funds	82,108,376.71			82,108,376.71
Enterprise development fund	21,683,742.35			21,683,742.35
Total	744,801,154.15			744,801,154.15

#### January to June 2024

Item	Balance at the Beginning of the Period	Increase in the Period	Decrease in the Period	Balance at the End of the Period
Statutory surplus reserve	577,212,833.75			577,212,833.75
Discretionary surplus reserve	63,796,201.34			63,796,201.34
Reserve funds	82,108,376.71			82,108,376.71
Enterprise development fund	21,683,742.35			21,683,742.35
Total	744,801,154.15			744,801,154.15

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

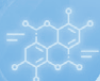
### 40. Retained earnings

#### (1) Movement in retained earnings

Item	Amount for the Period	Amount for Previous Period	Appropriation or allocation proportion
Retained earnings at the End of Previous Year before adjustment	11,761,379,178.60	10,908,185,967.49	—
Adjustment for total retained earnings at the Beginning of the Period (+ for increase, – for decrease)			—
Retained earnings at the Beginning of the Period after adjustment	11,761,379,178.60	10,908,185,967.49	
Add: Net profit attributable to owners of the parent company for the Period	1,281,087,956.53	1,170,970,883.51	—
Disposal of other equity instruments	-7,151,648.63	-1,465,979.64	—
Less: Appropriation to statutory surplus reserve			
Dividends payable to ordinary shares	982,059,732.50	1,247,632,149.02	
Retained earnings at the End of the Period	12,053,255,754.00	10,830,058,722.34	

Breakdown of adjustments to the retained earnings as at the Beginning of the Period:

- ① The effect of the retrospective adjustments arising from Accounting Standards for Business Enterprises and the related new requirements on the retained earnings as at the Beginning of the Period amounted to RMB0.00.
- ② The effect of changes in accounting policies on the retained earnings as at the Beginning of the Period amounted to RMB0.00.
- ③ The effect of corrections of significant accounting errors on the retained earnings as at the Beginning of the Period amounted to RMB0.00.
- ④ The effect of the change of the scope of combination under common control on the retained earnings as at the Beginning of the Period amounted to RMB0.00.
- ⑤ The effect of other adjustments on the retained earnings as at the Beginning of the Period amounted to RMB0.00.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 40. Retained earnings (continued)

#### (2) Notes to appropriation of profits

Item	The Period	Unit: RMB'000
		Previous Period
Dividends:		
Final dividends for 2024 paid during the Year (Note 1)	654,308.39	
Final dividends for 2023 paid during the Year (Note 2)	—	344,943.84
Dividends declared after balance sheet date:		
Final dividends for 2024 (Note 1)	982,059.73	—
Final dividends for 2023 (Note 2)	—	1,247,632.15

*Note 1:* On 26 March 2025, the 2024 Annual Profit Distribution Plan was resolved and approved at the 23th meeting of the eleventh session of the Board of the Company, it is expected to distribute cash dividend of RMB11.00 (tax inclusive) for every 10 shares to all Shareholders of the Company, based on the Company's total share capital (excluding the shares of the Company which were repurchased but not yet cancelled) as at the registration date of shareholding as determined by implementation of the 2024 annual profit distribution plan. There will be no bonus shares, nor will the capital reserves be capitalized. The profit distribution plan was approved at the general meeting held on 29 May 2025 and an amount of RMB654,308,386.19 was paid by 30 June 2025.

*Note 2:* On 28 March 2024, the 2023 Annual Profit Distribution Plan was resolved and approved at the 13th meeting of the eleventh session of the Board of the Company, it is expected to distribute cash dividend of RMB13.50 (tax inclusive) for every 10 shares to all Shareholders of the Company, based on the Company's total share capital (excluding the shares of the Company which were repurchased but not yet cancelled) as at the registration date of shareholding as determined by implementation of the 2023 annual profit distribution plan. There will be no bonus shares, nor will the capital reserves be capitalized. The profit distribution plan was approved at the general meeting held on 14 June 2024 and an amount of RMB344,943,836.55 was paid by 30 June 2024.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 41. Operating income and operating cost

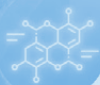
#### (1) Operating income and operating cost

Item	Amount for the Period		Amount for Previous Period	
	Income	Cost	Income	Cost
Principal activities	6,206,952,427.10	2,088,088,116.10	6,226,475,592.88	2,098,433,204.20
Other activities	64,960,217.01	43,398,380.95	55,878,658.34	40,117,099.76
Total	6,271,912,644.11	2,131,486,497.05	6,282,354,251.22	2,138,550,303.96

The Company operates in a single operating segment in the PRC, i.e. the manufacture of pharmaceuticals. Accordingly, no information on operating segment of the Company is presented.

#### (2) Operating income and operating costs presented by product types

Item	Amount for the Period		Amount for Previous Period	
	Income	Cost	Income	Cost
<b>Principal activities:</b>				
Chemical drug preparations	3,269,917,337.19	615,773,312.00	3,223,840,454.68	607,593,445.62
APIs and intermediates	1,661,538,809.09	1,057,293,244.04	1,761,085,709.09	1,107,122,257.52
Traditional Chinese medicine preparations	799,458,766.97	207,879,807.39	745,009,076.82	181,982,678.11
Biological products	94,818,856.99	44,399,451.25	87,546,778.71	61,204,545.08
Diagnostic reagents and equipment	374,135,046.17	155,981,431.37	394,351,087.80	131,573,737.70
Others	7,083,610.69	6,760,870.05	14,642,485.78	8,956,540.17
Subtotal	6,206,952,427.10	2,088,088,116.10	6,226,475,592.88	2,098,433,204.20
<b>Other activities:</b>				
Sales materials, processing fees, etc.	19,462,620.37	13,954,752.55	27,580,493.31	20,056,377.50
Lease fees	1,686,594.75	322,486.08	1,502,436.26	72,552.23
Others	43,811,001.89	29,121,142.32	26,795,728.77	19,988,170.03
Subtotal	64,960,217.01	43,398,380.95	55,878,658.34	40,117,099.76
Total	6,271,912,644.11	2,131,486,497.05	6,282,354,251.22	2,138,550,303.96



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 41. Operating income and operating cost *(continued)*

#### (3) Major business income and cost presented by major regions of operations

Item	Amount for the Period		Amount for Previous Period	
	Income	Cost	Income	Cost
Domestic	5,202,783,432.32	1,583,591,630.30	5,378,376,142.52	1,664,791,494.06
Overseas	1,004,168,994.78	504,496,485.80	848,099,450.36	433,641,710.14
Total	6,206,952,427.10	2,088,088,116.10	6,226,475,592.88	2,098,433,204.20

#### (4) Operating income and operating costs presented by transfer time of commodities

Item	Amount for the Period		Amount for Previous Period	
	Income	Cost	Income	Cost
<b>Principal activities:</b>				
Of which: recognized at a point of time	6,206,952,427.10	2,088,088,116.10	6,226,475,592.88	2,098,433,204.20
<b>Other activities:</b>				
Of which: recognized at a point of time	63,273,622.26	43,075,894.87	54,376,222.08	40,044,547.53
Lease income	1,686,594.75	322,486.08	1,502,436.26	72,552.23
Total	6,271,912,644.11	2,131,486,497.05	6,282,354,251.22	2,138,550,303.96

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 42. Taxes and surcharges

Item	Amount for the Period	Amount for Previous Period
Urban maintenance and construction tax	32,184,356.38	28,208,352.93
Education surcharges	24,745,228.21	21,559,605.41
Land use tax	3,105,371.07	3,406,653.37
Property tax	13,460,521.29	12,985,470.10
Stamp duty	4,279,344.29	3,734,371.52
Vehicle and vessel usage tax	36,527.20	24,643.76
Environmental protection tax	158,836.64	192,092.44
Others	467,360.78	401,541.17
Total	78,437,545.86	70,512,730.70

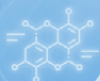
Note: The bases of calculations for major taxes and surcharges are set out in Note IV. TAXATION.

### 43. Selling expenses

Item	Amount for the Period	Amount for Previous Period
Marketing and promotional expenses	1,396,755,063.52	1,382,457,146.28
Staff salaries	260,811,666.30	300,004,057.85
Office, entertainment and travelling expenses	24,193,653.16	21,358,734.71
Business meeting expenses	32,062,013.89	10,892,647.93
Others	22,872,167.49	25,024,505.84
Total	1,736,694,564.36	1,739,737,092.61

### 44. Administrative expenses

Item	Amount for the Period	Amount for Previous Period
Staff salaries	177,804,823.62	170,875,605.53
Share incentive expenses		15,075,545.08
Depreciation and amortization	40,683,552.55	53,030,760.58
Advisory, consultancy and information disclosure fees	4,675,605.90	11,531,252.57
Quality project expenses	15,351,835.48	14,317,285.79
Office, entertainment and travelling expenses	20,821,931.37	25,235,880.21
Repair of utilities, transportation and miscellaneous expenses	7,894,043.06	8,243,588.09
Recruitment and staff training expenses	1,497,351.37	2,451,081.43
Auditors' fees	1,344,511.26	1,410,000.00
Others	29,401,784.48	28,764,312.23
Total	299,475,439.09	330,935,311.51



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 45. R&D expenses

Item	Amount for the Period	Amount for Previous Period
Material costs	71,233,807.92	79,874,097.01
Staff salaries	160,947,612.12	163,379,673.85
Testing fees	112,177,241.67	171,292,373.73
Depreciation and amortization	50,118,422.23	55,657,618.31
Outsourced research and development expenses	25,150,943.40	4,596,226.42
Others	12,422,622.81	15,858,766.81
Total	432,050,650.15	490,658,756.13

### 46. Finance expenses

Item	Amount for the Period	Amount for Previous Period
Interest expenses	29,903,696.96	46,250,017.10
Less: Interest income	175,238,273.30	123,741,723.21
Exchange gains/losses	-22,133,164.63	-2,169,539.19
Commission charges and others	2,349,489.67	2,068,848.14
Total	-165,118,251.30	-77,592,397.16

### 47. Other income

Item	Amount for the Period	Amount for Previous Period	Related to assets/ Related to income
Government grants	27,716,919.39	18,292,867.68	Related to assets
Government grants	31,590,023.84	25,439,251.19	Related to income
Tax withholding commission charges	3,554,910.22	2,386,059.18	
Additional deduction of value added tax	8,859,649.76	11,849,651.69	
Total	71,721,503.21	57,967,829.74	

For specific information on government grants, please refer to Note VIII Government grants for details; for reasons of government grants which are non-recurring profit or loss items, please refer to Note XVIII. 1.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 48. Investment income

Item	Amount for the Period	Amount for Previous Period
Long-term equity investments income under equity method	28,942,720.29	13,332,979.65
Investment income from disposal of long-term equity investment	-731,350.19	
Investment income from financial assets held for trading during the holding period	3,382,790.06	191,174.96
Dividend income from other equity instrument investments		
Investment income from disposal of financial assets held for trading (Note 1)	-3,311,893.27	2,050,455.21
Total	28,282,266.89	15,574,609.82

Note 1: Details of investment income from disposal of financial assets held for trading are as follows:

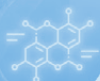
Item	Amount for the Period	Amount for Previous Period
Derivatives not designated as hedging instruments	-3,311,893.27	2,050,455.21
Of which: Forward foreign exchange contract	-3,311,893.27	2,050,455.21
Total	-3,311,893.27	2,050,455.21

### 49. Gains from changes in fair value

Sources of gains from changes in fair value	Amount for the Period	Amount for Previous Period
Financial assets held for trading	-16,040,382.66	-13,850,507.06
Of which: Fund	9,815.15	41,271.91
Structured deposits	-81,807.66	
Equity instrument investments	-16,458,768.85	-11,276,951.07
Derivative financial assets	490,378.70	-2,614,827.90
Financial liabilities held for trading	8,088,364.14	-4,541,052.92
Of which: Derivative financial liabilities	8,088,364.14	-4,541,052.92
Total	-7,952,018.52	-18,391,559.98

### 50. Credit impairment loss ("-" represents losses)

Item	Amount for the Period	Amount for Previous Period
Bad debt loss of accounts receivables	-3,826,077.20	-1,146,296.94
Bad debt loss of other receivables	-1,898,163.30	-2,065,964.34
Total	-5,724,240.50	-3,212,261.28



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 51. Asset impairment loss ("-" represents losses)

Item	Amount for the Period	Amount for Previous Period
Loss on obsolete stocks	-11,536,080.83	-29,114,221.59
Impairment loss on fixed assets	-9,636.13	-25,498.94
Total	-11,545,716.96	-29,139,720.53

### 52. Gains on disposal of assets

Item	Amount for the Period	Amount for Previous Period
Gains on disposal of fixed assets ("-" represents losses)	-149,723.72	-76,440.36

### 53. Non-operating income

Item	Amount for the Period	Amount for Previous Period	Amount charged to non-recurring gains or losses during the Period
Gains on destruction or retirement of non-current assets	1,168.15	17,896.17	1,168.15
Income from scraps	1,307,120.56	976,199.33	1,307,120.56
Compensation income	54,027.48	493,902.89	54,027.48
Waiver of payables	48,444.37	1,830,969.81	48,444.37
Others	605,636.18	201,264.29	605,636.18
Total	2,016,396.74	3,520,232.49	2,016,396.74

### 54. Non-operating expenses

Item	Amount for the Period	Amount for Previous Period	Amount charged to non-recurring gains or losses during the Period
Charitable donation expenses	4,552,542.76	3,061,579.77	4,552,542.76
Loss on destruction or retirement of non-current assets	651,407.05	845,072.48	651,407.05
Others	2,220,971.40	3,494,542.79	2,220,971.40
Total	7,424,921.21	7,401,195.04	7,424,921.21

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

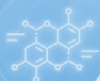
### 55. Income tax expenses

#### (1) Breakdown of income tax expenses

Item	Amount for the Period	Amount for Previous Period
Current income tax calculated according to tax laws and relevant rules	302,744,040.63	277,701,270.44
Of which: Domestic enterprise income tax	284,734,099.79	277,701,270.44
Corporate income tax in Hong Kong and Macao	18,009,940.84	
Deferred income tax expenses	-25,855,534.39	-24,006,456.41
Total	276,888,506.24	253,694,814.03

#### (2) Reconciliation between income tax expenses and total profit is set out below:

Item	Amount for the Period	Amount for Previous Period
Total profit	1,828,109,744.83	1,608,393,948.33
Income tax expenses calculated at statutory tax rate	457,027,436.21	402,098,487.08
Effect of different tax rates applicable to subsidiaries	837,665.23	755,287.34
Effect of tax reduction and exemption	-238,426,356.01	-208,189,164.42
Effect of non-taxable income	-1,358,368.96	-447,604.01
Effect of using the equity method	-3,745,047.08	-818,192.54
Effect of non-deductible expenses	3,896,466.28	3,526,520.03
Credit (charge) on deductible temporary differences on which deferred income tax assets are not recognized for the Year	-2,846,560.45	2,170,515.96
Deductible losses of deferred income tax assets are not recognized for the Year	42,302,345.68	40,763,300.91
Utilization of deductible losses of deferred income tax assets not recognized in prior periods	-147,500.51	-989,143.98
Others	19,348,425.85	14,824,807.66
Income tax expenses	276,888,506.24	253,694,814.03



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 56. Earnings per share

Basic earnings per share was calculated by dividing the consolidated net profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares of the parent company outstanding.

Diluted earnings per share was calculated by dividing the consolidated net profit attributable to the ordinary shareholders of the parent company after the adjustment of dilutive potential ordinary shares by the weighted average number of ordinary shares of the Company outstanding after adjustment. In calculating the weighted average number of ordinary shares increased after conversion of dilutive potential ordinary shares into issued ordinary shares, the dilutive potential ordinary shares which were issued in previous periods are assumed to be converted at the beginning of current year and the dilutive potential ordinary shares which were issued during the current year are assumed to be converted at the date of issue.

The calculation of basic and diluted earnings per share is as follows:

Calculation of earnings per share	Amount for the Period	Amount for Previous Period
Net profit attributable to ordinary shareholders of the parent company	1,281,087,956.53	1,170,970,883.51
Of which: Net profit from continuing operations	1,281,087,956.53	1,170,970,883.51
Net profit from discontinued operations		
Weighted average number of ordinary shares of the Company outstanding	896,014,484	922,620,388
Effect of dilution – weighted average number of ordinary shares (share options)		1,266,862
Weighted average number of ordinary shares of the Company outstanding after adjustment	896,014,484	923,887,250
Basic earnings per share	1.43	1.27
Of which: Basic earnings per share of continuing operations	1.43	1.27
Basic earnings per share of discontinued operations	–	–
Diluted earnings per share	1.43	1.27
Of which: Diluted earnings per share of continuing operations	1.43	1.27
Diluted earnings per share of discontinued operations	–	–

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 57. Notes to cash flow statement items

#### (1) Cash received relating to other operating activities

Item	Amount for the Period	Amount for Previous Period
Government grants	66,618,733.33	33,292,815.58
Interest income	168,677,023.32	159,541,876.23
Deposits for letter of credit/bank acceptance bills		5,241,995.87
Movements in capital and others	28,019,964.88	32,494,579.01
Total	263,315,721.53	230,571,266.69

#### (2) Cash paid relating to other operating activities

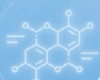
Item	Amount for the Period	Amount for Previous Period
Business promotion expenses	1,459,330,536.72	1,418,939,673.84
R&D expenses	200,959,306.94	224,311,614.00
Bank charges	2,349,432.59	2,068,848.14
Deposits for letter of credit and bank acceptance bills	1,025,527.90	9,661,803.40
Other expenses paid	186,716,680.78	160,175,932.50
Movements in capital and others	6,754,989.69	18,051,215.05
Total	1,857,136,474.62	1,833,209,086.93

#### (3) Cash received relating to major investing activities

Item	Amount for the Period	Amount for Previous Period
Time/structured deposits	2,685,000,000.00	300,000,000.00
Cash management	109,993,408.80	102,484,966.04
Total	2,794,993,408.80	402,484,966.04

#### (4) Cash received relating to other investing activities

Item	Amount for the Period	Amount for Previous Period
Others	75,249.03	



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 57. Notes to cash flow statement items (continued)

#### (5) Cash paid relating to major investing activities

Item	Amount for the Period	Amount for Previous Period
Time/structured deposits	2,870,000,000.00	250,000,000.00
Cash management	110,644,515.80	102,139,574.41
Total	2,980,644,515.80	352,139,574.41

#### (6) Cash paid relating to other investing activities

Item	Amount for the Period	Amount for Previous Period
Foreign exchange forward contract losses	4,517,299.69	931,044.37

#### (7) Cash received relating to other financing activities

Item	Amount for the Period	Amount for Previous Period
Collection and advance payment of individual income tax		1,040,757.54

#### (8) Cash paid relating to other financing activities

Item	Amount for the Period	Amount for Previous Period
Repurchase of shares and commission charges	386,460,716.87	135,510,814.56
Collection and advance payment of individual income tax	6,000.00	50,394.83
Rental	10,254,373.11	12,406,232.81
Withholding income tax	18,493,376.16	
Total	415,214,466.14	147,967,442.20

#### (9) Changes in liabilities arising from financing activities

Item	Balance at the Beginning of the Period	Cash changes		Accrued interest	Non-cash changes	Others	Balance at the End of the Period
		Cash inflow	Cash outflow		Changes in fair value		
Short-term loans	2,455,000,000.00	1,730,000,000.00	2,063,907,183.34	10,550,359.49		-1,643,176.15	2,130,000,000.00
Long-term loans	1,501,946,759.92	60,140,000.00	119,196,761.61	18,700,453.11			1,461,590,451.42
Lease liabilities	25,632,966.15		10,254,373.11	652,884.36		11,927,926.55	27,959,403.95
Total	3,982,579,726.07	1,790,140,000.00	2,193,358,318.06	29,903,696.96		10,284,750.40	3,619,549,855.37

# NOTES TO THE FINANCIAL STATEMENTS

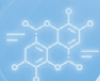
From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 58. Supplemental information to cash flow statement

#### (1) Supplemental information to cash flow statement

Supplemental information	Amount for the Period	Amount for Previous Period
<b>1. Reconciliation from net profit to cash flow from operating activities:</b>		
Net profit	1,551,221,238.59	1,354,699,134.30
Add: Asset impairment loss	11,545,716.96	29,139,720.53
Credit impairment loss	5,724,240.50	3,212,261.28
Depreciation of fixed assets	256,784,427.65	243,219,148.96
Amortization of right-of-use assets	9,881,953.65	11,418,819.65
Amortization of intangible assets	18,863,392.26	19,953,016.36
Amortization of long-term deferred expenses	27,845,214.98	65,218,081.36
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" represents gains)	149,723.72	76,440.36
Loss on retirement of fixed assets ("-" represents gains)	650,238.90	827,176.31
Loss on fair value change ("-" represents gains)	7,952,018.52	18,391,559.98
Finance expenses ("-" represents gains)	28,594,117.24	48,449,991.61
Investment losses ("-" represents gains)	-28,282,266.89	-15,574,609.82
Decrease in deferred income tax assets ("-" represents increase)	-28,700,062.98	-21,978,933.22
Increase in deferred income tax liabilities ("-" represents decrease)	2,844,528.59	-2,027,523.19
Decrease in inventories ("-" represents increase)	271,494,758.62	57,933,551.95
Decrease in operating items receivable ("-" represents increase)	-187,017,217.32	-308,491,178.27
Increase in operating items payable ("-" represents decrease)	-262,611,254.79	10,489,053.16
Others		15,075,545.08
Net cash flow from operating activities	1,686,940,768.20	1,530,031,256.39
<b>2. Major investment and financing activities irrelevant to cash income and expenses:</b>		
Conversion of debts into capital		
Convertible corporate bonds due within 1 year		
The increased right-of-use assets of current period	12,287,488.95	11,571,656.96
<b>3. Net change in cash and cash equivalents:</b>		
Cash balance at the End of the Period	10,342,111,762.77	11,480,358,011.11
Less: Cash balance at the Beginning of the Period	10,817,816,661.30	10,976,366,402.44
Add: Balance of cash equivalents at the End of the Period		
Less: Balance of cash equivalents at the Beginning of the Period		
Net increase in cash and cash equivalents	-475,704,898.53	503,991,608.67



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 58. Supplemental information to cash flow statement *(continued)*

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

Nil.

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

Nil.

#### (4) Composition of cash and cash equivalents

Item	Balance at the End of the Period	Balance at the End of Last Year
I. Cash	10,342,111,762.77	11,480,358,011.11
Of which: Cash on hand	176,533.29	190,535.71
Bank deposits that are readily available for payment	10,216,242,148.37	11,339,205,564.12
Other monetary funds that are readily available for payment	125,693,081.11	140,961,911.28
II. Cash equivalents		
Of which: Bond investments due within 3 months		
III. Balance of cash and cash equivalents at the End of the Period	10,342,111,762.77	11,480,358,011.11

Cash and cash equivalents excluded restricted cash and cash equivalents used by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

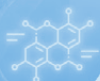
### 58. Supplemental information to cash flow statement (continued)

#### (5) Monetary funds that are not cash and cash equivalents

Item	Balance at the End of the Period	Balance at the End of the Previous Year	Reasons that are not cash and cash equivalents
Deposits for letters of guarantee and other businesses	10,355,851.52	9,330,323.62	Locked up

### 59. Foreign currency monetary items

Item	Balance in foreign currency at the End of the Period	Exchange rate for conversion	Equivalent RMB balance at the End of the Period
Monetary funds			
Of which: HKD	246,344,982.31	0.91195	224,654,306.61
EUR	92,585.97	8.40240	777,944.35
USD	395,344,323.55	7.15860	2,830,111,874.56
MOP	6,315,391.52	0.88470	5,587,226.87
JPY	389,915,001.00	0.049594	19,337,444.56
MYR	19,737.99	1.69503	33,456.49
IDR	53,677,492,459.40	0.000443	23,779,129.16
Accounts receivables			
Of which: USD	70,321,145.39	7.15860	503,400,951.39
JPY	103,513,210.00	0.049594	5,133,634.14
Other receivables			
Of which: HKD	960,519.39	0.91195	875,945.66
Dividends receivables			
Of which: HKD	160,900.00	0.91195	146,732.76
Accounts payables			
Of which: EUR	5,665.41	8.40240	47,603.04
USD	582,012.31	7.15860	4,166,393.32
JPY	59,378,753.16	0.049594	2,944,829.88
IDR	82,892,250.00	0.000443	36,721.27
MOP	171.84	0.88470	152.03
Other payables			
Of which: USD	5,800,853.11	7.15860	41,525,987.07
HKD	58,665.01	0.91195	53,499.56
IDR	118,812,500.00	0.000443	52,633.94
Dividends payable			
Of which: HKD	359,396,179.96	0.91195	327,751,346.31



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## V. NOTES TO THE COMPONENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### 60. Leases

#### (1) As a lessee

Item	Amount for the Period
short-term lease expenses	1,916,010.58

#### (2) As a lessor

Operating leases

##### ① Lease income

Item	Amount for the Period
Lease income	1,686,594.75

② The undiscounted lease receivables to be received in each of the five consecutive accounting years after the balance sheet date, and the total undiscounted lease receivables to be received in the remaining years.

Post balance sheet date	Balance as at the End of the Period	Balance as at the End of the Previous Year
Year 1	4,012,253.86	3,615,049.52
Year 2	1,038,088.61	2,014,770.60
Year 3	108,600.00	378,934.10
Total	5,158,942.47	6,008,754.22

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VI. RESEARCH AND DEVELOPMENT EXPENDITURE

### 1. Research and development expenditure

Item	Amount for the Period		Amount for Previous Period	
	Expensed amount	Capitalised amount	Expensed amount	Capitalised amount
Material costs	71,233,807.92		79,874,097.01	2,086,757.27
Staff salaries	160,947,612.12		163,379,673.85	
Testing fees	112,177,241.67	38,403,071.57	171,292,373.73	12,807,877.86
Depreciation and amortization	50,118,422.23		55,657,618.31	
Purchased projects under research	25,150,943.40	32,767,020.00	4,596,226.42	14,450,298.12
Others	12,422,622.81	369,411.32	15,858,766.81	41,433.96
Total	432,050,650.15	71,539,502.89	490,658,756.13	29,386,367.21

### 2. Development expenditure

Item	Balance at the Beginning of the Period	Increase in the Period		Decrease in the Period		Balance at the End of the Period
		Internal development expenditure	Other increases	Recognized as intangible assets	Recognized in profit and loss for current period	
Biologics						
Chemical drug preparation	220,497,980.76	38,772,482.89	32,767,020.00			292,037,483.65
Total	220,497,980.76	38,772,482.89	32,767,020.00			292,037,483.65

#### (1) Significant capitalized research and development projects

Item	Progress of research and development	Anticipate how economic benefits will be generated	Point of time for commencement of capitalization	Specific basis for capitalization
JP1366 Project	The clinical trial has been approved	Marketing	Clinical stage	Obtain approval for clinical trial and evaluated by the Company

#### (2) Provision for impairment of development expenditure

Item	Balance at the Beginning of the Period	Accrued in the Period	Decrease in the Period	Balance at the End of the Period
Biological medicines	92,425,008.50		92,425,008.50	

### 3. Purchased projects under research

The JP1366 Project has been approved for market launch in Korea, and the Company is responsible for domestic clinical trials after the purchase. The Company has assessed that the future economic benefits of the projects will probably flow to the entity, and therefore the purchase price is recognised as development expense.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VII. EQUITY IN OTHER ENTITIES

### 1. Equity in subsidiaries

#### (1) Group structure

Name of subsidiaries	Type	Type of legal entity	Principal place of business	Place of registration	Nature of business	Registered capital	Percentage of shareholding (%)		Acquisition method
							Direct	Indirect	
Lizhu (Hong Kong) Co., Limited (麗珠(香港)有限公司)	Wholly-owned subsidiary	Limited company	Hong Kong	Hong Kong	Investment	HKD451 million	100		Set-up
Ando Development Limited (安滔發展有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Hong Kong	Hong Kong	Investment	HKD0.5 million		100	Set-up
Livzon International Ventures	Subsidiary of a wholly-owned subsidiary	Limited company	Cayman	Cayman	Investment	USD5.25 million		100	Set-up
Livzon International Ventures I	Subsidiary of a wholly-owned subsidiary	Limited company	Cayman	Cayman	Investment	USD5.15 million		100	Set-up
Livzon International Ventures II	Subsidiary of a wholly-owned subsidiary	Limited company	Cayman	Cayman	Investment	USD0.05 million		100	Set-up
Lian Hong Kong Limited (麗安香港有限公司)	Wholly-owned subsidiary	Limited company	Hong Kong	Hong Kong	Investment	HKD313 million	100		Set-up
LIVZON MALAYSIA SDN. BHD.	Wholly-owned subsidiary	Limited company	Malaysia	Malaysia	Technology development	MYR 100		100	Set-up
LIAN International Holding LTD	Subsidiary of a holding subsidiary	Limited company	Virgin Islands	Virgin Islands	Investment	USD0.05 million		100	Set-up
LIAN SGP HOLDING PTE. LTD	Subsidiary of a holding subsidiary	Limited company	Singapore	Singapore	Investment	USD32 million		100	Set-up
PT. LIVZON PHARMA INDONESIA	Subsidiary of a holding subsidiary	Limited company	Jakarta	Jakarta	Manufacture of medicine	IDR1,306,080 million		80	Set-up
Zhuhai Modern Chinese Medicine High Technology Co., Ltd. (珠海現代中藥高科技有限公司)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Provision of services	RMB6 million	75	25	Set-up
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB450 million	74.46	25.54	Set-up
Livzon Group Livzon Pharmaceutical Marketing Co., Ltd. (麗珠集團麗珠醫藥營銷有限公司)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Trade of goods	RMB20 million	60.04	39.96	Set-up
Zhuhai Livzon Pharmaceutical Trading Co., Ltd. (珠海市麗珠醫藥貿易有限公司)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Trade of goods	RMB60 million	66.67	33.33	Set-up
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司)	Holding subsidiary	Limited company	Shanghai	Shanghai	Manufacture of medicine	RMB87.3289 million	36	15	Set-up
Shanghai Livzon Biotechnology Co., Ltd. (上海麗珠生物科技股份有限公司)	Subsidiary of a holding subsidiary	Limited company	Shanghai	Shanghai	Manufacture of medicine	RMB10 million		75	Set-up
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓醫藥科技有限公司)	Subsidiary of a holding subsidiary	Limited company	Shanghai	Shanghai	Technology development	RMB8 million		100	Consolidation not under common control
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB128.28 million		100	Set-up

# NOTES TO THE FINANCIAL STATEMENTS

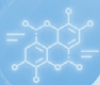
From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VII. EQUITY IN OTHER ENTITIES (continued)

### 1. Equity in subsidiaries (continued)

#### (1) Group structure (continued)

Name of subsidiaries	Type	Type of legal entity	Principal place of business	Place of registration	Nature of business	Registered capital	Percentage of shareholding (%)		Acquisition method
							Direct	Indirect	
Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (焦作麗珠合成製藥有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Jiaozuo	Jiaozuo	Manufacture of medicine	RMB70 million		100	Set-up
Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司)	Holding subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB400 million	47.425 (Note)		Set-up
Companhia de Macau Carason Limitada (澳門嘉安信有限公司)	Subsidiary of a holding subsidiary	Limited company	Macao	Macao	Trade of goods	MOP0.10 million		100	Set-up
Zhuhai Lihe Medical Diagnostic Product Company Limited (珠海麗禾醫療診斷產品有限公司)	Subsidiary of a holding subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB15 million		100	Set-up
Shanghai Lihang Biotechnology Co., Limited (上海麗航生物科技有限公司)	Subsidiary of a holding subsidiary	Limited company	Shanghai	Shanghai	Provision of services	RMB1 million		100	Set-up
Suzhou Lidi Biological Technology Co., Ltd. (蘇州麗迪生物科技股份有限公司)	Subsidiary of a holding subsidiary	Limited company	Suzhou	Suzhou	Technology development	RMB1 million		100	Set-up
Zhuhai Liheng Medical Diagnostic Products Co., Ltd. (珠海立恒醫療診斷產品有限公司)	Subsidiary of a holding subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB15 million		100	Set-up
Livzon Pharmaceutical Biotechnology Co., Ltd. (麗珠醫藥生物科技股份有限公司)	Subsidiary of a wholly owned subsidiary	Limited company	Hong Kong	Hong Kong	Provision of services	HKD0.01 million		100	Set-up
Zhuhai Livzon Advertising Co., Ltd. (珠海麗珠廣告有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Provision of services	RMB1 million	10	90	Set-up
Livzon Group Livzon Baiaimeng Biological Materials Co., Ltd. (麗珠集團麗珠一拜阿蒙生物材料有限公司)	Holding subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB12 million	57	25	Set-up
Livzon Group Livzon Medical Research Centre (麗珠集團麗珠醫藥研究所)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Technology development	RMB10 million	60.04	39.96	Set-up
Livzon Group Vaccine Engineering Inc. (麗珠集團疫苗工程股份有限公司)	Holding subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB65 million	83.85		Set-up
Li Zhu (Macao) Limitada (麗珠(澳門)有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Macao	Macao	Investment	MOP0.10 million		100	Set-up
Zhuhai Livzon Microsphere Technology Co., Ltd. (珠海市麗珠微球科技有限公司)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Technology development	RMB503.48685 million	60	40	Set-up
Zhuhai Livzon Investment Development Co., Ltd. (珠海市麗珠投資發展有限公司)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Investment	RMB500 million	90	10	Set-up



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VII. EQUITY IN OTHER ENTITIES (continued)

### 1. Equity in subsidiaries (continued)

#### (1) Group structure (continued)

Name of subsidiaries	Type	Type of legal entity	Principal place of business	Place of registration	Nature of business	Registered capital	Percentage of shareholding (%)		Acquisition method
							Direct	Indirect	
LivzonBio, Inc. (珠海市麗珠生物醫藥科技有限公司)	Holding subsidiary	Limited company	Zhuhai	Zhuhai	Technology development	RMB1,301.921384 million	62.33		Set-up
Livzon Biologics Hong Kong Limited	Subsidiary of a holding	Limited company	Hong Kong	Hong Kong	Investment	HKD0.0004 million		100	Set-up
Zhuhai Kadi Medical Biotechnology Inc. (珠海市卡迪生物醫藥有限公司)	Subsidiary of a holding subsidiary	Limited company	Zhuhai	Zhuhai	Technology development	RMB1 million		100	VIE
Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司)	Subsidiary of a holding subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB1,500 million		100	Set-up
Livzon MABPharm (US) Inc. (麗珠單抗生物技術(美國)有限公司)	Subsidiary of a holding subsidiary	Limited company	Boston	Boston	Technology development	USD1.10 million		100	Set-up
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司)	Wholly-owned subsidiary	Limited company	Pengzhou	Pengzhou	Manufacture of medicine	RMB149 million	57.41	42.59	Consolidation not under common control
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	Holding subsidiary	Limited company	Qingyuan	Qingyuan	Manufacture of medicine	RMB239.8877 million	87.14		Consolidation not under common control
Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (麗珠集團(寧夏)製藥有限公司)	Subsidiary of a holding subsidiary	Limited company	Pingluo county	Pingluo county	Manufacture of medicine	RMB200 million		100	Set-up
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司)	Subsidiary of a holding subsidiary	Limited company	Fuzhou	Fuzhou	Manufacture of medicine	USD41.70 million		100	Consolidation not under common control
Gutian Fuxing Pharmaceutical Co., Ltd. (古田福興醫藥有限公司)	Subsidiary of a holding subsidiary	Limited company	Gutian county	Gutian county	Manufacture of medicine	RMB26.70 million	25	75	Consolidation not under common control
Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠)	Wholly-owned subsidiary	Limited company	Shaoguan	Shaoguan	Manufacture of medicine	RMB61.56101 million	65.10	34.90	Consolidation not under common control
Datong Livzon Qiyuan Medicine Co., Ltd. (大同麗珠芪源藥材有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Hunyuan county	Hunyuan county	Crop farming	RMB4 million		92.50	Set-up
Longxi Livzon Shenyuan Medicine Co., Ltd. (隴西麗珠參源藥材有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Longxi count	Longxi count	Crop farming	RMB4 million		100	Set-up
Zhuhai Livzon Ruiyan Zhixin Pharmaceutical Technology Co., Ltd. (珠海市麗珠睿研智新醫藥科技有限責任公司)	Holding subsidiary	Limited company	Shanghai	Shanghai	Technology development	RMB3 million	55	45	Set-up
Wuhan Kangli Health Investment Management Co., Ltd. (武漢康麗健康投資管理有限公司)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Investment	RMB1,000 million	60		Set-up
Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子動物保健(廣東)有限公司)	Holding subsidiary	Limited company	Wuhan	Wuhan	Manufacture of medicine	RMB200 million	51		Set-up

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VII. EQUITY IN OTHER ENTITIES (continued)

### 1. Equity in subsidiaries (continued)

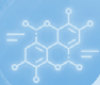
#### (1) Group structure (continued)

Name of subsidiaries	Type	Type of legal entity	Principal place of business	Place of registration	Nature of business	Registered capital	Percentage of shareholding (%)		Acquisition method
							Direct	Indirect	
Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (珠海市麗珠中藥現代化科技有限 公司)	Wholly-owned subsidiary	Limited company	Zhuhai	Zhuhai	Manufacture of medicine	RMB130 million	50	50	Set-up
Macau Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (澳門麗珠中藥現代化科技 有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Macao	Macao	Trade of goods	MOP0.10 million		100	Set-up
Linfen Lizhu Qiaoyuan Medicine Co., Ltd. (臨汾麗珠翹源藥材有限公司)	Subsidiary of a wholly-owned subsidiary	Limited company	Linfen	Linfen	Crop farming	RMB5 million		51	Set-up

**Note:** The Company is the largest shareholder of Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司) ("Livzon Diagnostics"). Pursuant to Article 104 of the Articles of Association of Livzon Diagnostics, the board of directors of Livzon Diagnostics consists of nine Directors. The Company will appoint 4 directors of its board of directors, representing more than half of the 6 non-independent directors, and one of them shall be appointed as the chairman of the board of directors. Pursuant to Article 72 and 73 of the Articles of Association of Livzon Diagnostics, "ordinary resolutions made by the General Meetings must be passed by more than half of the voting rights represented by the shareholders (including proxies) present at the shareholders' general meetings". Ordinary resolutions include annual financial budget, final accounts and other related businesses. Through its influence over the shareholders' general meetings and the board of directors of Livzon Diagnostics, the Company has the control over Livzon Diagnostics. As such, the Company includes Livzon Diagnostics in the scope of consolidation.

#### (2) Important non-wholly owned subsidiaries

Name of subsidiaries	Percentage of minority interests (%)	Profit and loss attributable to minority interests for the Period	Dividends declared of or distribution to minority interests during the Period	Balance of equity of minority interests at the End of the Period
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司) (consolidated)	49.00	216,624,708.71		862,818,336.25
Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司) (consolidated)	52.575	45,836,172.52	105,150,000.00	401,222,888.55
Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司) (consolidated)	37.67	-34,105,026.88		-485,555,813.76
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司) (consolidated)	12.86	41,422,663.08		358,317,823.07



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VII. EQUITY IN OTHER ENTITIES (continued)

### 1. Equity in subsidiaries (continued)

#### (3) Major financial information on important non-wholly owned subsidiaries

Name of subsidiaries	Balance at the End of the Period					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司)(consolidated)	2,361,169,298.08	153,763,573.27	2,514,932,871.35	743,324,996.05	8,106,617.97	751,431,614.02
Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司)(consolidated)	838,391,907.94	214,352,666.23	1,052,744,574.17	270,267,716.07	19,331,692.85	289,599,408.92
Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司)(consolidated)	156,507,596.30	271,147,594.66	427,655,190.96	327,677,359.32	1,370,949,994.55	1,698,627,353.87
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)(consolidated)	2,413,761,784.30	1,778,488,850.71	4,192,250,635.01	894,459,328.60	50,464,098.48	944,923,427.08

Continued (1):

Name of subsidiaries	Balance at the End of the Previous Year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司)(consolidated)	1,868,136,767.19	159,804,277.61	2,027,941,044.80	697,690,712.71	8,002,219.41	705,692,932.12
Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司)(consolidated)	988,847,440.52	229,832,057.63	1,218,679,498.15	310,953,005.41	31,670,198.60	342,623,204.01
Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司)(consolidated)	157,024,866.59	306,633,242.55	463,658,109.14	262,210,341.98	1,482,905,954.67	1,745,116,296.65
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)(consolidated)	2,496,593,982.63	1,783,865,951.81	4,280,459,934.44	1,375,162,136.55	47,594,515.37	1,422,756,651.92

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VII. EQUITY IN OTHER ENTITIES (continued)

### 1. Equity in subsidiaries (continued)

#### (3) Major financial information on important non-wholly owned subsidiaries (continued)

Continued (2):

Name of subsidiaries	Amount for the Period				Amount for Previous Period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shanghai Livzon Pharmaceutical Manufacturing Co. Ltd. (上海麗珠製藥有限公司)(consolidated)	1,171,343,599.63	440,447,913.61	440,447,913.61	389,072,156.63	1,132,014,337.67	386,344,195.48	386,344,195.48	426,018,307.84
Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司)(consolidated)	375,635,626.21	87,182,448.93	87,088,871.11	30,081,161.15	397,935,694.42	85,117,313.80	85,130,739.09	21,653,249.04
Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司)(consolidated)	24,169,537.66	-89,655,125.50	-89,655,853.48	-40,992,371.02	26,109,614.47	-187,458,820.05	-187,459,051.35	-113,154,416.42
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)(consolidated)	1,343,981,722.22	322,104,689.50	322,104,689.50	416,628,742.13	1,212,645,120.04	293,088,349.30	293,088,349.30	333,285,660.16

#### (4) Transactions that result in change of owners' equity in subsidiaries without losing control

##### ① Changes of owners' equity of in subsidiaries

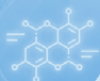
The Company originally held 55.13% equity interest in LivzonBio, Inc. (珠海市麗珠生物醫藥科技有限公司) ("LivzonBio"). According to the Capital Contribution Agreement of LivzonBio, Inc. (《關於珠海市麗珠生物醫藥科技有限公司之增資協議》) and the resolution of the general meeting of LivzonBio, the registered capital of LivzonBio will be increased from RMB889,023,284.00 to RMB1,095,472,334.00, and the newly-increased registered capital of RMB206,449,050.00 will fully paid by way of cash before 31 December 2028. The subscription consideration is RMB1,000,000,000, and the subscription consideration exceeding the subscribed capital contribution will be accounted in capital reserves. The Company made capital contributions of RMB50,000,000 and RMB32,000,000 on 17 April 2025 and 18 June 2025, respectively. The capital increase during the period resulted in an increase of RMB39,371,207.74 in minority interests and a decrease of RMB39,371,207.74 in capital reserve.

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

Item	LivzonBio
Acquisition cost	
– Cash	82,000,000.00
Total acquisition cost	82,000,000.00
Less: Difference in net assets shares of subsidiaries calculated based on the proportion of equity acquired	42,628,792.26
Of which: adjustment in capital reserve	39,371,207.74

### 2. Business combinations involving enterprises not under common control

Nil.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VII. EQUITY IN OTHER ENTITIES *(continued)*

### 3. Changes in the scope of consolidation due to other reasons

Nil.

### 4. Equity in associates

#### (1) Important associates

Name of joint ventures or associates	Principal place of business	Place of registration	Nature of business	Percentage of shareholding (%)		Accounting treatments for investments in joint ventures or associates
				Direct	Indirect	
Associates						
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集團股份有限公司)	Tianjin	Tianjin	Manufacture of medicine	40.00		Equity method

#### (2) Major financial information on important associates

Item	Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集團股份有限公司)	
	30 June 2025	
Owners' equity attributable to the parent company	720,385,150.55	
Net assets shares calculated based on the proportion of the shares	288,154,060.21	
Adjusting items		
Of which: Goodwill	498,457,683.68	
Carrying amount of equity investment in associates	786,611,743.89	

Continued:

Item	Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集團股份有限公司)	
	Amount for the Period	
Operating income	530,647,791.79	
Dividends received by the enterprise from associates for the Period		

The Company calculated share of assets by shareholding ratio based on the amount attributable to the parent company in the associates' consolidated financial statements. The amounts of associates on the consolidated financial statements take into account the fair value of net identifiable assets and liabilities of the associate when acquiring the investment and the effect of unifying accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VII. EQUITY IN OTHER ENTITIES *(continued)*

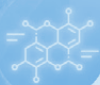
### 4. Equity in associates *(continued)*

#### (3) Summarized financial information of other non-important associates

Item	Balance at the End of the Period/ Amount for the Period	Balance for Previous Period/ Amount for Previous Period
<b>Associates:</b>		
Total carrying amount of investments	288,949,873.59	321,806,752.74
Total amount calculated by percentage of shareholding		
Net profit	-8,374,819.02	-11,563,132.76
Other comprehensive income	2,410.36	
Total comprehensive income	-8,372,408.66	-11,563,132.76

#### (4) Explanation of major restrictions on the capacity of capital transfer from associates to the Company

Nil.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## VIII. GOVERNMENT GRANTS

### 1. Government grants included in deferred income

Classification	Balance at the Beginning of the Period	Increase during the Period	Decrease during the Period	Balance at the End of the Period
Government grant related to assets	237,400,995.84	35,050,550.00	27,793,910.54	244,657,635.30
Government grant related to income	1,021,840.51		21,840.51	1,000,000.00
Total	238,422,836.35	35,050,550.00	27,815,751.05	245,657,635.30

#### (1) Government grants included in deferred income will be measured by gross amount method subsequently

Type	Balance at the Beginning of the Period	Amount of Additional grant for the Period	Amount carried forward into profit and loss for the Period	Other changes	Balance at the End of the Period	Presentation item carried forward into profit and loss for the Period
Government grant related to assets	237,400,995.84	35,050,550.00	27,716,919.39	76,991.15	244,657,635.30	Other income
Government grant related to income	1,021,840.51		21,840.51		1,000,000.00	Other income
Total	238,422,836.35	35,050,550.00	27,738,759.90	76,991.15	245,657,635.30	

The above government grants were mainly from grants for projects such as R&D, technology transformation, technology innovation and relocation from relevant government authorities such as development and reform, finance, technology and industrial information bureau of prefecture, provincial and municipal level government of the place where the Company and its subsidiaries operate.

### 2. Government grants charged to profit and loss of current period by adopting gross amount method

Type	Amount charged to profit and loss for the Period	Amount charged to profit and loss for the Previous Period	Presentation item charged to profit and loss
Government grant related to assets	27,716,919.39	18,292,867.68	Other income
Government grant related to income	31,590,023.84	25,439,251.19	Other income
Total	59,306,943.23	43,732,118.87	

Government grants were mainly from grants for projects such as enterprises operation, R&D, technology transformation, technology innovation, export credit insurance and employment assurance from relevant government authorities such as development and reform, finance, commerce, technology, technology and industrial information bureau, human resources and social security bureau of prefecture, provincial and municipal level government of the place where the Company and its subsidiaries operate.

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## VIII. GOVERNMENT GRANTS *(continued)*

### 3. Government grants adopting the netting method to offset the relevant cost

Nil.

### 4. Government grants refunded during the Period

Nil.

## IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

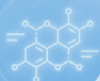
The major financial instruments of the Company include monetary funds, bills receivable, accounts receivable, other receivables, other current assets, financial assets held for trading, other equity instrument investments, bills payable, accounts payable, other payables, short-term loans, financial liabilities held for trading, non-current liabilities due within one year, long-term loans, lease liabilities and long-term payables. The details of these financial instruments are disclosed in the respective notes. The risks relating to these financial instruments and the risk management policies adopted by the Company to minimize these risks are disclosed as below. The management of the Company manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

### 1. Risk management objectives and policies

The operation activities of the Company are subject to various types of financial risks: market risk (mainly including foreign exchange risks and interest rate risks), credit risk and liquidity risk. The Company formulates an overall risk management plan with respect to the unforeseeability of the financial market in order to minimize the potential adverse impacts on the financial performance of the Company.

#### (1) Foreign exchange risk

The Company conducts its operations primarily in China. Substantially all of the transactions are denominated and settled in Renminbi. However, the Company still has some import and export businesses regarding APIs and diagnostic reagents that are settled in U.S. dollar and Japanese Yen. The Company's businesses outside China (mainly in Hong Kong) are settled in Hong Kong dollars. In addition, the Company will have foreign currency loans according to the operating needs. In summary of the above, the Company still exposes to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable to the Company, the Company adopted non-hedging foreign currency forward contracts to control foreign exchange risk. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend of the exchange rate of Renminbi, and timely adjust the extent of borrowings, so as to minimize the risks.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS *(continued)*

### 1. Risk management objectives and policies *(continued)*

#### (1) Foreign exchange risk *(continued)*

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

① 30 June 2025

*Unit: RMB'000*

Item	HKD item	USD item	EUR item	JPY item	MYR item	IDR item	MOP item
Financial assets in foreign currency:							
Monetary funds	224,654.31	2,830,111.87	777.94	19,337.44	33.46	23,779.13	5,587.23
Financial assets held for trading	43,372.22						
Accounts receivable		503,400.95		5,133.63			
Other receivables							
Dividends receivables	875.95						
Other equity instrument investments	146.73						
	168,755.66						
Subtotal:	437,804.87	3,333,512.82	777.94	24,471.07	33.46	23,779.13	5,587.23
Financial liabilities in foreign currency:							
Accounts payable		4,166.39	47.60	2,944.83		36.72	0.15
Other payables	53.50	41,525.99				52.63	
Dividends payable	327,751.35						
Subtotal:	327,804.85	45,692.38	47.60	2,944.83		89.35	0.15

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

### 1. Risk management objectives and policies (continued)

#### (1) Foreign exchange risk (continued)

② 31 December 2024

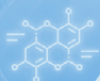
Unit: RMB'000							
Item	HKD item	USD item	EUR item	JPY item	MYR item	IDR item	MOP item
Financial assets in foreign currency:							
Monetary funds	14,284.27	1,733,143.34	696.77	13,236.90	27.64	147,362.32	5,727.37
Financial assets held for trading	61,589.37						
Accounts receivable		433,127.03					
Other receivables	889.71						
Other equity instrument investments	172,980.32						
Subtotal:	249,743.67	2,166,270.37	696.77	13,236.90	27.64	147,362.32	5,727.37
Financial liabilities in foreign							
Accounts payable		1,518.91	42.64	1,152.88			
Other payables	54.33	31,671.97				5.89	
Subtotal:	54.33	33,190.88	42.64	1,152.88		5.89	

As at 30 June 2025, in respect of the Company's financial assets and liabilities denominated in Hong Kong dollar, U.S. dollar, EUR, Japanese Yen and Macau dollar, should the value of RMB appreciate or depreciate by 5% against Hong Kong dollar, U.S. dollar, EUR, Japanese Yen and Macau dollar, and other factors remain unchanged, the Company would be subject to an increase or decrease in profit of approximately RMB172.46937 million (31 December 2024: approximately RMB127.43092 million).

#### (2) Interest rate risk

The Company's exposures to interest rate risk are mainly arising from interest-bearing liabilities such as bank loans. The interest rates are affected by the macro monetary policies of China, hence the Company will face the risks arising from fluctuations of interest rates in the future.

The finance department of the head office of the Company continues to monitor the level of interest rate. The rise in the interest rate will increase the cost of additional interest-bearing liabilities and the interest expenses of the Company's outstanding interest-bearing liabilities of which the interests are calculated at floating rates, and will have material adverse impact on the financial results of the Company. The management will make timely adjustment based on the updated market conditions. The directors of the Company consider that the future changes in the interest rate will not have material adverse impact on the operating results of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## **IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS** *(continued)*

### **1. Risk management objectives and policies** *(continued)*

#### **(3) Credit risk**

Credit risk is primarily attributable to cash and cash equivalents, restricted funds, accounts receivable and other receivables. In respect of deposits at banks, they are placed in several banks with good reputation, and the credit risk faced by us is limited. In respect of receivables, the Company will assess the credit limit granted to customers for credit purpose. Moreover, as the customer base is large, the credit risk from accounts receivable is not concentrated. In respect of the settlement of bills receivable, since more quality bills such as bank acceptance bills are used, it is expected that there should be no significant credit risks as to whether the Company decides to hold the bills for redemption upon maturity or endorse them to external parties for payment based on capital requirements. In addition, the impairment provisions for accounts receivable and other receivables are adequate to manage the credit risk.

Among the accounts receivable of the Company, the accounts receivable from the top five customers accounted for 9.24% (31 December 2024: 9.85%); among other receivables of the Company, the other receivables from the top five customers accounted for 39.81% (31 December 2024: 46.08%).

#### **(4) Liquidity risk**

Liquidity risk refers to the risk of shortage of funds that the Company may encounter in meeting its obligations of settlement by delivering cash or other financial assets.

The Company adopts prudent liquidity risk management for the sufficient supply of monetary funds and liquidity. It secures readily available credit loans from banks mainly by maintaining adequate monetary funds and banking facilities. Apart from indirect financing from banks, a number of financing channels are available, such as direct financing by inter-bank market (including short-term financing bills and medium-term notes) and corporate bonds etc. These instruments can effectively reduce the effects of the scale of financing and the macro monetary policies of China on indirect bank financing, and enable us to secure adequate funds in a flexible manner.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS *(continued)*

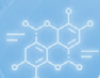
### 1. Risk management objectives and policies *(continued)*

#### (4) Liquidity risk *(continued)*

As at the balance sheet date, the contractual cash flows of financial assets and financial liabilities of the Company are presented below in terms of maturity:

① 30 June 2025

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Monetary funds	10,352,467,614.29				10,352,467,614.29
Financial assets held for trading	258,321,589.51				258,321,589.51
Bills receivable	1,143,554,768.40				1,143,554,768.40
Accounts receivable	2,301,463,456.31				2,301,463,456.31
Other receivables	43,537,896.67				43,537,896.67
Non-current assets due within 1 year	214,121,617.17				214,121,617.17
Other non-current assets		259,433,316.20	8,251,101.00		267,684,417.20
Subtotal:	14,313,466,942.35	259,433,316.20	8,251,101.00		14,581,151,359.55
Financial liabilities:					
Short-term loans	2,130,000,000.00				2,130,000,000.00
Financial liabilities held for trading	8,581.94				8,581.94
Bills payable	833,253,202.89				833,253,202.89
Accounts payable	556,966,971.46				556,966,971.46
Other payables	3,220,186,591.34				3,220,186,591.34
Non-current liabilities due within one year	106,810,750.64				106,810,750.64
Lease liabilities		5,652,292.65	9,463,323.06		15,115,615.71
Long-term loans		412,873,031.42	954,750,457.60		1,367,623,489.02
Subtotal:	6,847,226,098.27	418,525,324.07	964,213,780.66		8,229,965,203.00



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS *(continued)*

### 1. Risk management objectives and policies *(continued)*

#### (4) Liquidity risk *(continued)*

② 31 December 2024

Item	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Monetary funds	10,827,146,984.92				10,827,146,984.92
Financial assets held for trading	89,363,055.07				89,363,055.07
Bills receivable	1,313,604,720.17				1,313,604,720.17
Accounts receivable	1,935,502,036.72				1,935,502,036.72
Other receivables	34,558,694.17				34,558,694.17
Other non-current assets		262,603,561.62	204,390,121.77		466,993,683.39
Subtotal:	14,200,175,491.05	262,603,561.62	204,390,121.77		14,667,169,174.44
Financial liabilities:					
Short-term loans	2,455,000,000.00				2,455,000,000.00
Financial liabilities held for trading	8,096,946.08				8,096,946.08
Bills payable	965,581,088.61				965,581,088.61
Accounts payable	618,397,523.74				618,397,523.74
Other payables	2,861,381,342.08				2,861,381,342.08
Non-current liabilities due within one year	48,742,085.99				48,742,085.99
Lease liabilities		4,199,179.12	8,903,348.59		13,102,527.71
Long-term loans		361,336,865.48	1,104,398,246.89		1,465,735,112.37
Subtotal:	6,957,198,986.50	365,536,044.60	1,113,301,595.48		8,436,036,626.58

### 2. Capital management

The capital management policies are made to keep the continuous operation of the Company, to enhance the return to shareholders, to benefit other stakeholders and to maintain the best capital structure to minimize the cost of capital.

For the maintenance or adjustment of the capital structure, the Company may adjust financing methods, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or make an asset disposal to reduce the liabilities.

The Company monitors the capital structure with the gearing ratio (calculated by dividing total liabilities by total assets). On 30 June 2025, the Company's gearing ratio is 38.26 % (31 December 2024: 39.05%).

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## IX. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

### 3. Transfer of financial assets

#### (1) Classification of transfer methods

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Confirmation of derecognition	Basis of judgement for derecognition
Endorse	Bills receivable	45,661,199.62	Derecognized	Derecognition of contractual rights to receive cash flows from financial assets, and substantially transfer of all risks and rewards.
Factoring	Accounts receivable	50,589,614.49	Derecognized	Without recourse.

#### (2) Financial assets derecognized on transfer

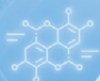
Item	Transfer method	Amount derecognized	Profits or losses related to derecognition
Bills receivable	Endorse	45,661,199.62	
Accounts receivable	Transfer	50,589,614.49	

On 30 June 2025, the carrying amount of the Company's bank acceptance bills undue and endorsed to suppliers for settling accounts payable was RMB45,661,199.62 (31 December 2024: RMB34,906,855.80); the Company had no commercial acceptance bills undue and endorsed to suppliers for settling accounts payable (31 December 2024: RMB0.00). On 30 June 2025, the due dates were within 1 to 6 months. In accordance with the relevant provisions of the Law of Negotiable Instruments, if payment is refused by the bank of acceptance, the holder of the bills shall have a right of recourse against the Company (the "Continuing Involvement"). The Company is of the view that it had transferred substantially all risks and rewards of the bills. Accordingly, their carrying amounts of the associated accounts payable which had been settled would be derecognized. The maximum loss and the undiscounted cash flows from the Continuing Involvement and repurchase were equal to their respective carrying amounts. In the opinion of the Company, the fair value of the Continuing Involvement was not significant.

From January to June 2025, no gain or loss was generated by the Company on the date of transfer of the bills. The Company had no current or accumulated gain or expense arising from the Continuing Involvement in financial assets which had been derecognized. The endorsement was incurred evenly throughout the Period.

#### (3) Financial assets which are transferred but have not been derecognized in their entirety

Nil.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## X. FAIR VALUE

Based on the inputs of the lowest level that are of great significance to the measurement as a whole in the fair value measurement, the fair value can be categorized as:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs other than the quoted market price of assets or liabilities in Level 1, either directly (the prices) or indirectly (derived from prices).

Level 3: Any input that is not based on observable market data (unobservable inputs) is used for assets or liabilities.

### (1) Items and amounts measured at fair value

As at 30 June 2025, assets and liabilities measured at fair value are listed as follows based on the three hierarchies as set out above:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets held for trading				
1. Fund	997,444.81			997,444.81
2. Structured deposits			200,000,000.00	200,000,000.00
3. Equity instrument investments	56,535,180.88			56,535,180.88
4. Derivative financial assets		788,963.82		788,963.82
(II) Other equity instrument investments	60,912,357.94		497,397,006.77	558,309,364.71
Total assets measured at fair value on a recurring basis	118,444,983.63	788,963.82	697,397,006.77	816,630,954.22
(III) Financial liabilities held for trading				
1. Derivative financial liabilities		8,581.94		8,581.94
Total liabilities measured at fair value on a recurring basis		8,581.94		8,581.94
II. Non-recurring fair value measurement Held-for-sale assets				
Total assets measured at fair value on a non-recurring basis				
Total liabilities measured at fair value on a non-recurring basis				

From January to June 2025, there were no transfers of the fair value measurements of financial assets and financial liabilities of the Company between level 1 and level 2.

For financial instruments traded in an active market, the Company measures their fair values at quoted price in the active market. The Company's level 1 financial assets and equity instrument investment held for trading are listed and traded in Shenzhen, Hong Kong, the United States and other places, and their fair values are determined based on the closing price on the last trading day of the Reporting Period.

For financial instruments that are not traded in an active market, the Company measures their fair values using valuation techniques. The valuation models used are mainly discounted cash flow model and market comparable entity model. Inputs of the valuation techniques mainly include risk-free interest rate, benchmark interest rate, foreign exchange rate, credit spread, liquidity premium, lack of liquidity discount, etc.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

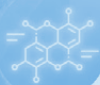
## X. FAIR VALUE (continued)

### (2) Information about the fair value measurement of level 2

Item	Fair value at the End of the Period	Valuation techniques
Derivative financial assets	788,963.82	The fair value is measured at the forward exchange rates quoted by the respective matured contract
Derivative financial liabilities	8,581.94	The fair value is measured at the forward exchange rates quoted by the respective matured contract

### (3) The quantitative information of important unobservable input used in the level 3 fair value measurement

Item	Fair value at the End of the Period	Valuation techniques
Financial assets held for trading	200,000,000.00	Expected earnings
– structured deposits		
Other equity instrument investments	228,006,000.00	Market method
– Zhuhai China Resources Bank Co., Ltd. (珠海華潤銀行股份有限公司)		
Other equity instrument investments	24,737,630.38	Market method
– Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物醫藥(上海)有限公司)		
Other equity instrument investments	36,710,669.76	Latest financing price
– Zhuhai Medpha Biotechnology Co., Ltd. (珠海麥得發生物科技股份有限公司)		
Other equity instrument investments	36,098,956.59	Latest financing price
– Xiangrong (Shanghai) Biotechnology Co, Ltd. (享融(上海)生物科技有限公司)		
Other equity instrument investments	140,738,950.90	Net assets
– GLOBAL HEALTH SCIENCE		
Other equity instrument investments	18,472,941.59	Net assets
– Nextech V Oncology S.C.S., SICAV-SIF		
Other equity instrument investments	131,857.55	Net assets
– LUNGLIFE AI, INC.		
Other equity instrument investments – Others	12,500,000.00	Cost



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## X. FAIR VALUE (continued)

### (4) Reconciliation of fair value measurements categorized within Level 3 of the fair value hierarchy

Item (Amount for the Period)	Balance at the Beginning of the Period	Transfers into Level 3	Transfers out of Level 3	Total current gains or losses		Purchase, issuance, sale and settlement				Balance at the End of the Period	Movements in unrealized gains or losses for the period through profit or loss for assets held at the end of the Reporting Period
				Included in profit and loss	Included in other comprehensive income	Purchase	Issuance	Sale	Settlement		
Financial assets held for trading	15,081,807.66			3,014.26		200,000,000.00			15,084,821.92	200,000,000.00	
Other equity instrument investments	504,011,413.93	1,039,717.94			-7,639,097.07	407,603.40		422,631.43		497,397,006.77	
Total	519,093,221.59	1,039,717.94		3,014.26	-7,639,097.07	200,407,603.40		422,631.43	15,084,821.92	697,397,006.77	

## XI. RELATED PARTIES AND RELATED TRANSACTIONS

### 1. Parent company of the Company

Name of parent company	Place of registration	Nature of business	Registered capital (RMB0'000)	Percentage of the Company's shareholding held by the parent company (%)	Percentage of the Company's voting rights held by the parent company (%)
Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	Shenzhen	Production and operation of oral liquid, drugs and healthcare food	182,945.3386	24.50	24.50

Notes to the parent company of the Company:

As at 30 June 2025, the Company's parent company and its subsidiaries held a total of 418,878,625 shares in the Company, representing 46.33% of the total share capital of the Company. Among these shares, 17,306,329 legal person shares were held in the name of Guangzhou Begol Trading Holdings Limited (廣州市保科力貿易公司) and the transfer procedures were not completed. The transfer procedures for other shares were completed.

The ultimate controller of the Company: Zhu Baoguo.

### 2. The Company's subsidiaries

Please refer to Note VII.1 for the details of subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

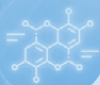
## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 3. Associates of the Company

Please refer to Note V.9 and Note VII.4 for the details of the associates.

Other joint ventures or associates entered into related transactions with the Company during the Period, or during the prior period with remaining closing balance were as follows:

Name of joint ventures and associates	Relationship with the Company
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	Associate
AbCyte Therapeutics Inc.	Associate
L&L Biopharma, Co., Ltd. (上海健信生物醫藥科技有限公司)	Associate
Zhuhai Sanmed Biotech Inc. (珠海聖美生物診斷技術有限公司)	Associate
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市聖美基因檢測科技有限公司)	A company controlled by the associate
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海橫琴維勝精準醫學科技有限公司)	A company controlled by the associate
Aetio Biotherapy, Inc.	Associate
Henan Province Joincare Biopharmaceutical Research Institute Co., Ltd. (河南省健康元生物醫藥研究院有限公司)	Associate and a company controlled by the parent company
Hangzhou Atom Therapeutics Co., Ltd. (杭州新元素藥業有限公司)	Associate
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集團股份有限公司)	Associate
Beijing Infinite Intelligence Pharmaceutical Technology Co., Ltd. (北京英飛智藥科技有限公司)	Associate
Shenzhen KangTi Biopharma Technology Co., Ltd. (深圳康體生物醫藥科技有限公司)	Associate



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 4. Other related parties of the Company

Name of related parties	Relationship with the Company
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	A company controlled by the parent company
Joincare Haibin Pharmaceutical Co., Ltd. (健康元海濱藥業有限公司)	A company controlled by the parent company
Xinxiang Haibin Pharmaceutical Co., Ltd. (新鄉海濱藥業有限公司)	A company controlled by the parent company
Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	A company controlled by the parent company
Health Pharmaceutical (China) Co., Ltd. (健康藥業(中國)有限公司)	A company controlled by the parent company
Shenzhen Taitai Pharmaceutical Co., Ltd. (深圳太太藥業有限公司)	A company controlled by the parent company
Shenzhen Taitai Biotechnology Co., Ltd. (深圳太太生物科技有限公司)	A company controlled by the parent company
Shenzhen Taitai Gene Engineering Co., Ltd. (深圳太太基因工程有限公司)	A company controlled by the parent company
Topsino Industries Limited (天誠實業有限公司)	A company controlled by the parent company
Guangzhou Respiratory Drugs Engineering Technology Co., Ltd. (廣州呼吸藥物工程技術有限公司)	A company controlled by the parent company (no longer under control)
Shanghai Fangyu Health Pharmaceutical Technology Co., Ltd. (上海方予健康醫藥科技有限公司)	A company controlled by the parent company
Joincare (Guangdong) Special Medicine Food Co., Ltd. (健康元(廣東)特醫食品有限公司)	A company controlled by the parent company
Joincare Pharmaceutical Group Industry Co., Ltd.	A company controlled by the parent company
Zhuozhou Jingnan Yongle Golf Club Co., Ltd. (涿州京南永樂高爾夫俱樂部有限公司)	A company controlled by the controlling shareholder of parent company
Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿醫院管理有限公司之子公司)	Subsidiaries of the company in which a Director of the Company serves as a Director (no longer serves as a director)
WeBank Co., Ltd (深圳前海微眾銀行股份有限公司)	A company in which a Director of the Company serves as a director
Zhuhai Medpha Biotechnology Co., Ltd. (珠海麥得發生物科技股份有限公司)	A company in which a Supervisor of the Company serves as a director
Zhuhai Xianghetai Investment Management Partnership (Limited Partnership) (珠海祥和泰投資管理合夥企業(有限合夥))	An enterprise controlled by senior management of the Company
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) 珠海中匯源投資合夥企業(有限合夥)	An enterprise controlled by a Director of the Company
Zhuhai Liying Investment Management Partnership (Limited Partnership) 珠海麗英投資管理合夥企業(有限合夥)	An enterprise controlled by a Director of the Company
Jiangsu Yiyinjia Medical Technology Co., Ltd. (江蘇一贏家醫療科技有限公司) and its subsidiaries	A company controlled by a Director of the Company
Zhuhai Puxiaoying Enterprise Management Co., Ltd. (珠海市蒲小英企業管理有限公司)	A company controlled by close family members of a Director of the Company
Directors, Supervisors and other senior management personnel	Key management personnel

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

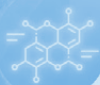
## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 5. Related transactions

#### (1) Related purchase and sales

##### ① Purchase of goods, receipt of services

Related party	Description of related party transaction	Pricing basis and decision-making procedures of the related party transactions	Amount for the Period	Amount for the Previous Period
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	Raw materials	The market price	830,442.49	1,660,884.96
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	Raw materials	The market price	7,165,281.06	7,183,834.59
Xinxiang Haibin Pharmaceutical Co., Ltd. (新鄉海濱藥業有限公司)	Raw materials	The market price		187,168.14
Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	Finished goods	The market price	315,900.21	289,023.46
Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	Raw materials	The market price	109,383,368.20	104,212,705.09
Jiangsu Yiyinjia Medical Technology Co., Ltd. (江蘇一贏家醫療科技有限公司) and its subsidiaries	Finished goods	The market price		29,816.00
Purchase of goods in aggregate			117,694,991.96	113,563,432.24
Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	Water, electricity, and power	The market price	14,039,123.58	15,266,734.96
Shanghai Fangyu Health Pharmaceutical Technology Co., Ltd. (上海方予健康醫藥科技有限公司)	R&D	Based on negotiation	3,133,132.07	12,754,881.58
Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	R&D, testing and modern service	Based on negotiation		2,397,667.27
Guangzhou Respiratory Drugs Engineering Technology Co., Ltd. (廣州呼吸藥物工程技術有限公司)	R&D	Based on negotiation	5,055,477.35	7,061,094.34
Receipt of services in aggregate			22,227,733.00	37,480,378.15



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 5. Related transactions *(continued)*

#### (1) Related purchase and sales *(continued)*

##### ② Sales of goods, provision of services

Related party	Description of related party transaction	Pricing basis and decision-making procedures of the related party transactions	Amount for the Period	Amount for the Previous Period
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	Finished goods	The market price	14,905,486.74	13,699,115.02
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	Finished goods	The market price		1,174.31
Jiaozuo Joicare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	Raw materials	The market price	4,045,291.16	
Joicare Haibin Pharmaceutical Co., Ltd. (健康元海濱藥業有限公司)	Finished goods	The market price		1,906,278.98
Joicare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	Finished goods	The market price	9,280.24	
Zhuhai Sanmed Biotech Inc. (珠海聖美生物診斷技術有限公司)	Finished goods	The market price		1,327.43
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海橫琴維勝精准醫學科技有限公司)	Finished goods	The market price	418,223.89	
Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿醫院管理有限公司)	Finished goods	The market price		1,744,679.12
Sales of goods in aggregate			19,378,282.03	17,352,574.86

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

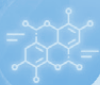
## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 5. Related transactions (continued)

#### (1) Related purchase and sales (continued)

##### ② Sales of goods, provision of services (continued)

Related party	Description of related party transaction	Pricing basis and decision-making procedures of the related party transactions	Amount for the Period	Amount for the Previous Period
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	Water, electricity and power	The market price	2,728,904.70	2,367,794.22
Henan Province Joincare Biopharmaceutical Research Institute Co., Ltd. (河南省健康元生物醫藥研究院有限公司)	Modern services	Based on negotiation	4,316.54	
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市聖美基因檢測科技有限公司)	Power and modern service	The market price	107,016.26	305,727.56
Zhuhai Sanmed Biotech Inc. (珠海聖美生物診斷技術有限公司)	Power and modern service	The market price	293,731.44	111,288.15
Joincare (Guangdong) Food for Special Medical Purposes Co., Ltd. (健康元(廣東)特醫食品有限公司)	Water, electricity, and Power	The market price	3,384.76	79,980.69
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	Processing and testing	Based on negotiation		150,127.15
Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	R&D, processing and testing	Based on negotiation	10,253,384.39	4,508,409.53
Guangzhou Respiratory Drugs Engineering Technology Co., Ltd. (廣州呼吸藥物工程技術有限公司)	R&D	Based on negotiation	1,721,849.06	2,832,000.00
Provision of services in aggregate			15,112,587.15	10,355,327.30



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 5. Related transactions (continued)

#### (2) Related party leases

##### ① The Company as a lessor

Name of lessee	Type of leased assets	Lease income recognized for the Period	Lease income recognized for the Previous Period
Health Pharmaceutical (China) Co., Ltd. (健康藥業(中國)有限公司)	Plant & buildings	11,009.19	19,266.06
Zhuhai Sanmed Biotech Inc. (珠海聖美生物診斷技術有限公司)	Plant & buildings	80,081.18	948,587.04
Topsino Industries Limited (天誠實業有限公司)	Plant & buildings	13,936.29	13,727.71
Joincare (Guangdong) Food for Special Medical Purposes Co., Ltd. (健康元(廣東)特醫食品有限公司)	Plant & buildings	126,514.28	126,514.28
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市聖美基因檢測科技有限公司)	Plant & buildings	92,779.98	120,000.00

##### ② The Company as a lessee

Name of lessor	Type of leased assets	Lease expenses recognized for the Period	Lease expenses recognized for the Previous Period
Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	Plant & buildings	389,790.82	16,513.76
Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	Plant & buildings, equipment	250,710.28	250,710.28
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	Transportation equipment	71,681.40	

#### (3) Related party asset transfers

Related party	Description of related party transaction	Amount for the Period	Amount for the Previous Period
Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	Transfer of technology		2,000,000.00
Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	Sales of equipment		100,668.65
Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	Sales of equipment	437,845.92	

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 5. Related transactions (continued)

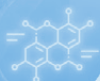
#### (4) Related party guarantees

- ① The details on the guarantees provided to the subsidiaries by the Company were set out as follows

##### A. Credit facilities guarantees

Unit: RMB0'000

Name of guaranteed party	Actual date of event (Signing date of agreement)	Balance at the End of the Period	Actual Guarantee amount	Guaranteed amount	Description and type of guarantee	Period of guarantee
Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司)	2024.10.18	136,634.74	136,634.74	210,000.00	Bank loans, joint liability guarantee	2024.10.18-2028.3.17 (HSBC, China Merchants, ICBC, Bank of Communications, China CITIC Bank, etc.)
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	2024.7.18	3,586.42	3,586.42	17,000.00	Opening letter of credit and bank acceptance bills, joint liability guarantee	2024.7.18-2027.6.30 (Bank of Communications)
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	2024.7.1	2,572.16	2,572.16	11,500.00	Opening bank acceptance bills, joint liability guarantee	2024.7.1-2029.6.11 (Standard Chartered Bank)
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	2022.12.6	4,521.64	4,521.64	15,000.00	Opening bank acceptance bills, joint liability guarantee	2022.12.6-2026.6.6 (CR Bank)
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	2024.3.22	9,984.65	9,984.65	20,200.00	Opening bank acceptance bills, joint liability guarantee	2024.3.22-2026.6.30 (Industrial and Commercial Bank of China)
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	2024.4.25	36.89	36.89	30,000.00	Opening bank acceptance bills, joint liability guarantee	2024.4.25-2026.10.24 (China Merchants Bank)
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	2024.7.1	2,902.75	2,902.75	23,000.00	Opening bank acceptance bills, joint liability guarantee	2024.7.1-2029.6.11 (Standard Chartered Bank)



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 5. Related transactions *(continued)*

#### (4) Related party guarantees *(continued)*

- ① The details on the guarantees provided to the subsidiaries by the Company were set out as follows *(continued)*

##### A. Credit Facilities Guarantees *(continued)*

Name of guaranteed party	Actual date of event (Signing date of agreement)	Balance at the End of the Period	Actual Guarantee amount	Guaranteed amount	Description and type of guarantee	Period of guarantee
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	2022.12.6	2,474.16	2,474.16	10,000.00	Opening bank acceptance bills, joint liability guarantee	2022.12.6-2026.6.6 (CR Bank)
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	2023.8.28	3,241.28	3,241.28	20,000.00	Opening bank acceptance bills, joint liability guarantee	2023.8.28-2026.6.28 (Bank of Communications)
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	2024.1.1	433.89	433.89	10,000.00	Opening letter of guarantee, joint liability guarantee	2024.1.1-2026.6.30 (Industrial and Commercial Bank of China)
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	2024.7.1	170.50	170.50	7,475.00	Opening bank acceptance bills, joint liability guarantee	2024.7.1-2029.6.11 (Standard Chartered Bank)

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

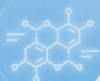
### 5. Related transactions *(continued)*

#### (4) Related party guarantees *(continued)*

- ① The details on the guarantees provided to the subsidiaries by the Company were set out as follows *(continued)*

##### A. Credit Facilities Guarantees *(continued)*

Name of guaranteed party	Actual date of event (Signing date of agreement)	Balance at the End of the Period	Actual Guarantee amount	Guaranteed amount	Description and type of guarantee	Period of guarantee
Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (麗珠集團(寧夏)製藥有限公司)	2024.7.1	12,335.62	12,335.62	23,000.00	Opening bank acceptance bills, joint liability guarantee	2024.7.1-2029.6.11 (Standard Chartered Bank)
Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (麗珠集團(寧夏)製藥有限公司)	2024.5.24	1,023.92	1,023.92	15,000.00	Opening bank acceptance bills, joint liability guarantee	2024.5.24-2026.6.30 (Bank of Communications)
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司)	2024.7.1	1,115.44	1,115.44	11,500.00	Opening bank acceptance bills, joint liability guarantee	2024.7.1-2029.6.11 (Standard Chartered Bank)
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司)	2024.7.1	7,732.14	7,732.14	17,250.00	Opening bank acceptance bills, joint liability guarantee	2024.7.1-2029.6.11 (Standard Chartered Bank)
Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (焦作麗珠合成製藥有限公司)	2024.7.1	14,996.25	14,996.25	23,000.00	Opening bank acceptance bills, joint liability guarantee	2024.7.1-2029.6.11 (Standard Chartered Bank)



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 5. Related transactions *(continued)*

#### (4) Related party guarantees *(continued)*

① The details on the guarantees provided to the subsidiaries by the Company were set out as follows *(continued)*

##### A. Credit Facilities Guarantees *(continued)*

Name of guaranteed party	Actual date of event (Signing date of agreement)	Balance at the End of the Period	Actual Guarantee amount	Guaranteed amount	Description and type of guarantee	Period of guarantee
Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (焦作麗珠合成製藥有限公司)	2024.3.25	4,134.72	4,134.72	15,000.00	Opening bank acceptance bills, joint liability guarantee	2024.3.25-2026.6.30 (Bank of Communications)
Gutian Fuxing Pharmaceutical Co., Ltd. (古田福興醫藥有限公司)	2023.8.1	1,326.03	1,326.03	5,750.00	Opening bank acceptance bills, joint liability guarantee	2023.8.1-2028.7.24 (Standard Chartered Bank)
Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠)	2025.2.24	718.15	718.15	1,500.00	Opening bank acceptance bills, joint liability guarantee	2025.2.24-2027.9.7 (Bank of Communications)
Total actual amount guaranteed for subsidiaries during the Reporting Period						79,089.21
Total balance of actual amount guaranteed for subsidiaries at the end of the Reporting Period						209,941.34

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 5. Related transactions (continued)

#### (4) Related party guarantees (continued)

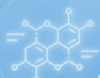
- ① The details on the guarantees provided to the subsidiaries by the Company were set out as follows (continued)

##### B. Pledge and guarantee of bills

On 30 March 2023, the 46th meeting of the tenth session of the Board of the Company reviewed and approved the "Resolution on Conducting Bills Pooling Business" and agreed that an amount of up to RMB1.8 billion for conducting bills pooling business is to be shared by the Company and its holding subsidiaries, such amount may be utilized on rolling basis. As at 30 June 2025, the bill pledges guaranteed are as follows:

Unit: RMB0'000

Guarantor	Pledgee	Pledged amount of bills receivable	Name of guaranteed party	Description of guarantee	Guaranteed amount	Period of guarantee
The Company	China Merchants Bank (招商銀行)	11,539.96	Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd (焦作麗珠合成製藥有限公司)	Opening bank acceptance bills, joint liability guarantee	352.46	Till 22 October 2025
			Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司)	Opening bank acceptance bills, joint liability guarantee	87.36	Till 17 August 2025
			Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (麗珠集團(寧夏)製藥有限公司)	Opening bank acceptance bills, joint liability guarantee	5,648.72	Till 12 December 2025
			Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	Opening bank acceptance bills, joint liability guarantee	896.50	Till 20 September 2025
			Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	Opening bank acceptance bills, joint liability guarantee	4,258.22	Till 13 December 2025



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 5. Related transactions *(continued)*

#### (4) Related party guarantees *(continued)*

① The details on the guarantees provided to the subsidiaries by the Company were set out as follows *(continued)*

#### B. Pledge and guarantee of bills *(continued)*

Guarantor	Pledgee	Pledged amount of bills receivable	Name of guaranteed party	Description of guarantee	Guaranteed amount	Period of guarantee
	Industrial Bank	1,594.35	Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司)	Opening bank acceptance bills, joint liability guarantee	39.84	Till 22 November 2025
			Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	Opening bank acceptance bills, joint liability guarantee	776.75	Till 18 December 2025
			Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司)	Opening bank acceptance bills, joint liability guarantee	745.52	Till 16 December 2025
	Industrial and Commercial Bank of China	3,447.32	Zhuhai Livzon Microsphere Technology Co., Ltd. (珠海市麗珠微球科技有限公司)	Opening bank acceptance bills, joint liability guarantee	324.12	Till 13 December 2025
			Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	Opening bank acceptance bills, joint liability guarantee	206.00	Till 24 August 2025
			Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	Opening bank acceptance bills, joint liability guarantee	2,645.00	Till 12 December 2025
	China CITIC Bank	215.39				
Total balance of actual guaranteed amount for subsidiaries at the End of the Reporting Period					15,980.48	

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 5. Related transactions *(continued)*

#### (4) Related party guarantees *(continued)*

- ② Guarantee provided to related parties by the Company

Nil.

- ③ Guarantee provided to the Company by related parties

Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司), the other shareholder of Livzon MABPharm Inc. has provided a "Letter of Undertaking for Counter Guarantee", pursuant to which it has undertaken to provide a joint liability guarantee for 26.84% of the obligation of the Company under the guarantee granted to Livzon MABPharm Inc. and the guarantee period of which will be expired on the expiry date of the Company's obligation thereunder.

Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) 珠海中匯源投資合夥企業(有限合夥)), the other shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司), has provided a "Letter of Undertaking for Counter Guarantee", pursuant to which it has undertaken to provide a joint liability guarantee for 8.44% of the obligation of the Company under the guarantee granted to Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司).

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 5. Related transactions (continued)

#### (5) Remuneration of key management personnel

- ① Directors', supervisors' and senior management's remuneration is disclosed as follows

January to June 2025

Unit: RMB0'000

	Fees of Director/ Supervisor	Salaries and allowances	Social insurance	Housing provident fund	Bonus	Signing bonus	Compensation for loss of office	Others	Total
Non-executive Directors:									
Zhu Baoguo (朱保國) *	162.50								162.50
Tao Desheng (陶德勝) *	150.00								150.00
Qiu Qingfeng (邱慶豐)	4.80								4.80
Lin Nanqi (林楠琪)	4.80								4.80
Executive Directors:									
Tang Yanggang (唐陽剛) *	4.80	92.31	3.97	1.00					102.08
Xu Guoxiang (徐國祥) *	150.00	46.15							196.15
Independent Non-executive Directors:									
Bai Hua (白華)	6.00								6.00
Tian Qusheng (田秋生)	6.00								6.00
Wong Kam Wa (黃錦華)	6.00								6.00
Luo Huiyuan (羅會遠)	6.00								6.00
Cui Lijie (崔麗婕)	6.00								6.00
Supervisors:									
Wang Maolin (汪卯林)	3.60	30.00	3.84	1.00				2.10	40.55
Tang Yin (湯胤)	3.00								3.00
Huang Huamin (黃華敏)	3.00								3.00
Other senior management:									
Du Jun (杜軍) *		73.85	4.28	1.31				0.01	79.45
Xu Xiao (徐曉)		42.35	4.00	1.00	13.88			2.10	63.33
Yang Daihong (楊代宏)		60.00	3.84	1.00					64.85
Si Yanxia (司燕霞)		69.23							69.23
Liu Daping (劉大平)		63.08	4.39	1.31					68.78
Huang Yuxuan (黃瑜璇)		50.77						0.12	50.89
Liu Ning (劉寧)		48.30	3.94	1.01				2.10	55.36
Yang Liang (楊亮)		23.08	1.88	0.50				1.05	26.52
Total	516.50	599.12	30.16	8.15	13.88			7.48	1,175.28

"\*" represents the five highest paid individuals from January to June 2025. Except for participating in pension insurance and unemployment insurance (i.e. social insurance in the above table) plans established by the government as required, the Company has not provided other pension plans to all current and former directors, supervisors and senior management.

Ms. Liu Ning (劉寧) was appointed on 31 December 2024; Mr. Xu Xiao (徐曉) was appointed in April 2025; Mr. Yang Liang (楊亮) resigned in March 2025; Mr. Yang Daihong (楊代宏) resigned in April 2025.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 5. Related transactions (continued)

#### (5) Remuneration of key management personnel (continued)

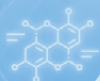
- ① Directors', supervisors' and senior management's remuneration is disclosed as follows (continued)

January to June 2024

Unit: RMB0'000

	Fees of Director/ Supervisor	Salaries and allowances	Social insurance	Housing provident fund	Bonus	Signing bonus	Compensation for loss of office	Others	Total
Non-executive Directors:									
Zhu Baoguo (朱保國) *	162.50								162.50
Tao Desheng (陶德勝) *	150.00								150.00
Qiu Qingfeng (邱慶豐)	4.80								4.80
Yu Xiong (俞雄)	4.80								4.80
Executive Directors:									
Tang Yangang (唐陽剛) *	4.80	86.16	3.38	0.95	8.40				103.68
Xu Guoxiang (徐國祥) *	150.00	46.15							196.15
Independent Non-executive Directors:									
Bai Hua (白華)	6.00								6.00
Tian Qiusheng (田秋生)	6.00								6.00
Wong Kam Wa (黃錦華)	6.00								6.00
Luo Huiyuan (羅會遠)	6.00								6.00
Cui Lijie (崔麗婕)	6.00								6.00
Supervisors:									
Wang Maolin (汪卯林)	3.60	29.23	3.32	0.95	4.50				41.60
Tang Yin (湯胤)	2.40								2.40
Huang Huamin (黃華敏)	2.40								2.40
Other senior management:									
Du Jun (杜軍) *		69.24	3.77	1.24					74.25
Yang Daihong (楊代宏)		57.69	3.31	0.95	5.88				67.82
Si Yanxia (司燕霞)		65.39			1.50				66.89
Liu Daping (劉大平)		50.00	3.25	1.03					54.28
Huang Yuxuan (黃瑜璇)		49.58			2.00			0.14	51.72
Yang Liang (楊亮)		44.93	3.28	0.95					49.15
Total	515.30	498.37	20.31	6.05	22.28			0.14	1,062.44

"\*" represents the five highest paid individuals from January to June 2024. Except for participating in pension insurance and unemployment insurance (i.e. social insurance in the above table) plans established by the government as required, the Company has not provided other pension plans to all current and former directors, supervisors and senior management. Mr. Liu Daping (劉大平) was appointed in January 2024.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 5. Related transactions *(continued)*

#### (5) Remuneration of key management personnel *(continued)*

##### ② Individuals with highest emoluments

From January to June 2025, four of the five highest paid individuals were directors of the Company and one of them were members of the senior management of the Company; from January to June 2024, four of the five highest paid individuals were directors of the Company and one of them were members of the senior management of the Company. The remuneration of directors and senior management of the Company were already disclosed in Note XI.5. (5) "Remuneration of key management personnel", and the emoluments of the five highest paid individuals were within the following bands:

Item	January to June 2025	January to June 2024
Number of individuals within the band of RMB0-RMB1,000,000	1	1
Number of individuals within the band of RMB1,000,001-RMB1,500,000	2	2
Number of individuals within the band of RMB1,500,001-RMB2,000,000	2	2
Number of individuals within the band of RMB2,000,001-RMB2,500,000	—	—
Number of individuals within the band of RMB2,500,001-RMB3,000,000	—	—
Number of individuals within the band of RMB3,000,001-RMB3,500,000	—	—
Number of individuals within the band of RMB3,500,001-RMB4,000,000	—	—
Number of individuals within the band of RMB4,000,001-RMB4,500,000	—	—
Number of individuals within the band of RMB4,500,001-RMB5,000,000	—	—
Number of individuals within the band of RMB5,000,001-RMB5,500,000	—	—
Number of individuals within the band of RMB5,500,001-RMB6,000,000	—	—
Number of individuals within the band of RMB6,000,001-RMB6,500,000	—	—
Number of individuals within the band of RMB6,500,001-RMB7,000,000	—	—
Number of individuals within the band of RMB7,000,001-RMB7,500,000	—	—
Number of individuals within the band of RMB7,500,001-RMB8,000,000	—	—
Number of individuals within the band of RMB8,000,001-RMB8,500,000	—	—

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 5. Related transactions (continued)

#### (5) Remuneration of key management personnel (continued)

##### ③ Emoluments band of senior management

Item	January to June 2025	January to June 2024
Number of individuals within the band of RMB0-RMB1,000,000	9	7
Number of individuals within the band of RMB1,000,001-RMB1,500,000	1	1
Number of individuals within the band of RMB1,500,001-RMB2,000,000	1	1
Number of individuals within the band of RMB2,000,001-RMB2,500,000	—	—
Number of individuals within the band of RMB2,500,001-RMB3,000,000	—	—
Number of individuals within the band of RMB3,000,001-RMB3,500,000	—	—
Number of individuals within the band of RMB3,500,001-RMB4,000,000	—	—
Number of individuals within the band of RMB4,000,001-RMB4,500,000	—	—
Number of individuals within the band of RMB4,500,001-RMB5,000,000	—	—
Number of individuals within the band of RMB5,000,001-RMB5,500,000	—	—
Number of individuals within the band of RMB5,500,001-RMB6,000,000	—	—
Number of individuals within the band of RMB6,000,001-RMB6,500,000	—	—
Number of individuals within the band of RMB6,500,001-RMB7,000,000	—	—
Number of individuals within the band of RMB7,000,001-RMB7,500,000	—	—
Number of individuals within the band of RMB7,500,001-RMB8,000,000	—	—
Number of individuals within the band of RMB8,000,001-RMB8,500,000	—	—

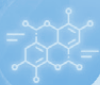
During January to June 2025 and January to June 2024, no emolument was paid by the Company to the directors, supervisors or five highest paid individuals as an inducement to join or upon joining the Company; or as compensation for loss of office. None of the directors or supervisors waived any remuneration.

#### (6) Other related transactions

On 17 November 2023, the Company signed the Capital Contribution Agreement of LivzonBio, Inc. (《關於珠海市麗珠生物醫藥科技有限公司之增資協議》) with LivzonBio, and it was approved by a resolution at the 2023 third extraordinary general meeting on 19 December 2023. The registered capital of LivzonBio will be increased from RMB889,023,284.00 to RMB1,095,472,334.00, and the newly-increased registered capital of RMB206,449,050.00 will fully paid by the Company before 31 December 2028. The subscription consideration is RMB1,000,000,000, and the subscription consideration exceeding the subscribed capital contribution will be accounted in capital reserves.

On 26 March 2025, the Company and LivzonBio entered into the Capital Contribution Agreement of LivzonBio (《關於珠海市麗珠生物醫藥科技有限公司之增資協議》), and the agreement was approved at the annual general meeting for the year 2024 on 29 May 2025. The registered capital of LivzonBio will be increased from RMB1,095,472,334.00 to RMB1,301,921,384.00. The Company shall pay up the subscribed new registered capital of RMB206,449,050.00 within 24 months after the completion of the industrial and commercial registration for the capital increase. The subscription consideration is RMB1,000,000,000, and the portion of the subscription consideration exceeding the subscribed capital contribution shall be recorded in capital reserve.

On 17 April 2025 and 18 June 2025, the Company paid capital contributions of RMB50,000,000, and RMB32,000,000, respectively. A total of RMB82,000,000.00 of capital contributions have been paid to LivzonBio during the Period.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 6. Amounts due from/to related parties

#### (1) Amounts due from related parties

Item	Related parties	Balance at the End of the Period		Balance as at the End of the Previous Year	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Bills receivable	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	3,000,000.00		6,000,000.00	
Bills receivable	Joincare Haibin Pharmaceutical Co., Ltd. (健康元海濱藥業有限公司)			88,000.00	
Bills receivable	Joincare (Guangdong) Food for Special Medical Purposes Co., Ltd. (健康元(廣東)特醫食品有限公司)	136,587.76		88,370.33	
Bills receivable	Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	4,571,179.00		5,459,077.17	
Subtotal of bills receivable		7,707,766.76		11,635,447.50	
Accounts receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	2,041,600.00	20,416.00		
Accounts receivables	Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市聖美基因檢測科技有限公司)			53,978.00	545.18
Accounts receivables	Zhuhai Sanmed Biotech Inc. (珠海聖美生物診斷技術有限公司)	201,354.92	2,013.55		
Accounts receivables	Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	2,461,024.43	653,947.04	1,821,547.17	282,060.12
Subtotal of accounts receivables		4,703,979.35	676,376.59	1,875,525.17	282,605.30

# NOTES TO THE FINANCIAL STATEMENTS

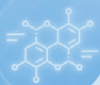
From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

#### (1) Amounts due from related parties (continued)

Item	Related parties	Balance at the End of the Period		Balance as at the End of the Previous Year	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Prepayments	Zhuhai Sanmed Biotech Inc. (珠海聖美生物診斷技術有限公司)	211,200.00		211,200.00	
Prepayments	Shanghai Fangyu Health Pharmaceutical Technology Co., Ltd. (上海方予健康醫藥科技有限公司)			1,143,720.00	
Prepayments	Xinxiang Haibin Pharmaceutical Co., Ltd. (新鄉海濱藥業有限公司)			102,899.70	
Subtotal of prepayments		211,200.00		1,457,819.70	
Other receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	463,818.23	4,638.18	511,310.14	5,113.10
Other receivables	Joincare Haibin Pharmaceutical Co., Ltd. (健康元海濱藥業有限公司)			134,875.00	1,348.75
Other receivables	Zhuhai Sanmed Biotech Inc. (珠海聖美生物診斷技術有限公司)	7,360.20	72.87	8,624.98	86.25
Subtotal of other receivables		471,178.43	4,711.05	654,810.12	6,548.10



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XI. RELATED PARTIES AND RELATED TRANSACTIONS *(continued)*

### 6. Amounts due from/to related parties *(continued)*

#### (2) Amounts due to related parties

Item	Related parties	Balance at the End of the Period	Balance as at the End of the Previous Year
Bills payables	Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	128,025,000.00	137,095,500.00
Bills payables	Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	9,544,150.15	5,562,366.60
Bills payables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	883,200.00	2,292,000.00
Subtotal of bills payables		138,452,350.15	144,949,866.60
Accounts payables	Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海濱製藥有限公司)	3,554.99	1,447,382.56
Accounts payables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (廣東藍寶製藥有限公司)	331,200.00	276,000.00
Accounts payables	Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	57,115,706.08	61,537,500.00
Subtotal of accounts payables		57,450,461.07	63,260,882.56
Contract liabilities	Subsidiaries of Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿醫院管理有限公司)		68,563.91
Contract liabilities	Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	809,170.48	80,000.00
Subtotal of contract liabilities		809,170.48	148,563.91
Other payables	Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. (焦作健康元生物製品有限公司)	15,666,752.29	9,778,409.44
Other payables	Joincare Pharmaceutical Industry Group Co., Ltd. (健康元藥業集團股份有限公司)	388,872.00	
Dividends payables	Topsino Industries Limited* (天誠實業有限公司)	178,591,461.48	
Subtotal of other payables		194,647,085.77	9,778,409.44

# NOTES TO THE FINANCIAL STATEMENTS

*From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)*

## XII. SHARE-BASED PAYMENT

### 1. General information about share-based payment

#### (1) Share options incentive schemes

On 14 October 2022, the “Resolution on 2022 Share Options Incentive Scheme (Revised Draft) and its Summary”, the “Resolution on Administrative Measures for Appraisal System of the 2022 Share Options Incentive Scheme” and the “Resolution on the General Meeting for Granting Mandate to the Board to Deal with Matters Regarding the 2022 Share Options Incentive Scheme” were considered and approved at the 2022 Second Extraordinary General Meeting, the 2022 Second Class Meeting of A Shareholders and the 2022 Second Class Meeting of H Shareholders. On 7 November 2022, the “Resolution on the Related Matters of the First Grant of 2022 Share Options Incentive Scheme” was considered and approved at the 39th meeting of the tenth session of the Board, pursuant to which, 7 November 2022 was set as the date of grant, on which 17.9735 million Share Options were granted to 1,026 incentive participants at an exercise price of RMB31.31 per A Share. Completion and effective date of the registration of the share options granted: 23 November 2022.

The share options (a total of 361,000 options) granted to 25 former incentive participants under the First Grant of 2022 Share Options Incentive Scheme were cancelled as the incentive conditions were no longer met due to the resignation of the incentive participants. After the cancellation, the number of share options under the First Grant of 2022 Share Options Incentive Scheme of the Company was adjusted from 17.9735 million to 17.6125 million, and the number of incentive participants under the First Grant was adjusted from 1,026 to 1,001.

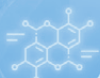
On 12 October 2023, the “Resolution on the Related Matters of the Proposed Reserved Grant of 2022 Share Options Incentive Scheme” was considered and approved at the 4th meeting of the 11th session of the Board, pursuant to which, 30 October 2023 was set as the date of grant, on which 2 million Share Options were granted to 243 incentive participants at an exercise price of RMB36.26 per A Share. Completion and effective date of the registration of the share options granted: 28 November 2023.

On 13 May 2024, the 16th meeting of the 11th session of the Board of the Company considered and approved the “Proposal on the Cancellation of Share Options under the 2022 Share Options Incentive Scheme.” The performance targets at the company level for the second exercise period of the Share Options under the First Grant and the first exercise period of the Share Options under the Reserved Grant were not met. Therefore, the 5,283,750 Share Options corresponding to the second exercise period of the Share Options under the First Grant and the 1,000,000 Share Options corresponding to the first exercise period of the Share Options under the Reserved Grant cannot be exercised and be cancelled by the Company.

On 23 April 2025, the 24th meeting of the 11th session of the Board of the Company considered and approved the “Resolution on the Cancellation of Share Options under the 2022 Share Options Incentive Scheme”, agreeing to cancel a total of 384,045 unexercised Share Options corresponding to first exercise period of the Share Options under the First Grant, which were held by 31 Incentive Participants; since the performance targets at the Company level for the third exercise period of the Share Options under the First Grant and the second exercise period of the Share Options under the Reserved Grant were not met, the Board agreed to cancel the 5,283,750 Share Options corresponding to the third exercise period of the Share Options under the First Grant and the 1,000,000 Share Options corresponding to the second exercise period of the Share Options under the Reserved Grant.

#### (2) Other equity incentives

Nil.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XII. SHARE-BASED PAYMENT *(continued)*

### 2. Equity settled share-based payments

Determination on fair value of equity instruments as at the date of grant	Black-Scholes Model, market price
Significant parameters on fair value of equity instruments as at the date of grant	Risk-free interest rate, historical volatility of share price, dividend yield
Basis for determining quantity of exercisable equity instruments	Determined based on exercising conditions and expected turnover rate
Reasons for significant discrepancies between estimate for the Period and the Previous Period	Without significant discrepancies
Accumulated amount of equity settled share-based payments included in capital reserve	238,229,819.52

### 3. Cash settled share-based payments

Nil.

### 4. Share-based payment expense for the Period

Class of Grantees	Equity settled share-based payment expenses	Cash settled share-based payment expenses
Mid-level management, senior management and business core personnel		

## XIII. COMMITMENTS AND CONTINGENCIES

### 1. Significant commitments

#### (1) Capital commitments

Contracted but not recognised in the financial statement	Balance at the End of the Period	Balance as at the End of the Previous Year
Commitments in relation to acquisition of long-term assets	169,234,279.58	143,012,133.25
Commitments in relation to R&D expenditure	261,833,857.90	304,801,419.25

#### (2) Other commitments

Nil.

#### (3) Performance of previous commitments

The Company has duly performed the capital expenditure commitments and the operating lease commitments and the other commitments as at 31 December 2024 in the same manner as the previous commitments.

### 2. Contingencies

As at 30 June 2025, there were no significant contingencies required to be disclosed by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XIV. POST BALANCE SHEET DATE EVENTS

As at 20 August 2025, there were no post balance sheet date events required to be disclosed by the Company.

## XV. OTHER SIGNIFICANT MATTERS

On 22 May 2025, the 25th meeting of the 11th session of the Board of the Company considered and approved the "Proposal on the Proposed Acquisition of Shareholdings in the Vietnamese company IMP". Pursuant to the Framework Agreement signed on 22 May 2025 by the Company's overseas wholly-owned subsidiary, LIAN SGP HOLDING PTE. LTD. (hereinafter referred to as "LIAN SGP"), with SK Investment Vina III Pte. Ltd. (hereinafter referred to as "SK"), Sunrise Kim Investment Joint Stock Company (hereinafter referred to as "Sunrise") and KBA Investment Joint Stock Company (hereinafter referred to as "KBA"; SK, and Sunrise and KBA are collectively referred to as the "Sellers"), LIAN SGP intends to pay VND5,730,815,426,000 (equivalent to approximately RMB1.587 billion based on the central parity rate on the date of signing the agreement) to acquire 64.81% of the shareholdings in Imexpharm Corporation, a Vietnamese listed company, held collectively by the Sellers.

As at 30 June 2025, there are no other significant matters required to be disclosed by the Company other than the above-mentioned matters.

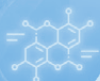
## XVI. NET CURRENT ASSETS AND TOTAL ASSETS LESS CURRENT LIABILITIES

### 1. Net current assets

Item	Balance at the End of the Period	Balance as at the End of the Previous Year
Current assets	16,238,177,658.19	16,419,980,644.30
Less: Current liabilities	7,409,737,264.78	7,625,428,371.79
Net current assets	8,828,440,393.41	8,794,552,272.51

### 2. Total assets less current liabilities

Item	Balance at the End of the Period	Balance as at the End of the Previous Year
Total assets	24,172,870,038.67	24,455,825,697.18
Less: Current liabilities	7,409,737,264.78	7,625,428,371.79
Total assets less current liabilities	16,763,132,773.89	16,830,397,325.39



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

### 1. Bills receivable

Type of bill	Balance at the End of the Period			Balance as at the End of the Previous Year		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Bank acceptance bills	596,955,068.86		596,955,068.86	673,226,891.51		673,226,891.51

#### (1) Bills receivable that were pledged at the End of the Period

Type	Pledged amount at the End of the Period
Bank acceptance bills	167,970,254.45

As at 30 June 2025, bills with carrying amount of RMB167,970,254.45 (31 December 2024: RMB282,356,860.08) were pledged for bank acceptance bills.

#### (2) There were no bills receivable endorsed or discounted at the End of the Period but not yet due at the date of balance sheet

For the Period, the discounted bank acceptance bills issued by the Company to banks amounted to RMB0.00 (Previous Period: RMB0.00).

#### (3) There were no bills transferred into accounts receivables for non-performance by the issuer at the End of the Period.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 1. Bills receivable (continued)

#### (4) Classification by the method of provision for bad debts

Type	Balance at the End of the Period				Balance as at the End of the Previous Year				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis									
Provision for bad debts on collective basis	596,955,068.86	100.00			673,226,891.51	100.00			673,226,891.51
Of which:									
Bank acceptance bills	596,955,068.86	100.00			673,226,891.51	100.00			673,226,891.51
Total	596,955,068.86	100.00			673,226,891.51	100.00			673,226,891.51

Bills receivable with provision for bad debts on individual basis:

Nil

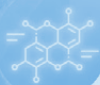
Bills receivable with provision for bad debts on collective basis:

Item on collective basis: Bank acceptance bills

Description	Balance at the End of the Period			Balance as at the End of the Previous Year		
	Bills receivable	Provision for bad debts	Expected credit loss rate (%)	Bills receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	596,955,068.86			673,226,891.51		

(5) No provision for bad debts was made, recovered or reversed during the Period.

(6) There is no bills receivable actually written-off for the Period.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(continued)*

### 2. Accounts receivables

#### (1) Disclosure using the aging analysis method

Aging	Balance at the End of the Period	Balance as at the End of the Previous Year
Within 1 year		
Of which: Within 3 months (including 3 months)	1,015,156,370.55	943,360,335.29
4-6 months (including 6 months)	22,682,876.56	33,978,325.32
7-12 months (including 12 months)	3,790,084.42	3,330,021.99
Subtotal within 1 year:	1,041,629,331.53	980,668,682.60
1-2 years (including 2 years)	941,460.82	2,289,918.56
2-3 years (including 3 years)	1,463,747.57	5,025,091.22
Over 3 years	5,072,118.96	350,643.68
Subtotal	1,049,106,658.88	988,334,336.06
Less: Provisions for bad debts	17,948,556.26	15,852,336.61
Total	1,031,158,102.62	972,481,999.45

#### (2) Disclosure according to the method of provision for bad debts

Type	Balance at the End of the Period					Balance as at the End of the Previous Year				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	Carrying value	Amount	Percentage (%)	Amount	Expected credit loss rate (%)	Carrying value
Provision for bad debts on collective basis	1,049,106,658.88	100.00	17,948,556.26	1.71	1,031,158,102.62	988,334,336.06	100.00	15,852,336.61	1.60	972,481,999.45
Of which:										
Due from domestic customers	1,049,106,658.88	100.00	17,948,556.26	1.71	1,031,158,102.62	988,334,336.06	100.00	15,852,336.61	1.60	972,481,999.45
Total	1,049,106,658.88	100.00	17,948,556.26	1.71	1,031,158,102.62	988,334,336.06	100.00	15,852,336.61	1.60	972,481,999.45

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 2. Accounts receivables (continued)

#### (2) Disclosure according to the method of provision for bad debts (continued)

Accounts receivables with provision for bad debts on collective basis:

Item on collective basis: Due from domestic customers

Description	Balance at the End of the Period			Balance as at the End of the Previous Year		
	Account receivables	Provision for bad debts	Expected credit loss rate (%)	Account receivables	Provision for bad debts	Expected credit loss rate (%)
Within 3 months (including 3 months)	1,015,156,370.55	10,205,369.57	1.01	943,360,335.29	9,527,892.17	1.01
4-6 months (including 6 months)	22,682,876.56	1,129,143.83	4.98	33,978,325.32	1,658,370.42	4.88
7-12 months (including 12 months)	3,790,084.42	377,008.44	9.95	3,330,021.99	333,668.20	10.02
1-2 years	941,460.82	187,292.16	19.89	2,289,918.56	458,670.69	20.03
2-3 years	1,463,747.57	977,623.30	66.79	5,025,091.22	3,523,091.45	70.11
Over 3 years	5,072,118.96	5,072,118.96	100.00	350,643.68	350,643.68	100.00
Total	1,049,106,658.88	17,948,556.26	1.71	988,334,336.06	15,852,336.61	1.60

#### (3) Provision for bad debts made, recovered or reversed during the Period

	Amount of provision for bad debts
Balance at the Beginning of the Period	15,852,336.61
Provision made for the Period	2,175,248.71
Recovery or reversal during the Period	
Write-off for the Period	79,029.06
Balance at the End of the Period	17,948,556.26

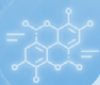
As at 30 June 2025 and 31 December 2024, the Company had no accounts receivables that are past due but not impaired.

#### (4) No accounts receivables were written off during the Period

Item	Written-off Amount
Total of domestic customers	79,029.06

#### (5) The top five balances of accounts receivables by debtors as at the End of the Period

The total of the top five balances of accounts receivables by debtors as at the End of the Period was RMB150,685,915.58 for the Period, representing 14.36% of the total balance of account receivables for the End of the Period, the aggregate balance of corresponding provisions for bad debts as at the End of the Period was RMB1,507,675.32.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 2. Accounts receivables (continued)

- (6) There are no derecognised accounts receivables in the Company due to the transfer of financial assets.
- (7) The Company has no assets or liabilities formed by its continuous involvement of transferring accounts receivables.

### 3. Other receivables

Item	Balance at the End of the Period	Balance as at the End of the Previous Year
Dividend receivables		
Other receivables	181,090,372.06	343,051,410.41
Total	181,090,372.06	343,051,410.41

#### (1) Other receivables

- ① Disclosure by nature of the amount

Item	Balance at the End of the Period			Balance as at the End of the Previous Year		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Reserve fund and advances	7,301,567.13	858,696.06	6,442,871.07	9,232,491.98	706,567.86	8,525,924.12
Other receivables of each company within the scope of combination	172,393,482.26		172,393,482.26	333,711,459.47		333,711,459.47
Borrowing due from external entities	5,000,000.00	5,000,000.00		5,000,000.00	5,000,000.00	
Others	3,068,033.08	814,014.35	2,254,018.73	949,285.26	135,258.44	814,026.82
Total	187,763,082.47	6,672,710.41	181,090,372.06	348,893,236.71	5,841,826.30	343,051,410.41

- ② Provision made for bad debts

As at the End of the Period, provision for bad debts at Stage 1:

Type	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debts on collective basis	172,393,482.26			172,393,482.26	
Other receivables of each company within the scope of combination	172,393,482.26			172,393,482.26	Recoverable
Total	172,393,482.26			172,393,482.26	

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 3. Other receivables (continued)

#### (1) Other receivables (continued)

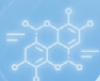
##### ② Provision made for bad debts (continued)

As at the End of the Period, provision for bad debts at Stage 2:

Type	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debts on collective basis	10,369,600.21		1,672,710.41	8,696,889.80	
Other receivables	10,369,600.21		1,672,710.41	8,696,889.80	–
Total	10,369,600.21		1,672,710.41	8,696,889.80	

As at the End of the Period, provision for bad debts at Stage 3:

Type	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debts on individual basis	5,000,000.00	100.00	5,000,000.00		
Other receivables	5,000,000.00	100.00	5,000,000.00		The possibility of recovery is expected to be very low.
Total	5,000,000.00	100.00	5,000,000.00		



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY *(continued)*

### 3. Other receivables *(continued)*

#### (1) Other receivables *(continued)*

##### ② Provision made for bad debts *(continued)*

On 31 December 2024, provision made for bad debts:

As at 31 December 2024, provision for bad debts at Stage 1:

Type	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debts on collective basis	333,711,459.47			333,711,459.47	
Other receivables of each company within the scope of combination	333,711,459.47			333,711,459.47	Recoverable
Total	333,711,459.47			333,711,459.47	

As at 31 December 2024, provision for bad debts at Stage 2:

Type	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debts on collective basis	10,181,777.24	8.27	841,826.30	9,339,950.94	
Other receivables	10,181,777.24	8.27	841,826.30	9,339,950.94	–
Total	10,181,777.24	8.27	841,826.30	9,339,950.94	

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 3. Other receivables (continued)

#### (1) Other receivables (continued)

##### ② Provision made for bad debts (continued)

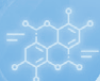
As at 31 December 2024, the provision for bad debt in Stage 3:

Type	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debts on individual basis	5,000,000.00	100.00	5,000,000.00		
Other receivables	5,000,000.00	100.00	5,000,000.00		The possibility of recovery is expected to be very low.
Total	5,000,000.00	100.00	5,000,000.00		

##### ③ Provision for bad debts made, recovered or reversed during the Period

	Stage 1	Stage 2	Stage 3	Total
Provision for bad debts	Expected credit loss over the next 12 months	Expected credit loss over the lifetime (without impairment of credit)	Expected credit loss over the lifetime (with impairment of credit)	
Balance at the Beginning of the Period		841,826.30	5,000,000.00	5,841,826.30
Balance at the Beginning of the Period during the Period				
– Transferred to Stage 3				
Provision made for the Period		830,884.11		830,884.11
Write-off for the Period				
Balance at the End of the Period		1,672,710.41	5,000,000.00	6,672,710.41

##### ④ There were no other receivables actually written off during the Period.



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 3. Other receivables (continued)

#### (1) Other receivables (continued)

- ⑤ Top five balances of other receivables by debtors at the End of the Period

Name of unit	Nature of Receivables	Balance of other receivables at the End of the Period	Aging	Proportion to total balance of other receivables at the End of the Period (%)	Balance of provision for bad debt at the End of the Period
Ando Development Limite (安滔發展有限公司)	Current account	102,829,258.95	1-2 years RMB3,410,897.24; 2-3 years RMB56,168.53; Over 3 years RMB99,362,193.18.	54.77	
Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (麗珠集團(寧夏)製藥有限公司)	Current account	44,081,341.00	Within 1 year	23.48	
Livzon Group Vaccine Engineering Inc. (麗珠集團疫苗工程股份有限公司)	Current account	21,033,572.39	Within 1 year RMB200.00; 1-2 years RMB2,200.00; over 3 years RMB21,031,172.39.	11.20	
Guangzhou Galaxy Sunshine Biological Products Co., Ltd (廣州銀河陽光生物製品有限公司)	Loan	5,000,000.00	Over 5 years	2.66	5,000,000.00
Zhuhai Livzon Microsphere Technology Co., Ltd. (珠海市麗珠微球科技有限公司)	Current account	4,083,240.22	Within 1 year	2.17	
Total	—	177,027,412.56		94.28	5,000,000.00

- ⑥ No amounts receivables of the Company has been derecognized due to the transfer of financial assets.

- ⑦ The Company has no assets or liabilities formed by its continuous involvement of transferring other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

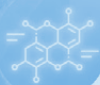
## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 4. Long-term equity investments

Item	Balance at the End of the Period			Balance as at the End of the Previous Year		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	3,981,977,145.20	17,287,569.18	3,964,689,576.02	3,855,647,145.20	17,287,569.18	3,838,359,576.02
Investments in associates	827,807,095.50	1,200,000.00	826,607,095.50	801,949,340.37	1,200,000.00	800,749,340.37
Total	4,809,784,240.70	18,487,569.18	4,791,296,671.52	4,657,596,485.57	18,487,569.18	4,639,108,916.39

#### (1) Investments in subsidiaries

Investee	Balance at the Beginning of the Period	Increase during the Period	Decrease during the Period	Balance at the End of the Period	Provision for impairment for the Period	Balance of provision for impairment at the End of the Period
Zhuhai Livzon Baimeing Biological Materials Co., Ltd. (珠海麗珠一拜阿蒙生物材料有限公司)	3,934,721.95			3,934,721.95		
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	361,060,443.85			361,060,443.85		
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司)	170,872,457.35			170,872,457.35		
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司)	31,438,404.00			31,438,404.00		
Zhuhai Modern Chinese Medicine High Technology Co., Ltd. (珠海現代中藥高科技有限公司)	4,539,975.00			4,539,975.00		
Livzon Group Livzon Medical Research Centre (麗珠集團麗珠醫藥研究所)	6,004,000.00			6,004,000.00		
Lizhu (Hong Kong) Co., Limited (麗珠(香港)有限公司)	265,149,450.47			265,149,450.47		
Lian Hong Kong Limited (麗安香港有限公司)	140,000,000.00			140,000,000.00		
Ando Development Limited (安滔發展有限公司)	534,050.00			534,050.00		
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	378,259,319.91			378,259,319.91		17,287,569.18



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 4. Long-term equity investments (continued)

#### (1) Investments in subsidiaries (continued)

Investee	Balance at the Beginning of the Period	Increase during the Period	Decrease during the Period	Balance at the End of the Period	Provision for impairment for the Period	Balance of provision for impairment at the End of the Period
Zhuhai Livzon Diagnostics Inc. (珠海麗珠試劑股份有限公司)	67,877,200.00			67,877,200.00		
Livzon Group Livzon Pharmaceutical Marketing Co., Ltd. (麗珠集團麗珠醫藥營銷有限公司)	12,008,000.00			12,008,000.00		
Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠)	184,301,219.52			184,301,219.52		
Zhuhai Livzon Pharmaceutical Trading Co., Ltd. (珠海市麗珠醫藥貿易有限公司)	40,020,000.00			40,020,000.00		
Livzon Group Vaccine Engineering Inc. (麗珠集團疫苗工程股份有限公司)	54,500,000.00			54,500,000.00		
Gutian Fuxing Pharmaceutical Co., Ltd. (古田福興醫藥有限公司)	6,675,000.00			6,675,000.00		
Zhuhai Livzon Investment Development Co., Ltd. (珠海市麗珠投資發展有限公司)	171,000,000.00			171,000,000.00		
Zhuhai Livzon Microsphere Technology Co., Ltd. (珠海市麗珠微球科技有限公司)	224,092,110.00	24,000,000.00		248,092,110.00		
LivzonBio, Inc. (珠海市麗珠生物醫藥科技有限公司)	1,610,170,793.15	82,000,000.00		1,692,170,793.15		
Zhuhai Livzon Ruiyan Zhixin Pharmaceutical Technology Co., Ltd. (珠海市麗珠睿研智新醫藥科技有限責任公司)	1,650,000.00	330,000.00		1,980,000.00		
Zhuhai Livzon Traditional Chinese Medicine Modernization Technology Co., Ltd. (珠海市麗珠中藥現代化科技有限公司)	45,000,000.00	20,000,000.00		65,000,000.00		
Zhuhai Livzon Pharmaceuticals Import and Export Trading Co., Ltd. (珠海市麗珠醫藥進出口貿易有限公司)						
Fluffy Buddy Animal Health (Guangdong) Co., Ltd. (毛孩子動物保健(廣東)有限公司)	76,500,000.00			76,500,000.00		
Wuhan Kangli Health Investment Management Co., Ltd. (武漢康麗健康投資管理有限公司)	60,000.00			60,000.00		
Total	3,855,647,145.20	126,330,000.00		3,981,977,145.20		17,287,569.18

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 4. Long-term equity investments (continued)

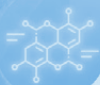
#### (2) Investments in associates

Investee	Change during the Period										Balance of provision for impairment at the End of the Period
	Balance at the Beginning of the Period	Additional/ new investments	Decreased investments	Investment profit and loss recognized under the equity method	Adjustment in other comprehensive income	Other equity change	Cash dividend or profit distribution declared	Provision or impairment	Others	Balance at the End of the Period	
Associates											
Livzon Medical Electronic Equipment (Plant) Co., Ltd.(麗珠醫用電子設備(廠)有限公司)	1,200,000.00									1,200,000.00	1,200,000.00
Guangdong Blue Treasure Pharmaceutical Co., Ltd.(廣東藍寶製藥有限公司)	26,784,312.07			2,273,746.05			1,847,422.51			27,210,635.61	
Shenzhen Youbao Technology Co., Ltd.(深圳市有寶科技有限公司)	1,299,140.19		1,299,140.19								
Zhuhai Sanmed Biotech Inc.(珠海聖美生物診斷技術有限公司)	23,371,683.53			-10,586,967.53						12,784,716.00	
Tianjin Tongrentang Group Co., Ltd.(天津同仁堂集團股份有限公司)	749,294,204.58			37,317,539.31						786,611,743.89	
Total	801,949,340.37		1,299,140.19	29,004,317.83			1,847,422.51			827,807,095.50	1,200,000.00

### 5. Operating income and operating cost

#### (1) Operating income and operating cost

Item	Amount for the Period		Amount for the Previous Period	
	Income	Cost	Income	Cost
Principal activities	2,746,546,388.40	1,994,276,203.52	2,737,340,836.49	1,939,855,658.10
Other activities	23,448,217.45	19,166,648.01	28,025,737.74	24,438,469.51
<b>Total</b>	<b>2,769,994,605.85</b>	<b>2,013,442,851.53</b>	<b>2,765,366,574.23</b>	<b>1,964,294,127.61</b>



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 5. Operating income and operating cost (continued)

#### (2) Operating income, operating cost presented by product types

Item	Amount for the Period		Amount for the Previous Period	
	Income	Cost	Income	Cost
Principal activities:				
Chemical preparations	2,102,585,947.93	1,600,179,266.33	2,099,391,917.64	1,572,450,955.60
Traditional Chinese medicine preparations	551,407,035.57	344,627,075.98	550,834,068.95	324,262,317.47
Biological products	92,553,404.90	49,469,861.21	87,114,849.90	43,142,385.03
Subtotal	2,746,546,388.40	1,994,276,203.52	2,737,340,836.49	1,939,855,658.10
Other activities:				
Sales materials, etc.	4,615,262.31	4,594,495.97	14,281,876.54	13,400,489.34
Lease fees	2,241,426.11		2,705,881.03	
Others	16,591,529.03	14,572,152.04	11,037,980.17	11,037,980.17
Subtotal	23,448,217.45	19,166,648.01	28,025,737.74	24,438,469.51
Total	2,769,994,605.85	2,013,442,851.53	2,765,366,574.23	1,964,294,127.61

#### (3) Major business income and cost presented by major regions of operations

Item	Amount for the Period		Amount for the Previous Period	
	Income	Cost	Income	Cost
Domestic	2,746,546,388.40	1,994,276,203.52	2,737,340,836.49	1,939,855,658.10

#### (4) Operating income and operating costs presented by transfer time of commodities

Item	Amount for the Period		Amount for the Previous Period	
	Income	Cost	Income	Cost
Principal activities:				
Of which: recognized at a point of time	2,746,546,388.40	1,994,276,203.52	2,737,340,836.49	1,939,855,658.10
Other activities:				
Of which: recognized at a point of time	21,206,791.34	19,166,648.01	25,319,856.71	24,438,469.51
Lease income	2,241,426.11		2,705,881.03	
Total	2,769,994,605.85	2,013,442,851.53	2,765,366,574.23	1,964,294,127.61

# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVII. NOTES TO THE KEY COMPONENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 6. Investment Income

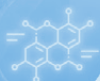
Item	Amount for the Period	Amount for the Previous Period
Long-term equity investments income under cost method	94,850,000.00	241,825,000.00
Long-term equity investments income under equity method	29,004,317.83	22,451,469.67
Investment income from financial assets held for trading during its holding period	1,950,144.84	191,174.96
Investment income from disposal of long-term equity investments	-731,350.19	
Total	125,073,112.48	264,467,644.63

## XVIII. SUPPLEMENTARY INFORMATION

### 1. Statement of non-recurring profit or loss over the current period

Item	Amount for the Period	Amount for the Previous Period
Profit or loss from disposal of non-current assets, including the written-off portion of provisions made for asset impairment	-1,531,312.81	-76,440.36
Government grants included in the current profit or loss, however, except for those which are closely related to the normal business of an enterprise, comply with the policies of the State, entitled in accordance with determined standards and that have a continuous impact on the Company's profit or loss	59,306,943.23	43,732,118.87
Gains or losses arising from changes in fair value derived from financial assets and financial liabilities held by non-financial enterprises and gains or losses generated on disposal of financial assets and financial liabilities, except for effective hedging activities related to the ordinary operating business of the Company	-8,223,996.69	-16,341,104.57
Other non-operating income and expenses other than the abovementioned items	-4,758,285.57	-3,880,962.55
Total non-recurring profit or loss	44,793,348.16	23,433,611.39
Less: Effect on income tax of non-recurring profit or loss	10,259,353.49	4,425,407.74
Less: Net effect of non-recurring profit or loss attributable to the Company's minority shareholders (after tax)	11,901,511.93	3,506,627.93
Non-recurring profit or loss attributable to the Company's ordinary shareholders	22,632,482.74	15,501,575.72

The Company recognizes non-recurring profit or loss items according to the Explanatory Announcement No. 1 on Corporate Information Disclosure for the Public Offering of Securities-Non-recurring Profit or Loss (2023 Revision) (ZJHGG (2023) No. 65).



# NOTES TO THE FINANCIAL STATEMENTS

From January to June 2025 (Unless specified otherwise, all amounts are denominated in RMB)

## XVIII. SUPPLEMENTARY INFORMATION *(continued)*

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

January to June 2025

Profit during the Reporting Period	Rate of return on weighted average net assets %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's ordinary shareholders	9.14	1.43	1.43
Net profit attributable to the Company's ordinary shareholders after a deduction of non-recurring profit or loss	8.97	1.40	1.40

January to June 2025

Profit during the reporting period	Rate of return on weighted average net assets %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's ordinary shareholders	8.04	1.27	1.27
Net profit attributable to the Company's ordinary shareholders after a deduction of non-recurring profit or loss	7.93	1.25	1.25

Livzon Pharmaceutical Group Inc.  
20 August 2025



**Livzon**

**Evergreen Life, Bright Future & Wisdom**

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