



国药集团
SINOPHARM

國藥控股股份有限公司

SINOPHARM GROUP CO. LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國藥控股股份有限公司)
Stock Code: 01099

530019

All for Health Health for All



Medical Device
Distribution

国药控股
SINOPHARM GROUP

Annual Report 2025

* The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name "Sinopharm Group Co. Ltd."



COMPANY PROFILE

The Company was established in January 2003 and listed on The Stock Exchange of Hong Kong Limited (stock code: 01099.HK) in September 2009, is a core subsidiary of China National Pharmaceutical Group Co., Ltd. and a top-rank distributor and retailer of pharmaceutical, medical devices and healthcare products, and a leading supply-chain service provider in the PRC.

The Group is mainly engaged in pharmaceutical products and medical device distribution business. Leveraging on its nationwide distribution and delivery network, the Group provides comprehensive distribution, delivery and other value-added services to domestic and foreign manufacturers and suppliers of pharmaceutical products, medical devices and consumables and other healthcare products, and also to downstream customers including hospitals, other distributors, retail drug stores and primary health services institutions.

Meanwhile, the Group manages its network of retail drug stores chain in major cities of China via direct operations and franchises to sell pharmaceutical and healthcare products to end customers. This business segment has been at the forefront of China's pharmaceutical retail industry.

Besides, the Group is also engaged in the production and sale of pharmaceutical products, chemical reagents and laboratory supplies, and actively engaged in the innovation of pharmaceutical, medical services and other health-related industries, to explore the synergistic development of its diversified businesses.

Taking advantage of its superior economies of scale, customer resources, network platforms and brand position, the Group will fully leverage on China's pharmaceutical and healthcare market, which shows steady and healthy development, proactively respond to industry policies and capture development opportunities to further consolidate and enhance its market leadership, actively striving to become an efficient organizer of pharmaceutical supply chain and comprehensive service solution provider in the industrial chain.



CORPORATE VISION

Becoming a distinguished technological and innovative global pharmaceutical and healthcare service provider

CORPORATE MISSION

All for Health Health for All

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Corporate Information

As at the date of this report

Directors

Mr. Jin Bin (*Non-executive Director and Chairman*)
Mr. Chen Qiyu (*Non-executive Director and Vice Chairman*)
Mr. Lian Wanyong (*Executive Director and President*)
Mr. Yang Binghua (*Executive Director and Deputy Secretary of the Party Committee*)
Mr. Li Peiyu (*Independent Non-executive Director*)
Mr. Wu Tak Lung (*Independent Non-executive Director*)
Mr. Yu Weifeng (*Independent Non-executive Director*)
Mr. Shi Shenghao (*Independent Non-executive Director*)
Mr. Chen Weiru (*Independent Non-executive Director*)
Mr. Zu Jing (*Non-executive Director*)
Mr. Xing Yonggang (*Non-executive Director*)
Mr. Ma Yue (*Non-executive Director*)
Mr. Chen Yuqing (*Non-executive Director*)
Mr. Wen Deyong (*Non-executive Director*)
Ms. Li Ying (*Non-executive Director*)

Supervisors

Ms. Guan Xiaohui
Mr. Liu Zhengdong
Mr. Guo Jinhong
Ms. Lu Haiqing

Company Secretary

Mr. Wu Yijian

Strategy and Investment Committee

Mr. Jin Bin (*Chairman*)
Mr. Chen Qiyu
Mr. Lian Wanyong
Mr. Li Peiyu
Mr. Shi Shenghao
Mr. Chen Weiru
Mr. Chen Yuqing
Mr. Wen Deyong

Audit Committee

Mr. Wu Tak Lung (*Chairman*)
Mr. Li Peiyu
Mr. Shi Shenghao

Remuneration Committee

Mr. Li Peiyu (*Chairman*)
Mr. Wu Tak Lung
Mr. Yu Weifeng

Nomination Committee

Mr. Jin Bin (*Chairman*)
Mr. Wu Tak Lung
Mr. Yu Weifeng
Mr. Shi Shenghao
Mr. Chen Weiru

Legal and Compliance and Environmental, Social and Governance Committee

Mr. Yu Weifeng (*Chairman*)
Mr. Jin Bin
Mr. Lian Wanyong

Authorized Representatives

Mr. Jin Bin
Mr. Wu Yijian

Legal Advisers

As to Hong Kong laws:
DLA Piper UK LLP

As to PRC law:
Guantao Law Firm

Auditor

International auditor:

Confucius International CPA Limited
Registered PIE auditor

Domestic auditor:

Pan-China Certified Public Accountants LLP

Principal Place of Business in Hong Kong

Room 1601,
Emperor Group Center,
288 Hennessy Road,
Wanchai, Hong Kong

Principal Place of Business and Headquarters in the PRC

Sinopharm Group Building,
No. 385, East Longhua Road, Huangpu District,
Shanghai 200023, the PRC

Registered Office in the PRC

1st Floor, 11th to 15th Floor, No. 385,
East Longhua Road,
Huangpu District,
Shanghai 200023, the PRC

Company's Website

www.sinopharmgroup.com.cn

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Stock Code

01099

Principal Banks

Bank of Communications Co., Ltd.
China Merchants Bank Co., Ltd.
Bank of China Limited
China Construction Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Co., Ltd.
China Minsheng Banking Corp., Ltd.

Office (Office of the Party Committee, Office of the Board of Directors)

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Definitions

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CNPGC”	China National Pharmaceutical Group Co., Ltd. (中國醫藥集團有限公司), a state wholly-owned enterprise incorporated in the PRC and the ultimate controlling shareholder of the Company
“CNPGC Group”	CNPGC and its subsidiaries and associates (excluding the Group)
“Company” or “Sinopharm”	Sinopharm Group Co. Ltd. (國藥控股股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and whose H shares are listed and traded on the Hong Kong Stock Exchange
“CSIMC”	China National Scientific Instruments and Materials Co., Ltd. (中國科學器材有限公司), a company incorporated in the PRC with limited liability
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Factoring Company”	Sinopharm Puxin Commercial Factoring Company Limited (國藥樸信商業保理有限公司), a company incorporated in the PRC with limited liability
“Finance Company”	Sinopharm Group Finance Co., Ltd. (國藥集團財務有限公司), a company incorporated in the PRC with limited liability, which is a non-bank financial institution
“Fosun High Technology”	Shanghai Fosun High Technology (Group) Company Limited (上海復星高科技(集團)有限公司), a company incorporated in the PRC with limited liability
“Fosun Holdings”	Fosun Holdings Limited (復星控股有限公司), a company incorporated in Hong Kong, the PRC with limited liability

“Fosun International”	Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong, the PRC with limited liability, whose H shares are listed and traded on the Hong Kong Stock Exchange
“Fosun International Holdings”	Fosun International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Fosun Pharma”	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed and traded on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Group”	the Company and its subsidiaries
“Henlius”	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed and traded on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	17 April 2026, the latest practicable date for ascertaining certain information in this report before its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Natong Group”	Beijing Natong Technology Group Co., Ltd. (北京納通科技集團有限公司), a company incorporated in the PRC with limited liability
“PBOC”	the People’s Bank of China
“RMB”	Renminbi, the lawful currency of the PRC



Definitions

“Reporting Period”	the twelve months ended 31 December 2025
“Shareholder(s)”	the shareholder(s) of the Company
“Sinopharm Accord”	China National Accord Medicines Corporation Ltd. (國藥集團一致藥業股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose A shares and B shares are listed and traded on the Shenzhen Stock Exchange
“Sinopharm (CNCM LTD)”	China National Medicines Corporation Ltd. (國藥集團藥業股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose A shares are listed and traded on the Shanghai Stock Exchange
“Sinopharm Investment”	Sinopharm Industrial Investment Co., Ltd. (國藥產業投資有限公司), a company incorporated in the PRC with limited liability
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Supervisor(s)”	the supervisor(s) of the Company
“Treasury Share(s)”	has the meaning ascribed to it under the Listing Rules

Financial Highlights

RMB'000

	2021	2022	2023	2024	2025
Operating results					
Revenue	521,051,235	552,147,550	596,569,565	584,507,930	575,167,877
Gross profit	44,050,608	47,434,060	48,511,678	44,255,390	41,672,013
Operating profit	19,711,976	20,604,466	20,209,195	16,188,403	16,038,224
Earnings before interest and tax	20,406,031	21,753,811	21,942,511	16,329,141	16,794,539
Profit for the year attributable to equity holders of the parent company	7,758,646	8,525,655	9,053,760	7,049,683	7,155,094
Profitability					
Gross margin	8.45%	8.59%	8.13%	7.57%	7.25%
Operating margin	3.78%	3.73%	3.39%	2.77%	2.79%
Net profit margin	2.51%	2.60%	2.52%	1.78%	1.88%
Asset status					
Total assets	335,412,321	364,775,134	383,394,844	392,831,244	390,361,212
Equity attributable to equity holders of the parent company	61,886,015	68,068,559	74,582,217	78,883,795	83,953,384
Total liabilities	235,758,386	254,705,944	263,076,099	266,143,942	256,201,470
Cash and cash equivalents	43,529,428	55,221,624	63,808,538	54,313,359	48,796,132
Gearing ratio	70.29%	69.83%	68.62%	67.75%	65.63%
Liquidity ratio					
Current ratio (times)	1.33	1.36	1.40	1.39	1.41
Inventory turnover ratio (days)	37	40	40	41	43
Trade receivables turnover ratio (days)	111	113	109	121	130
Trade payables turnover ratio (days)	91	95	93	99	102
Data per share (RMB)					
Earnings per share – Basic	2.49	2.73	2.90	2.26	2.29
Earnings per share – Diluted	2.49	2.73	2.90	2.26	2.29

All for Health Health for All

Adhering to the corporate philosophy of “All for Health, Health for All”, Sinopharm Group has been devoting itself to be an “efficient organizer of pharmaceutical supply chain and comprehensive service solution provider in the industrial chain”.



Chairman's Statement



Jin Bin

Chairman & Non-executive Director

Dear shareholders and investors,

On the occasion of the release of Sinopharm's 2025 annual results, I, on behalf of the Board of the Company, would like to extend my sincerest gratitude to all shareholders, investors and business partners who have long trusted and supported the development of the Group, and extend my highest respect to all employees who have worked hard in all business lines and diligently performed their duties!

In 2025, the pharmaceutical distribution industry entered into a critical stage of deep adjustment and transformation and breakthrough campaign. In the face of the complicated and changeable macro- environment, the profoundly reconstructed industry landscape and the downward pressure of the market, the Board of the Company insisted on the policy of strategic guidance and overall deployment, and the management led all employees to work together with unity and determination to overcome difficulties, securing victory in the arduous operation breakthrough campaign.

Chairman's Statement

At the beginning of the year, the Group faced up to the severe situation of operation under pressure, and all colleagues made concerted efforts to overcome difficulties, after six months of hard work and breakthrough campaign, the operating performance has been recovering steadily since the third quarter, and the accumulated profit has increased on a year-on-year basis. At the end of the year, under the efficient promotion by the new management, the Group built on the current momentum and made further efforts, finally delivering an impressive performance record of growth against the trend – achieving a year-on-year increase of 3.94% in net profit for the whole year. Such achievement further consolidated the Group's leading position in the domestic pharmaceutical distribution industry, highlighted its profound development foundation, strategic empowerment of the network, strong operational resilience and core market competitiveness, and laid the foundation for the successful conclusion of the Group's development during the "14th Five-Year Plan" period.

As a pharmaceutical distribution enterprise with the widest network coverage, the most complete distribution layout and the leading comprehensive strength in China, the Board of the Company has always been based on the overall situation of the industry, gained insight into the laws of the industry, and accurately fulfilled the important task and mission of pharmaceutical distribution business to ensure the security of supply chains and serve people's livelihood and health. At present, the industry concentration is accelerating, the digital transformation is fully penetrating, the service value is continuously upgraded, and the demand for supply chain resilience is constantly increasing. The aging population, the upgrading of healthy consumption and the continuous deepening of the outflow of prescriptions have brought certain long-term growth opportunities for the industry. Meanwhile, the normalization of medical insurance cost control, the stricter industry regulation and the intensified cross-border competition have put forward higher requirements for enterprises' comprehensive operational capabilities. In the face of the new situation, the Group firmly promoted the transformation of development mode from scale expansion to quality and efficiency, realized the organic unity of scale and efficiency as well as speed and quality, and firmly grasped the decisive opportunity of industry reform.

In 2025, the Board adhered to the policy of strategic guidance and value orientation, promoted the improvement of operation quality, the innovation driving and the optimization of management. All the work was implemented and achieved results, and the development quality and operation efficiency of the Group achieved improvement.

In terms of improving the operation quality, the Group strengthened value orientation and incentive constraints, promoted the cooperation and synergy among subsidiaries, improved quality and increased efficiency, and a number of core subsidiaries achieved steady profit growth, becoming an important pillar for the growth of the Group's profitability. The Group implemented precise governance, lowered the legal person level and optimized the business structure for inefficient loss-making enterprises, eliminated inefficient assets, revitalized existing resources, focused on the development of the main business, and achieved "lean-and-heal transformation, and development without excessive burden and pressure". The operation quality and the profitability structure have been continuously improved.

The retail pharmacy segment achieved a historic strategic turnaround, becoming the biggest operation highlight of the year. The Board and the management dived deeply into the front line of the market, accurately grasped the policy orientation and the industry trends, optimized inefficient stores, and focused on the layout of high-quality stores, and the operation quality and profitability of single stores were greatly improved. The Group deepened the reform of category structure, expanded the scale of unified procurement, strengthened the implementation of the strategy of “selected products”, and simultaneously improved the inventory turnover efficiency and the profitability. The Group built a refined cost control system, rigidly reduced unreasonable costs and improved the efficiency of resource use. The Group innovated the online and offline integration mode to broaden the sources of income. The Group optimized the structure of organizations and talents to stimulate the endogenous motivation of teams. The Group cleaned up non-core assets, and improved the management efficiency. Through a series of precise and efficient comprehensive measures, within the retail pharmacy segment, the net profit of Guoda Drugstore decreased from a loss of RMB1.104 billion to a loss of RMB217 million, representing a decrease in loss of nearly RMB900 million, which provided strong support for the Group's profit growth in 2025 and fully demonstrated the scientificity and executive force of the Group's strategic decision-making.

In terms of innovation driving, the Group regarded digitalization and intelligence as the core growth engines, broke through data barriers, restructured the business processes, and achieved full-chain collaboration, significantly improving the operation efficiency.

In terms of management optimization, the management took “integrated operation” as the core starting point, broke down internal barriers, integrated all resources, released scale effect, and proactively strengthened cooperation with upstream and downstream enterprises. The management model was comprehensively upgraded to a customer-centric and full-dimensional service model. The Group continued to strengthen risk prevention and control, strictly controlled accounts receivable and inventory turnover, made every effort to revitalize inefficient and ineffective assets, and continuously optimized the operating cash flow and the asset operation quality. The Group improved the market-oriented mechanism for selecting, employing and cultivating talents, enriched the young management echelon and improved the talent development system to provide solid talent support and strategic guarantee for its high-quality development.


The year 2026 marks the first year of the national “15th Five-Year” Plan, a crucial year for deepening the transformation of the pharmaceutical distribution industry, and a breakthrough campaign year for Sinopharm to stick to its main business and forge its long-term competitiveness. Standing at a new historical starting point, the Board of the Company will take a higher position and more practical measures to lead the Group to firmly anchor the main business of pharmaceutical distribution, and build the Group's long-term and sustainable core competitiveness from five dimensions based on the advantage of national network and with efficiency improvement, transformation and upgrading as the core, so as to promote the Group to achieve further high-quality, efficient and sustainable development and continuously consolidate its leading position in the industry.

Firstly, deepening the advantage of network and creating the competitiveness of a comprehensive and coordinated distribution system. The Group will comply with the trend of industry centralization and supply chain resilience upgrading, optimize the layout of national distribution and logistics network, and consolidate the basic capability of pharmaceutical distribution. The Group will deepen the integrated operation, break down barriers between regions, segments and product categories, and release scale effect and synergistic value. The Group will carry out high-quality mergers and acquisitions and consolidation around the main business, clean up non-core inefficient assets, optimize the network and the structure of assets, and strengthen the competitiveness of the network. The Group will improve the national medical emergency supply system, enhance the security guarantee capability of the supply chain, and highlight the responsibilities and commitments of leading enterprises.

Secondly, exploring the potential of digital intelligence and creating efficient operation capabilities empowered by digital intelligence. The Group will closely follow the trend of digital transformation, increase investment in science and technology, break through data barriers, and build a unified intelligent supply chain platform with digitalization as the core starting point, so as to realize digital control of the whole process of procurement, warehousing, distribution and sales. The Group will use big data to optimize the allocation of resources and improve the level of demand prediction, intelligent procurement and refined inventory management. The Group will explore the launch of digital service products that are deeply integrated with business, provide integrated solutions for upstream and downstream enterprises, and promote the upgrading of the Group from “network operator of pharmaceutical and medical devices supply chains” to “digital intelligent distribution service provider”. The Group will apply new technology to improve the traceability of the full-life cycles of pharmaceutical and medical devices, so as to firmly build a bottom line of quality and compliance through digitization.

Thirdly, focusing on vertical full-cycle services and horizontal one-stop services based on the high-quality development of the industry. We have been exploring in the fields of innovative wholesale and retail synergic services, in-depth development of terminal market, extended services for patient management, etc. In response to the trend of high value-added services and diversified health needs, we will complete the upgrading from distribution-related services to comprehensive high value-added services, further undertake the outflow of prescriptions, empowered grassroots terminals and retail pharmacies with professional pharmaceutical services, and created a “health service node” integrating prescription circulation, medication guidance, and chronic disease management. We will focus on special fields such as tumors, rare diseases and chronic diseases, provide the upstream industry with the full chain services for commercialization, channel access and market coverage of innovative drugs, provide the downstream medical institutions with lean supply chain management services, create a full chain collaborative ecology, construct a closer “destiny community” with upstream and downstream business partners, and reshape the value ecological chain.

Fourthly, focusing on lean management and creating competitiveness in fine and efficient cost control. The Group will closely follow the requirements of high-quality development of the industry, deepen lean management by taking the policy of “improving efficiency, controlling risks and strengthening quality” as the core, and realize accurate cost accounting and optimization of the whole process by relying on the “integrated” platform. We will continue to promote governance and efficiency improvement, optimize the organizational system, promote flat and agile management, and enhance the capability to respond quickly to the market. The Group will strengthen the talent team construction, and build a professional team that adapts to the national network and the transformation of digital intelligence, so as to provide talent guarantee for its sustainable development.



Chairman's Statement

Fifthly, strictly abiding by the compliance bottom line and creating the standardized, stable and compliant operation capabilities. The Group will adhere to the principle of legal, compliant and honest operation as its lifeline and core competitiveness, and build a full-coverage, whole-process and penetrating compliance management system. The Group will strictly comply with laws and regulations on pharmaceutical industry regulations, anti-commercial bribery, data security and information disclosure, and embed compliance requirements into the whole chain of decision-making, operation and assessment. The Group will strengthen the implementation of compliance culture and responsibilities, and improve the internal control supervision and accountability mechanism. The Group will use digital means to realize real-time identification, early warning and disposal of compliance risks, and protect shareholders' interests and brand reputation with stable compliance operations.

Dear shareholders and investors, the pharmaceutical and healthcare industry is a strategic industry related to the national economy and people's livelihood, and pharmaceutical distribution is a key link for the stable operation of the pharmaceutical and healthcare industry. At present, industry competition has shifted from scale competition to comprehensive strength competition of efficiency, service, innovation and compliance. Only through continuous evolution and proactive change can we ensure the solid and sustained progress of our development in the ever-changing situation.

In the future, Sinopharm will maintain firm strategic focus and pragmatic operation style, spare no effort to achieve all goals and tasks in 2026. We will continuously improve our core competitiveness and market influence and the shareholder return level, and repay the trust and support of all shareholders with more excellent operation performance!

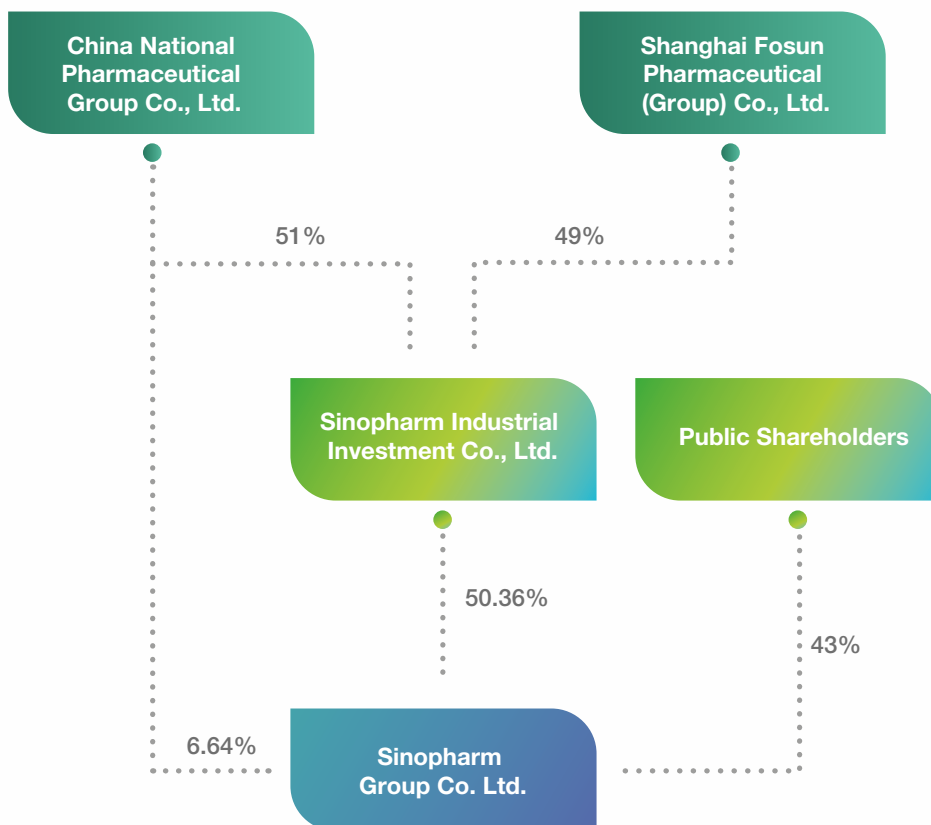
Jin Bin

Chairman & Non-executive Director

Shanghai, the PRC
20 March 2026

Shareholding Structure of the Company

As at the date of this report, the simplified structure of the Company was as follows:



Management Discussion and Analysis



Lian Wanyong

President & Executive Director

Review on Industrial Environment

Macro-economy developed steadily and moved towards high-quality development, and industry development demonstrated resilience

In 2025, China's macro-economy withstood the internal and external complex environmental pressures, showing a trend of steady progress and innovation-driven and high-quality development. According to the data released by the National Bureau of Statistics of China, the GDP jumped to a new level of RMB140 trillion in 2025, and the annual GDP in 2025 increased by 5% year on year at constant prices. During the "14th Five-Year Plan" period, China's economic aggregate achieved an average annual growth of 5.4%, fully demonstrating the characteristics of the strong anti-risk capability, resilience to withstand pressure and high-quality development of China's economy.

This year, China's moderately loose monetary policy continued to play a role, providing strong support for enterprises to reduce costs and improve the financing environment. Meanwhile, the proactive fiscal policy provided unprecedented support to the social security and healthcare field. According to the data released by the Ministry of Finance, China's healthcare expenditure increased by 5.7% year on year in 2025, effectively supporting the steady upgrading of residents' health consumption demand. Under the background of the coordinated efforts of monetary policy and fiscal policy and the continuous deepening of the long-term trend of population aging, the medical and health industry demonstrated strong anti-cyclical resilience and vast growth potential, which was an important part of the high-quality development process of China's economy.

Optimization of VBP Policy fostered healthy competition, and deepening regulation accelerated the reshaping of the market landscape

In 2025, the reform of the medical and health system continued to deepen, and the policies of volume-based procurement of drugs and high-value medical consumables and the negotiation of the catalog of medicines covered by national medical insurance were normalized and institutionalized. Although the profit margin of the traditional distribution business of the pharmaceutical distribution industry continued to be under pressure, the VBP rules focused on strengthening quality evaluation and supervision. The rules were made a series of major optimizations under the principles of "stabilizing clinical practice, ensuring quality, combating involution and preventing bid rigging", and the policy focus was shifted from "expanding the scope and reducing prices" to "stabilizing prices and improving quality", promoting the rational return of the prices of drugs and medical devices, and guiding the market to form a healthy competitive order. The optimization of VBP policy caused the upstream pharmaceutical companies to pay more attention to the improvement of quality, stable supply and cost control, and the downstream hospitals to pay more attention to ensuring the continuity of clinical medication habits and the diversification and stability of supply sources, thus stimulating the demand increment of personalized value services in the upstream and downstream of the industrial chain and accelerating the transformation and upgrading of pharmaceutical distribution enterprises from scale growth to optimization of business structure and models. The core advantages of industry-leading pharmaceutical distribution enterprises with comprehensive terminal network coverage, efficient supply chain response and high-quality customer services were effectively highlighted.

In 2025, the medical insurance funds and pharmaceutical enterprises deepened the implementation of the "direct settlement" policy and the "immediate settlement" policy with medical institutions for the amount of the VBP drugs and consumables, which had a far-reaching impact on the improvement of the overall operational efficiency and the long-term benign development of the pharmaceutical distribution industry. The National Healthcare Security Administration required that from July 2025, for sales of relevant drugs, QR codes must be scanned as required before settling with medical insurance funds, and from January 2026, all pharmaceutical institutions were required to fully collect and upload drug traceability codes. The further implementation of the medical insurance fund settlement policy has put forward higher requirements for the timely and accurate data connection and interaction capabilities and refined management capabilities of pharmaceutical distribution enterprises and medical insurance information platforms. Strong digital governance capability and traceability capability have become the barriers to competition in the industry, which will effectively drive the industry to accelerate the building of digital capacity and the extension of industrial chain services.

In 2025, the normalized advancement of compliance governance in the medical field prompted pharmaceutical distribution enterprises to build a comprehensive and effective compliance risk control system, and compliant operation has become one of the core competitiveness of enterprises to resist risks and achieve high-quality development. For leading enterprises with national network layout, efficient supply chain service capability and mature compliance management level, the deepening of regulation will accelerate the reshaping of the industry landscape, create favorable conditions for high-quality industry-leading enterprises to enhance market share, innovate service models and enhance the influence of the industrial chain, and lead the industry towards a more standardized and sustainable stage of high-quality development.

Business Review

The year 2025 was the closing year of the “14th Five-Year” Plan. In the face of industrial policies such as expansion of centralized procurement and strengthened medical insurance regulation and the complicated market competition environment, the Group, under the overall guidance by the board of directors and the management, accurately grasped the policy orientation, persisted in the principle of striving for progress while maintaining stability, focused on improving operational efficiency and managing and controlling of compliance risks, and achieved new breakthroughs in various work. In 2025, the Group’s annual revenue growth rate was higher than the overall level of the industry, and its market share continued to increase. As of the end of the Reporting Period, the Group recorded the operating income of RMB575,167.88 million, representing a year-on-year decrease of 1.6%, recorded a net profit of RMB10,834.43 million, representing a year-on-year increase of 3.94%, and recorded a profit attributable to the parent company of RMB7,155.09 million, representing a year-on-year increase of 1.50%.

In terms of the operational efficiency improvement, the Group anchored the scale effect and cost-led strategy to promote cost reduction and lean management. As of the end of 2025, the overall expense ratio of the Group decreased by 0.25 percentage point year on year, strongly offsetting the decline in gross profit. During the Reporting Period, the net inflow of operating cash flow was RMB14,138.21 million, representing an increase of RMB2,592.20 million compared with the same period of last year, showing remarkable results in cash flow management. The increase of accounts receivable significantly narrowed and special governance on accounts receivable yielded results. The asset-liability ratio decreased by 2.12 percentage points year on year. Relying on the improvement of internal governance efficiency, the Group effectively resisted the pressure of market fluctuation, achieved a year-on-year increase of 0.02 percentage point in operating profit margin, and showed strong anti-risk capability and development resilience in its overall business, laying a solid foundation for the successful conclusion of the “14th Five-Year” Plan and the strategic layout of the “15th Five-Year” Plan.

In 2025, the Group focused on the primary task of high-quality development, scientifically analyzed the market situation and competition landscape in various regions, actively expanded its market share, and accelerated the improvement of quality and efficiency with reform and innovation. During the Reporting Period, the three main business segments continued their differentiated development trend, among which, the proportion of the revenue of the pharmaceutical distribution segment was 72.79%, representing a year-on-year decrease of 0.37 percentage point; the proportion of the revenue of the medical device distribution segment was 19.32%, representing a year-on-year slight decrease of 0.09 percentage point; and the proportion of the revenue of the retail pharmacy segment was 6.42%, representing a year-on-year increase of 0.50 percentage point.

Pharmaceutical Distribution: The market share has been expanded through precise implementation of strategies, steady development consolidated leading advantages

In 2025, the centralized volume-based procurement of drugs continued to deepen in terms of “incremental expansion, quality improvement and efficiency enhancement”, and the implementation of policies entered a new stage of standardization, institutionalization and normalization. The centralized procurement of the eleventh batches of drugs organized by the State was successfully implemented in February 2026, and the rules were significantly optimized. The mechanism of “reporting the quantity based on the factory brand” was introduced for the first time, paying more attention to the clinical recognition, quality reputation and supply chain stability of products. The increasingly refined centralized procurement policy is pushing the industry to transform into a high-quality development path of “cost control, efficiency improvement and service-driven”.

With the nationwide distribution network, efficient service guarantee capability and deep customer stickiness advantage, the pharmaceutical distribution segment of the Group demonstrated strong operational resilience. In 2025, the revenue of the pharmaceutical distribution segment recorded a revenue of RMB435,391.60 million, representing a year-on-year decrease of 2.02%, significantly narrowing the year-on-year decrease in revenue compared with 3.52% in the first half of 2025, and showing a notable sequential upward trend. During the Reporting Period, the operating profit margin of the pharmaceutical distribution business was 2.73%, which basically remained unchanged compared with the same period of last year.

In 2025, in terms of the pharmaceutical distribution segment, the Group took multiple measures to consolidate its market leading edge by precisely implementing strategies around expansion of market share. During the Reporting Period, the Group continued to optimize the structure of categories, stabilize the market share of centralized procurement varieties and national negotiated varieties, and enhance the coverage capacities of core areas and key terminals. Among them, the market share in the traditional advantageous regions such as Eastern China and Northern China maintained steady growth, while the market share in Southern China remained basically unchanged compared with the same period of last year. The market share of the Group’s drug distribution ranked among the top in the vast majority of provinces in China. Secondly, the Group implemented classified management for key hospital customers, optimized the resource allocation and the service quality, effectively enhanced customer stickiness, achieved orderly growth in sales performance with core customers during the Reporting Period, and consolidated the competitive advantage of the main channels with public hospitals. The steady development of fundamentals of the pharmaceutical distribution segment provided solid support for the Group’s high-quality and steady development and further consolidated the Group’s leading position in the industry.

Medical Device Distribution: Optimization of the business structure consolidated the foundation, and deepening cultivation of innovative projects enhanced value

In 2025, the deepening implementation of the centralized volume-based procurement of medical devices and the further expansion of the scope of centralized procurement promoted the reasonable return of prices in the distribution link, and the continuous compression of profit margin in traditional distribution business accelerated the transformation of distribution enterprises into supply chain service providers. The reform of medical insurance payment (Diagnosis Related Group (DRG)/Diagnosis-Intervention Packet (DIP)) has achieved comprehensive coverage, and the demand for hospital cost control has spawned the demand for refined management of consumables, and intelligent supply chain solutions have ushered in broad development opportunities. The normalization of compliance regulation in the medical field was promoted, covering the whole process and whole scenario of pharmaceutical purchase and sale, focusing on standardizing the procurement of equipment, the distribution of consumables and other areas, and accelerating the purification of industry ecology. Under the synergistic effect of various policies, the increasing concentration of the medical device distribution industry has become more and more obvious. Sticking to the compliance bottom line, focusing on the main responsibilities and business and improving the service capability of supply chain have become the core competitiveness of enterprises for long-term development.

In terms of medical device distribution segment, the Group proactively responded to the needs of industry policies and regulatory changes, and expanded high value-added services through the operation strategies for optimizing business structure, strengthening compliance management and control and focusing on high-quality businesses, thus consolidating the development foundation of the segment. As of the end of the Reporting Period, the medical device distribution segment recorded an annual operating income of RMB115,537.72 million, represent a year-on-year decrease of 2.02%. The Group proactively adjusted its business structure for the medical device distribution segment, strengthened appropriate sales control of inefficient businesses with long payment terms and low profit contribution, reduced operation risks, increased the revenue proportions of businesses with high value-added and high customer stickiness, and continuously optimized revenue sources. Meanwhile, the Group actively promoted the reform of segment businesses, adhered to compliance operation, proactively purified the industry environment, and adapted to the general trend of high-quality development of the pharmaceutical and healthcare industry. As of the end of the Reporting Period, the sales revenue of the Group's SPD and centralized distribution projects achieved double-digit growth on a year-on-year basis, and the performance contribution of new SPD, medical consortium and medical communities projects continued to be released. From the perspective of the structure of products, during the Reporting Period, medical consumables products achieved sustained and steady growth by relying on the expansion of primary health and the support of the essential clinical demand; the sales of IVD products and medical devices were affected by the policy for "replacing the old for new ones" and the slow centralized procurement speed brought by the price reduction of centralized procurement and the normalization of compliance supervision, resulting in a decline in business income. The overall operating profit margin of the medical device distribution segment was 2.23%, representing a slight decrease of 0.02 percentage point compared with the same period of last year, mainly due to the decrease of gross profit and gross profit margin of the segment.

During the Reporting Period, the Group actively expanded intelligent supply chain innovation projects based on customer needs and guided by compliance and value creation, and continuously improved the revenue from services and market coverage. As of the end of the Reporting Period, the Group's intelligent supply chain projects of medical devices covered the medical institutions in 30 provinces in China, and the Group added 72 SPD projects, 68 single hospital centralized distribution projects and 4 medical consortium/medical communities centralized distribution projects throughout the year, and the service network and service depth continued to expand. Meanwhile, the Group continued to deepen the construction of the whole process and standardization system of medical device SPD projects, accelerated the penetration of SPD services in the target market, made efforts to build a nationwide and interconnected intelligent supply chain service platform for medical devices, and consolidated the Group's leading position in the field of the intelligent supply chain of medical devices.

Retail Pharmacy: Synergy between wholesale and retail released growth momentum, and lean operation enhanced the quality and efficiency of development

In 2025, with the active promotion by the National Healthcare Security Administration, the centralized volume-based procurement of drugs "entering primary medical institutions, private hospitals and retail pharmacies" (the "Three Entrances") has been fully launched in all provinces across the country. Retail pharmacies have become an important channel to ensure the accessibility of centralized procurement drugs. With the convergence of the prices of centralized procurement drugs in pharmacies and medical institutions, patients gradually returned from hospitals to retail pharmacies to buy drugs, paving the way for retail pharmacies to further undertake prescription flow. The implementation of the "Three Entrances" policy has objectively put forward higher requirements for the management capability of pharmaceutical retail enterprises. Enterprises are required to continuously enhance the building of the professional capacity of pharmacy service while strengthening the capabilities of cost control and supply chain integration, and foster the upstream and downstream collaboration of the industrial chain and the innovation capability of health services around end customers, so as to expand income sources and improve the overall profitability on the basis of reducing costs and increasing efficiency. Leading retail enterprises are expected to seize the development opportunities in the industry reform with their resource integration capabilities, collaborative innovation capabilities and lean operation level.

In 2025, the Group actively responded to the requirements of industry policies, gave full play to its strong advantages of lean management and compliant operation, and thoroughly advanced the “wholesale- retail integration” and the “dual-brand” collaborative strategy by taking the strengthening of service capabilities and integrated operation as the starting point to promote the high-quality development of the retail pharmacy business. During the Reporting Period, the Group’s retail pharmacy segment achieved outstanding results, and its annual revenue of the segment recorded RMB38,382.77 million, representing a year-on-year increase of 6.67%. Among which, due to the impact of factors such as the overall market environment, the intensified industry competition and optimization of the store structure, the sales revenue of the Guoda Drugstore system recorded RMB20,981 million, representing a year- on-year decrease of 6.16%. However, benefiting from the positive response to market changes and the rapid implementation of a series of measures such as enhancing the governance efficiency, reducing expenses and adjusting the structure of category, Guoda Drugstore achieved remarkable improvement in its operating efficiency. As of the end of the Reporting Period, the net profit of Guoda Drugstore achieved positive growth after excluding the impact of the impairment of goodwill and intangible assets, representing a year-on-year growth of 139%. The sales revenue of the specialty pharmacy system based on operational statistics maintained a high-speed growth of more than 15% by relying on the advantages of the undertaking of out-of-hospital prescriptions and the synergy of wholesale and retail, which had become a strong growth driving force for the retail segment, and the overall business structure continued to be optimized in the direction of high value-added professional services. The overall operating profit margin of the retail pharmacy segment was 1.56%, representing a year-on-year increase of 0.66 percentage point, mainly attributable to the effectiveness of governance measures for the retail pharmacy segment, significant decrease in the overall expenses and the enhancement of profitability.

During the Reporting Period, Guoda Drugstore proactively adapted to the changes in the competitive landscape of the industry, and comprehensively promoted lean operation and upgraded the internal governance by focusing on the improvement of operating quality, the optimization of store structure and the improvement of efficiency. The Company firmly implemented strategic store closure and differentiated layout, focused on improving the profit and the quality, and closed the inefficient stores with poor operation efficiency and long-term losses in an orderly manner. Meanwhile, the Company steadily expanded the network layout in core cities and high-quality communities, and further optimized the overall store structure. As of the end of the Reporting Period, the number of stores of Guoda Drugstore was 8,221, representing a net decrease of 1,348 stores compared with the same period of last year. Secondly, Guoda Drugstore solidly advanced the internal unified procurement strategy and integrated management. As of the end of the Reporting Period, the internal unified procurement rate reached nearly 70%, effectively reducing procurement costs and significantly improving the operational efficiency, the per capita efficiency and the profitability.

The specialty pharmacy system focused on strengthening its service capability, accelerating the construction of a patient-centered health service platform, vigorously connecting with prescription hospitals, and further enhancing the sales contribution brought by undertaking prescription traffic. Meanwhile, the specialty pharmacy system strengthened in-depth cooperation with upstream pharmaceutical companies by relying on the core advantages of wholesale and retail integration. During the Reporting Period, the Group reached the goal of unified national cooperation and promotion with 13 large pharmaceutical enterprises in terms of the retail business, enhanced the service stickiness of upstream suppliers with professional services, and at the same time empowered the development of the distribution segment, and continued to explore the profit growth point of the specialty pharmacy. As of the end of the Reporting Period, the number of the stores of specialty pharmacy was 1,461, representing a net decrease of 183 stores compared with the same period of last year. The specialty pharmacy has always been committed to providing C-side customers with compliant, convenient and full-process medication services and health management, exploring the establishment of innovative and professional service models with upstream suppliers and downstream hospital-side customers, creating standard processes and industry benchmarks for various business scenario services, steadily enhancing its market competitiveness, continuously consolidating the Group's leading position in the field of specialty pharmacy, and expanding opportunities for the Group's long-term high-quality growth.

Operation Management and Control and Transformation Upgrading: Integrated management and control and digital transformation achieved remarkable results, and lean operation drove value creation

In 2025, the Group comprehensively promoted the “integrated” management and control strategy and the “centralized” management mode, formulated a number of integrated action plans, covering the business integration and the management integration, refined the three-year implementation plan, continuously strengthened the in-depth and penetrating management and control and the flat management capability, and improved the operational efficiency throughout the chain, laying a solid foundation for the Group's high-quality development. As of the end of the Reporting Period, the Group steadily promoted the procurement integration, and the unified procurement rate of drugs in the province reached approximately 55%, representing an increase of nearly 16 percentage points compared with the same period of last year, and the Group effectively helped to control costs through deep integration of regional resources. Meanwhile, the promotion of procurement integration enhanced the inventory transparency, optimized the inventory structure and improved inventory turnover days, and the internal synergy efficiency was significantly enhanced. In terms of logistics integration, the Group promoted the re-planning and integration of national and regional storage resources and optimized the allocation of resources to improve the logistics efficiency. Logistics costs reduced year on year, and the intensification and operational efficiency of storage resources significantly improved. In terms of management integration, the Group pushed forward centralized management, accelerated the transformation of grassroots enterprises to business front end, incorporated the human resources, finance and operational functions of low-level enterprises into higher-level companies for centralized management, consolidated the vertical management and control of the organization, helped the headquarters' management output, and optimized the overall operational efficiency. Through the promotion of centralized management, the performance of inefficient enterprises of the Group was improved and the integration construction achieved remarkable results during the Reporting Period.

The Group profoundly recognized that deeply promoting the digitalization strategy and tapping the strategic value of data assets are the key engines to continuously drive the transformation and development. The Group has the basic advantages of covering the core data of the industrial chain including drugs and medical devices products, terminal procurement and consumption, warehousing and logistics, which is a solid base for developing data products in the future and exploring the multi-path value potential. Deeply tapping into the strategic value of data assets and exploring the deep integration of data assets and traditional distribution business will open up a wealth of possibilities for the Group to innovate business models, build core competitiveness and seize the development opportunities of digital economy. Solidly promoting digital transformation is a prerequisite for releasing the value and potential of data assets. During the Reporting Period, the Group deeply promoted its digital transformation, accelerated the implementation of digital transformation, fully empowered its business development and completed the implementation of a large number of digital projects. As of the end of the Reporting Period, the Group had completed the governance of master data of all business, formed an integrated data management system, harmonized full-scale operational data across core business segments, and realized digital penetration management of key business scenarios. In the field of logistics, digital and visual operation management had covered six major logistics hubs and two provincial logistics centers, initially realizing the transformation from “decision-making by experience” to “decision-making by data”. In addition, the Group had fully implemented the collection and uploading of traceability code data of all legal entities involved in medical insurance traceability codes in the distribution segment, completed the deployment of drug traceability codes by the National Healthcare Security Administration with high quality, actively responded to regulatory requirements and ensured the efficient use of medical insurance funds. The digital transformation strategy fully empowered lean operation and scientific decision-making, laying a solid foundation for the Group to explore intelligent application innovation in various business fields.

In terms of operational management and control, the Group focused on improving core financial indicators and operational quality and efficiency through a series of refined control measures. Benefited from measures such as cost reduction, further promotion of integrated management and control and optimization of financing strategy, the Group's expenses during the Reporting Period continued to decline. Among which, sales and management expense ratio decreased by 0.19 percentage point year on year to 4.18%; the finance expense ratio decreased by 0.05 percentage point year on year to 0.35%; and the overall expense ratio decreased by 0.25 percentage point year on year to 4.52%. Amid pressure on the revenue side, the effective control of the overall expense ratio provided a strong support to the Group for smoothing out the downward pressure on the gross profit margin and maintaining profitability resilience. Secondly, during the Reporting Period, the Group strengthened the management and control of the risk of accounts receivable, and implemented special governance actions for the collection of accounts receivable, focused on the decline of accounts receivable with a maturity of more than one year and improved the collection structure. As of the end of the Reporting Period, the increase of accounts receivable of the Group has been effectively controlled. The increase in accounts receivable with a maturity of more than one year significantly declined compared with the same period of last year, and the special governance on accounts receivable achieved remarkable results. As of the end of 2025, the net inflow of the Group's operating cash flow increased by RMB2,592.2 million year on year, representing an increase of 22.45%, which firmly promoted the transformation of the Group's development model from scale-oriented to quality and cash flow-oriented. As of the end of the Reporting Period, the overall asset-liability ratio of the Group was 65.63%, representing a year-on-year decrease of 2.12 percentage points, and the capital structure continued to be optimized in the steady development.

Future Prospects

The year 2026 is a year for laying the groundwork for the “15th Five-Year” Plan. Sinopharm will unswervingly promote its high-quality development with the fundamental purpose of serving the national strategy and ensuring people’s livelihood. In the new year, the Group will continue to scientifically analyze industry policies and competition landscape, base itself on the new development stage, focus on the main responsibilities and business, deepen business transformation and innovation-driven, continuously strengthen lean operation and compliance risk management and control, ensure stable and orderly operation development, and constantly consolidate its leading position of the industry.

Pharmaceutical and Medical Device Distribution: Stabilize the advantages of main business through differentiation strategies, and leverage policies to expand the market share

In terms of the pharmaceutical and medical device distribution segment, the Group will consolidate its dominant position in core cities through differentiated regional market strategies, accelerate the expansion of market share in potential cities and systematically increase its national market share. Secondly, the Group will focus on core hospital customers, tap the core needs of customers with professional services and strive to increase the share and growth rate of key hospitals. Meanwhile, the Group will continue to seize the development opportunities of the primary medical market, expand the network coverage in an orderly manner, and improve the accessibility of drugs. In the face of the normalization and institutionalization of the national negotiated policy and the volume-based procurement policy, the Group will actively strive for the distribution right of centralized procurement varieties and promote the intensification of procurement and the scale of distribution, and the Group will give priority to the introduction of high-value national negotiated varieties, focus on new varieties and policies of innovative drug companies, increase the introduction of innovative drugs, and deepen the cooperation with upstream manufacturers.

Retail Pharmacy: Synergistic development under the “dual-brand” strategy, and profit growth driven by professional services

In terms of the retail pharmacy segment, the Group will adhere to the synergistic development strategy of the Guoda Drugstore system and the specialty pharmacy system, focus on the essence of serving C-side customers, continuously strengthen its professional pharmacy service capability, and build the core competitiveness of retail drug stores. The Guoda Drugstore system will strengthen in-depth management and continuously improve the operation quality and efficiency of a single store, further optimize the structure of categories and increase the proportion of unified procurement and own brands, strengthen compliance risk control and management, empower traditional business with digital intelligence and promote refined operations and precision marketing. The specialty pharmacy system will give full play to the advantage of wholesale-retail integration, focus on laying out the hospital-side stores of core medical institutions around the dividend of the policy for the outflow of prescriptions, and continuously improve the market coverage. The Group will adhere to strengthen the innovation and standardization construction of commercial models of the business scenarios of the specialty pharmacy such as prescription circulation center and chronic disease management center, provide customers with personalized and comprehensive one-stop medication management and health services, and broaden the service value increment of business scenarios of the specialty pharmacy.

Operation Management and Control and Transformation Upgrading: Further advancing the integration and digitalization, lean management and service transformation drive quality and efficiency improvement

The Group will firmly promote the implementation of the integrated strategy and the empowerment of digital transformation, inject strong momentum into long-term development, continue to promote the integration of various professional fields, and strengthen the capability of vertical penetration control. Guided by the improvement of operation, the Group will steadily implement centralized management in the middle and back offices of grassroots enterprises, further increase the proportion of unified procurement of drugs in the province and effectively reduce the comprehensive procurement cost, and promote the building of the integration of logistics network system in an orderly manner. In the field of digital transformation, the Group will formulate and implement special plans, clarify the top-level design and implementation paths, and focus on advancing the implementation of core group unified systems such as financial integration, procurement integration and logistics integration to help organizational transformation, business empowerment and control. In terms of deepening the application of data value, the Group will actively explore the implementation of the innovation of artificial intelligence in related high-value business scenarios and the strategic value of data assets, and drive the transformation of the operational efficiency with technological innovation.

In terms of lean management, the Group will continue to focus on the core goal of reducing costs and increasing efficiency, and strive to comprehensively enhance its core competitiveness. On the one hand, the Group will continue to deepen the governance of accounts receivable, focus on promoting credit management of customers, and make every effort to improve the quality of asset and the turnover efficiency of funds. On the other hand, the Group will deeply promote the refinement of cost control, reduce the overall operating cost, continuously improve the per capita efficiency by taking “per capita profit” as the core indicator, deeply tap the benefits from the internal efficiency, and give full play to the scale effect of the enterprise. In addition, the Group will persist in improving the construction of the compliance management system, and support its steady development at the critical stage of industry transformation with the solid and reliable compliance management system.

In terms of service transformation, the Group will actively promote the extension of professional and personalized value-added services to upstream and downstream supply chains, and promote the collaborative empowerment of main business segments and innovative services, so as to realize the reconstruction and promotion of the industrial chain value. In the future, the Group will focus on strengthening the construction of marketing service organization, enhancing the professional capability of the CSO team and strengthening the guarantee of the compliance system; the Group will vigorously expand the layout of SPD projects, accelerate the coverage of projects of core hospital terminals, and provide customized innovative service solutions based on customer needs; the Group will actively explore the new business of third-party logistics, cultivate new profit growth points, and strengthen the internal resource synergy of the Group and the coordination of national projects.

Standing at a new starting point, the Group will stick to the mission of central enterprises, take the strategy of serving a healthy China as its own responsibility, lay a solid foundation by focusing on the main business, integrate innovation to drive transformation, and improve the efficiency through lean management. Facing the opportunities and challenges in the future, the Group is confident that it will continue to promote innovation transformation and efficiency change with firm strategic determination and efficient execution capability, and strive to achieve its high-quality development in the new stage of industry transformation and development.

Financial Summary

The financial summary set out below is extracted from the audited financial statements of the Group for the Reporting Period which were prepared in accordance with the HKFRS Accounting Standards:

During the Reporting Period, the Group recorded a revenue of RMB575,167.88 million, representing a decrease of RMB9,340.05 million or 1.60% as compared with the corresponding period of last year.

During the Reporting Period, the Group recorded a profit of RMB10,834.43 million, representing an increase of RMB410.84 million or 3.94% as compared with the corresponding period of last year. Profit attributable to owners of the parent amounted to RMB7,155.09 million, representing an increase of RMB105.41 million or 1.50% as compared with the corresponding period of last year.

During the Reporting Period, basic earnings per share of the Company amounted to RMB2.29, representing an increase of 1.33% as compared with the corresponding period of last year.

Revenue

During the Reporting Period, the Group recorded a revenue of RMB575,167.88 million, representing a decrease of 1.60% as compared with RMB584,507.93 million for the twelve months ended 31 December 2024, which was primarily due to the decrease in revenue from the Group's pharmaceutical distribution, medical device distribution business and other business segments.

- **Pharmaceutical distribution segment:** during the Reporting Period, the revenue from pharmaceutical distribution of the Group was RMB435,391.60 million, which accounted for 72.79% of the total revenue of the Group and represented a decrease of 2.02% as compared with RMB444,364.61 million for the twelve months ended 31 December 2024. The decrease was mainly due to the implementation of policies such as volume-based procurement and price reductions for nationally negotiated drugs, as well as intensified market competition, resulting in a decline in the revenue volume of the pharmaceutical distribution business.
- **Medical device distribution segment:** during the Reporting Period, the revenue from medical device distribution of the Group was RMB115,537.72 million, which accounted for 19.32% of the total revenue of the Group and represented a decrease of 2.02% as compared with RMB117,915.14 million for the twelve months ended 31 December 2024. The decline was primarily attributable to the implementation of volume-based procurement policies, leading to a decrease in sales revenue from medical device categories with higher gross margins.
- **Retail pharmacy segment:** during the Reporting Period, the revenue from retail pharmacy of the Group was RMB38,382.77 million, which accounted for 6.42% of the total revenue of the Group and represented an increase of 6.67% as compared with RMB35,981.26 million for the twelve months ended 31 December 2024. The increase was primarily due to the increase of sales revenue from specialty pharmacy of the Group.
- **Other business segments:** during the Reporting Period, the revenue from other business of the Group was RMB8,852.93 million, representing a decrease of 2.78% as compared with RMB9,106.49 million for the twelve months ended 31 December 2024. The decrease was primarily due to the decline in revenue from industrial products.

Cost of Sales

During the Reporting Period, the cost of sales of the Group was RMB533,495.86 million, representing a decrease of 1.25% as compared with RMB540,252.54 million for the twelve months ended 31 December 2024. The decrease was primarily due to the decrease in the revenue of the Group.

Gross Profit

As a result of the above-mentioned factors, the gross profit of the Group during the Reporting Period was RMB41,672.01 million, representing a decrease of 5.84% as compared with RMB44,255.39 million for the twelve months ended 31 December 2024. The gross profit margin of the Group for the twelve months ended 31 December 2025 and 2024 were 7.25% and 7.57%, respectively.

Other Income

During the Reporting Period, other income of the Group was RMB428.51 million, representing a decrease of 8.56% as compared with RMB468.62 million for the twelve months ended 31 December 2024. The decrease was primarily due to the decrease in subsidies obtained by the Group from the central and local governments.

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group were RMB16,181.31 million, representing a decrease of 5.70% as compared with RMB17,158.64 million for the twelve months ended 31 December 2024. The decrease in selling and distribution expenses was primarily attributable to the reduction in market expenses and compensation of the Group.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group were RMB7,837.63 million, representing a decrease of 6.85% as compared with RMB8,413.54 million for the twelve months ended 31 December 2024. The decrease in administrative expenses was primarily attributable to the decrease in employee compensation of the Group.

Operating Profit

As a result of the above-mentioned factors, the operating profit of the Group during the Reporting Period was RMB16,038.22 million, representing a decrease of 0.93% from RMB16,188.40 million for the twelve months ended 31 December 2024.

Other Gains – Net

During the Reporting Period, the other gains – net of the Group increased from RMB46.92 million for the twelve months ended 31 December 2024 to RMB99.18 million for the Reporting Period, mainly due to the decrease in losses from financial assets held by the Group at fair value through profit or loss.

Other Expenses

During the Reporting Period, the other expenses of the Group amounted to RMB575.77 million, representing a decrease of RMB529.81 million as compared with RMB1,105.58 million for the twelve months ended 31 December 2024, mainly attributable to the reduction in provision for impairment loss of intangible assets recognized during the year.

Finance Costs – Net

During the Reporting Period, the finance costs – net of the Group was RMB1,994.91 million, representing a decrease of 14.32% as compared with RMB2,328.24 million for the twelve months ended 31 December 2024. The decrease was primarily due to the decrease of the borrowing interest rates and adjustments to the financing structure during the year.

Share of Profits of Associates

During the Reporting Period, the Group's share of profits of associates was RMB1,230.08 million, representing an increase of 2.81% as compared with RMB1,196.48 million for the twelve months ended 31 December 2024.

Share of Profits and Losses of Joint Ventures

During the Reporting Period, the Group's share of profits of joint ventures was RMB2.83 million, representing a decrease of 3.12% as compared with RMB2.92 million for the twelve months ended 31 December 2024.

Income Tax Expenses

During the Reporting Period, the Group's income tax expenses were RMB3,965.19 million, representing an increase of RMB387.88 million as compared with RMB3,577.31 million for the twelve months ended 31 December 2024. The increase was primarily due to the increase in profit before tax of the Group, which led to a corresponding increase in income tax expenses. The Group's actual income tax rate increased to 26.79% during the Reporting Period from 25.55% for the twelve months ended 31 December 2024.

Profit for the Year

As a result of the above-mentioned factors, the profit of the Group for the year of 2025 was RMB10,834.43 million, representing an increase of 3.94% as compared with RMB10,423.59 million for the twelve months ended 31 December 2024. The annual profit margin of the Group for the twelve months ended 31 December 2025 and 2024 were 1.88% and 1.78%, respectively.

Profit Attributable to Owners of the Parent

During the Reporting Period, profit attributable to owners of the parent of the Company was RMB7,155.09 million, representing an increase of 1.50% or RMB105.41 million from RMB7,049.68 million for the twelve months ended 31 December 2024.

Profit Attributable to Non-controlling Interests

During the Reporting Period, profit attributable to non-controlling interests of the Company was RMB3,679.34 million, representing an increase of 9.05% or RMB305.43 million from RMB3,373.91 million for the twelve months ended 31 December 2024.

Liquidity and Capital Resources

Working capital

During the Reporting Period, the Group had commercial banking facilities of RMB324,753.19 million, of which approximately RMB201,040.79 million were not yet utilized. As at 31 December 2025, the Group had cash and cash equivalents of RMB48,796.13 million, which primarily comprised cash and bank savings.

Cash flow

The cash of the Group was primarily used for financing working capital, repaying credit interest and principal due, financing acquisitions and providing funds for capital expenditures, growth and expansion of the Group's facilities and operations. The table below sets out the cash flow of the Group from operating, investing and financing activities for the year ended 31 December 2025 and 2024, respectively:

	2025 RMB million	2024 RMB million
Net cash generated from operating activities	14,138.21	11,546.01
Net cash used in investing activities	(963.89)	(3,750.92)
Net cash used in financing activities	(18,686.65)	(17,285.03)
Decrease in cash and cash equivalents	(5,512.33)	(9,489.94)
Cash and cash equivalents at the beginning of the year	54,313.36	63,808.54
Foreign exchange gain and loss	(4.90)	(5.24)
Cash and cash equivalents at the end of the year	48,796.13	54,313.36

Net cash generated from operating activities

The Group's cash inflow from operations primarily derives from collections from the sale of the products and services in its pharmaceutical distribution, retail pharmacy, medical device distribution and other business segments. During the Reporting Period, the Group's net cash generated from operating activities amounted to RMB14,138.21 million, representing an increase of RMB2,592.20 million from RMB11,546.01 million for the twelve months ended 31 December 2024.

Net cash used in investing activities

During the Reporting Period, the net cash used in investing activities of the Group was RMB963.89 million, representing a decrease of RMB2,787.03 million as compared with RMB3,750.92 million for the twelve months ended 31 December 2024.

Net cash used in financing activities

During the Reporting Period, the net cash used in financing activities of the Group was RMB18,686.65 million. The net cash used in financing activities of the Group for the twelve months ended 31 December 2024 was RMB17,285.03 million, and such increase was mainly due to the repayment of interest-bearing bank borrowings and other borrowings during the period.

Capital Expenditure

The Group's capital expenditures were primarily utilized for the development and expansion of distribution channels, upgrading of its logistic delivery systems and the improvement of the level of informatization. The Group's capital expenditures amounted to RMB1,917.30 million and RMB2,460.69 million for the year ended 31 December 2025 and 2024, respectively, which was primarily due to the decrease in expenditure on the purchase of property, plant and equipment.

The Group's current plans with respect to its capital expenditures may be modified according to the progress of its operation plans (including changes in market conditions, competition and other factors). As the Group continues to develop, it may incur additional capital expenditure. The Group's ability to obtain additional funding in future is subject to a variety of factors, including its future operational results, financial condition and cash flows, economic, political and other conditions in the mainland China and Hong Kong, and the PRC Government's policies relating to foreign currency borrowings, etc.

Capital Structure

Fiscal resources and fiscal policies

During the Reporting Period, the Group made certain improvement and adjustments to its capital structure, so as to relieve fiscal risks and reduce finance costs. The Group's business faced a variety of fiscal risks: market risk (including foreign exchange risk, fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management addresses the unpredictability of financial markets and minimises potential adverse effects on the Group's financial performance. The Group did not use derivative financial instruments to hedge its exposure to changes in foreign currency exchange rates and interest rates.

The Group had successfully issued super short-term financing bonds in an aggregate amount of RMB3.8 billion during the Reporting Period for the purposes of broadening financing channels and reducing financing costs, so as to repay bank loans as well as to replenish working capital.

The Group's borrowings are mainly denominated in RMB.

As at 31 December 2025, the cash and cash equivalents of the Group were mainly denominated in RMB, with certain amount denominated in United States Dollars ("**USD**") and Hong Kong Dollars ("**HKD**"), Great Britain Pound ("**GBP**"), Swiss Franc ("**CHF**") and Japanese Yen ("**JPY**").

Indebtedness

As at 31 December 2025, the Group had aggregated banking facilities of RMB324,753.19 million (31 December 2024: RMB310,604.69 million), of which RMB201,040.79 million (31 December 2024: RMB173,910.33 million) were not utilized and are available to be drawn down at any time. Such banking facilities are primarily short-term loans for working capital. Among the Group's total borrowings as at 31 December 2025, RMB63,321.16 million (31 December 2024: RMB62,729.05 million) will be due within one year and RMB3,645.48 million (31 December 2024: RMB8,637.23 million) will be due after one year. During the Reporting Period, the Group did not experience any difficulties in renewing its bank loans with its lenders. As at 31 December 2025, bank borrowings and other financial institutions borrowings of the Group were carried at floating interest rates with a weighted average effective annual interest rate of 2.50% for the year ended 31 December 2025 (for the year ended 31 December 2024: 2.62%).

Gearing ratio

As at 31 December 2025, the Group's gearing ratio was 65.63% (31 December 2024: 67.75%), which was calculated based on the total liabilities divided by total assets as at 31 December 2025.

Credit Risk

The Group will focus on the recovery of account receivables with a maturity of more than one year, inventory risk and liquidity control, credit exposure and other potential risks, coordinate development and safety, continuously improve the level of compliance supervision, and prevent and control business operation risks. Meanwhile, the Group will continue to review the credit risk of trade receivables and fully consider changes in business structure and customer structure, changes in the macroeconomic environment and specific industry factors. At the same time, the Group will also continue to review the Group's customer credit risk characteristic portfolios to ensure that the division of credit risk characteristic portfolios can fully reflect the risk characteristics of different types of customers, and the Group will assess the accounting estimates such as historical observed default rates and forward-looking adjustments in a more prudent manner to ensure that the provision matrix of the Group's expected credit loss can fully reflect the impairment provisions for trade receivables. As at 31 December 2025, the trade and bills receivables of the Group in the aggregate amounted to RMB205,622 million (31 December 2024: RMB200,255 million) and its aging analysis is set out in Note 29 to the consolidated financial statements.

The Group has established a sound customer credit management system and trade receivables management measures to prevent credit risks and improve the turnover efficiency of trade receivables, and major measures included but not limited to: (i) establishing a scientific and rational credit evaluation model to strictly review and approve customers' credit limits; (ii) reviewing the actual sales, collection of trade receivables and financial information of customers on a regular basis, and implementing a dynamic management on customers' credit limits and terms; (iii) strengthening the regular monitoring and analysis of several indicators such as the balance of trade receivables with a maturity of more than one year, balance of trade receivables overdue and turnover days of trade receivables based on different customer bases; and (iv) strengthening the reconciliation and collection of trade receivables, especially receivables with a maturity of more than one year and overdue receivables, developing practical collection measures and repayment terms, and other necessary measures.

Foreign Exchange Risks

The Group's operations are mainly located in the PRC and most of its transactions are denominated and settled in RMB. However, the Group is exposed to foreign exchange risks to some extent on certain cash and cash equivalents, prepayments and other receivables, trade payables and accrued expenses and other payables denominated in foreign currencies, the majority of which are USD, HKD and EUR. During the Reporting Period, the Group has no corresponding hedging arrangements.

Pledge of Assets

As at 31 December 2025, part of the Group's borrowings and notes payable were secured by trade and notes receivable with book value of RMB2,146.10 million (31 December 2024: RMB2,214.32 million), bank deposits of RMB10,138.92 million (31 December 2024: RMB10,200.79 million), and property, plant and equipment with book value of RMB0 million (31 December 2024: RMB14.90 million).

Major Acquisitions and Disposals

During the Reporting Period, the Group had no major acquisitions and disposals with respect to subsidiaries, associates and joint ventures.

Significant Investment

During the Reporting Period, the Group had no significant investments. As at the date of this annual report, the Board has not approved any plans for material investments or purchase of capital assets.

Going Concern

Based on the current financial forecast and financing facilities available, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the financial statements were prepared on a going concern basis.

Contingent Liabilities and Material Litigations

As at 31 December 2025, the Group neither had any material contingent liability, nor had any material litigation.

Human Resources

As at 31 December 2025, the Group had a total of 94,910 employees (as at 31 December 2024: 108,217 employees). The Group has always adhered to the development philosophy that is "talents are the Group's core competitiveness". With the goal of supporting strategic implementation and driving high-quality development, the Group has established a professional and integrated human resource management system. Through scientific talent selection, systematic training and development and diverse incentive and restraint mechanisms, the Group has created a high-quality talent team.

For personnel employment, the Company established strict and standardized selection standards and procedures, adhered to the principle of selecting candidates with ability and integrity, and talent- post matching, and accurately selected outstanding talents who align with the Company's values and job requirements, injecting fresh vitality into the Company's sustainable development.

For talent development, the Company focused on the growth needs of employees at different functions and levels, and built a tiered and categorized training system to help employees improve their professional skills and overall quality, so as to achieve the resonance between personal development of employees and strategic goals of the Company.

For performance management, the Company implemented top-down performance assessment with performance contributions as the core evaluation criterion. The Company closely linked performance assessment results with remuneration adjustments, promotions and career development, fully stimulating employees' enthusiasm and initiative in their work and entrepreneurship.

For remuneration strategy, based on the principle of “performance-oriented compensation, prioritizing efficiency and considering fairness”, the Company established a compensation system with position value and ability as basis and performance contribution as the cornerstone. The employee remunerations include multiple dimensions such as basic salary, performance-based remuneration, bonus and piece rate wage. The Company further adopted a combination of short-term and medium- and long-term incentives, adhered to the performance-oriented principle while giving consideration to balance, and designed a compensation structure comprising “basic remuneration, performance-based remuneration, and medium- and long-term incentives for operational management, demonstrating the principles of “diversified structure, dynamic adjustments, value creation, the incremental value distribution, sharing benefits and risks, aligning with market benchmarks and international standards”, which promoted the formation of a community of interests between operational management and the Company and facilitated the Company to achieve its long-term strategic goals. Details of employee benefit expenses of the Group during the Reporting Period are set out in the Note 11 to the consolidated financial statements.

Employee Diversity

The Group values and cultivates the diversity, and is committed to creating an equal, inclusive, healthy and comfortable working environment for all employees. We treat all employees equally, so that all employees can gain a sense of belonging and respect. Any form of discrimination regarding gender, ethnicity, race, religion and other aspects is prohibited. The Group’s recruitment strategy is to hire the right staff for the right positions, regardless of gender. The Group welcomes people of all genders to join, and promises to provide equal opportunities for employees in terms of recruitment, training and development, job promotion, salary and benefits, etc., and protect employees’ rights and interests from infringement. As at the end of the Reporting Period, the male to female ratio of senior management of the Group was approximately 1:0.4 and the male to female ratio of all employees (excluding senior management) of the Group was approximately 1:1.7.

Restricted Share Incentive Scheme

The purpose of the restricted share incentive scheme (the “**Incentive Scheme**”) adopted by the Company is to further optimise the corporate governance structure of the Company, to deepen the reform on the Company’s remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational management and executive staff, to closely align the sharing of interests and benefits and the sharing of risks among the Shareholders, the Company and the employees in order to maximise the motivation and creativity of the senior management and key employee and to support the realisation of the Company’s strategy and sustainable development.

The incentive scheme took effect from 18 October 2016 with a term of 10 years, unless early termination is proposed by the Board and approved by the Shareholders. Early termination of the Incentive Scheme prior to its expiry date shall not affect any subsisting rights of restricted shares of the participants under the Incentive Scheme.

The scope of scheme participants for the Scheme shall include Directors, senior management and mid-level management of the Company and key technical and business staff who, in the opinion of the Company, shall be awarded. The scheme participants shall exclude the Shareholders who hold more than 5% equity interest in the Company carrying voting rights on the grant date of restricted shares. A person shall not be considered as a scheme participant under the scheme if he/she: (a) does not hold any position in the Group or CNPGC, or is neither an employee or a staff of the Group or CNPGC; (b) is an independent non-executive Director or the supervisor of the Company; (c) has been publicly censured or declared as an ineligible candidate by securities regulatory institutions in the last three years; (d) has been imposed with administrative penalties by securities regulatory institutions during the last three years due to material non-compliance of laws or regulations; (e) is prohibited from acting as a Director or a member of the senior management of a company as required by the PRC Company Law; or (f) is considered having other material violations of the policies of the Company by the Board. The scheme participants shall not concurrently participate in two or more share incentive schemes of listed companies.

The maximum total number of shares comprised in the restricted shares to be granted under the incentive scheme shall not exceed 10% of the total issued share capital of the Company (i.e. 276,709,500 shares) upon approval at the extraordinary general meeting. As at the date of this report, 270,139,500 restricted shares under the incentive scheme (representing 8.66% of the issued shares of the Company as at the date of this report) are available for grant. The total number of restricted shares granted or to be granted to any scheme participant shall not exceed 1% of the total issued share capital of the Company upon approval of the incentive scheme at the extraordinary general meeting.

The lock-up period shall be for a period of no less than two years in principle, commencing from the grant date, during which the restricted shares granted to the scheme participants under the Scheme shall not carry voting rights, shall be locked up and shall not be transferred, used as collateral or used for debt repayment. The unlocking period shall be no less than three years in principle, commencing from the expiry of the lock-up period, and a same amount of the restricted shares granted to scheme participants will be unlocked respectively in each year during the unlocking period when reaching the conditions for unlocking.

The exercise price of the restricted shares for purchase by a scheme participant under the scheme shall be no less than 50% of the grant reference price, and no less than the audited net assets value per share of the Company. The grant reference price of the restricted shares to be granted to the scheme participants shall be determined by the Board and shall be the higher of: (a) the closing price of the H shares on the Hong Kong Stock Exchange on the grant date; and (b) the average closing price of the H shares for the five trading days as quoted on the Hong Kong Stock Exchange immediately preceding the grant date. The exercise price shall be funded by the scheme participants, and the balance for purchasing the restricted shares will be funded by the Company. The scheme participants are not required to pay the consideration for qualification with respect to acceptance of grant of restricted shares.

As at the beginning and the end of the Reporting Period, no restricted shares were granted but yet to be vested under the incentive scheme. During the Reporting Period, no restricted shares were granted, vested, cancelled or lapsed under the incentive scheme.

Compliance with Laws and Regulations

The Group must comply with a number of laws and regulations, which mainly include the Company Law of the PRC, the Civil Code of the PRC, the Drug Administration Law of the PRC, domestic and foreign securities laws, regulations and exchange rules such as the Listing Rules, the SFO, as well as other applicable regulations, policies and regulatory legal documents promulgated pursuant to the aforementioned laws, regulations and rules.

Through various measures such as internal control, compliance management, business approval procedures and employee training, the Group ensures the compliance with applicable laws, regulations, and regulatory legal documents (especially those that have significant impact on the main business). Whenever there are any changes to the applicable laws, regulations, and regulatory legal documents, the Group will notify the relevant employees and the operating team from time to time.

During the year, the Directors of the Company are not aware of any non-compliance with the relevant laws and regulations which would have a material impact on the Group.

Relationship with Employees, Suppliers and Customers

The Group endeavours to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group has profound understanding that employees are its valuable resources, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. For the year ended 31 December 2025, the Group adhered to the talent-oriented corporate culture and played an active role in cultivating first-class talents. It also attached great importance to the exploration, management and development planning of human resources, striving to create a harmonious working environment as well as a remuneration and benefit system with market competitiveness for its employees, so as to ensure the Group's advantages in terms of human resources for future development. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of the Group's brand and products, the Group abides by the principles of honesty and trustworthiness and commits to consistently providing quality products to establish a reliable service environment for its customers. For the year ended 31 December 2025, there was no significant and material dispute between the Group and its suppliers and/or customers.

Corporate Governance Report

The Company is committed to upholding high standards of corporate governance which, it believes, is crucial to the development of the Company and protection of the interests of the Shareholders of the Company. The Company has adopted sound governance and disclosure practices, and will continuously improve these practices and create a highly ethical corporate culture.

Corporate Culture

As a top-rank wholesaler and retailer of pharmaceutical products and medical devices and a leading supply-chain service provider in the PRC, the Group has always adhered to the initial intention of “All for Health, Health for All”, and has done solid work and made deep cultivation and efforts in the field of pharmaceutical and medical device distribution and comprehensive services, constantly provided high-quality products and services for the health and well-being of the public. We adhere to the people-oriented corporate culture, attach great importance to talent development and cultivation, technological innovation and transformation development, good compliance culture, operation management and safety and environmental protection management, actively create an intellectual property culture protection atmosphere while extensively carrying out technological innovation, encourage employees to participate in the construction of corporate risk management culture, and follow the strict Party governance and clean and compliant operation.

Corporate Mission

All for Health, Health for All

Interpretation:

Health to life is just like light to the sun; with health, life is endless and brilliant; life becomes beautiful because of health, and life becomes wonderful because of health; “All for Health, Health for All” is our lofty mission, constant promise and endless pursuit; we will always be by your side. All for health from beginning to end, careful and meticulous health for all.

Corporate Vision

Becoming a distinguished technological and innovative global pharmaceutical and healthcare service provider

Interpretation:

Comprehensively serve the strategy of healthy China, actively fulfill the responsibility of pharmaceutical central enterprises, and better meet the people’s growing needs for a better life. Become a distinguished (technological and innovative) global pharmaceutical and healthcare service provider.

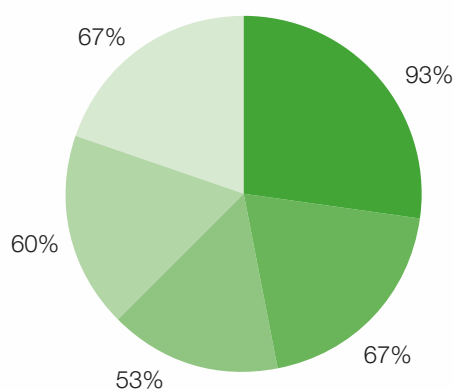
Relevant information about the Group’s corporate mission, vision, compliance culture, corporate identity and company anthem are set out in the “Corporate Culture” column of the Company’s website.

Further details about the Group’s corporate culture and related initiatives are set out in the sections headed “Chairman’s Statement” and the “Corporate Governance Report” of this annual report and the 2025 Sustainability Report. The progress and achievements of the Group in implementing the corporate culture during the Reporting Period are set out in the section headed “Management Discussion and Analysis” of this annual report and the 2025 Sustainability Report.

Composition of the Board

As at the date of this report, the Board consisted of 15 Directors, including two executive Directors, namely Mr. Lian Wanyong and Mr. Yang Binghua; eight non-executive Directors, namely Mr. Jin Bin (Chairman), Mr. Chen Qiyu, Mr. Zu Jing, Mr. Xing Yonggang, Mr. Ma Yue, Mr. Chen Yuqing, Mr. Wen Deyong and Ms. Li Ying; and five independent non-executive Directors, namely Mr. Li Peiyu, Mr. Wu Tak Lung, Mr. Yu Weifeng, Mr. Shi Shenghao and Mr. Chen Weiru. For details of the composition of the Board during the Reporting Period and the terms of non-executive Directors, please refer to “Report of the Board of Directors – Details of Directors, Supervisors and Senior Management”. To the knowledge of the Company, there is no financial, business and family relationships or material/relevant relationships among members of the Board, members of senior management and between Directors and senior management.

The Board of the Company have the skills, experience and diversified background related to the strategy, governance and business of the Company, each member of the Board has his/her own profession, and can make the Board give play to effect and improve efficiency, so as to achieve the Company’s objective, value, strategy and ideal culture. The profession and experience structure of each of the existing directors of the Company are as follows.



- Experience in administrative leadership and strategy management/ experience related to acting as directors or senior management in other listed companies
- Professional knowledge in the pharmaceutical or medical device industry/experience in industry management
- Professional knowledge in finance/experience in financial management
- Profession in legal/experience in compliance management
- Professional knowledge and experience related to capital market

Note: The percentages shown in the above chart refer to the proportion of Directors with relevant expertise and experiences to all Directors.

Biographical details of the Directors are set out in the section headed “Biographies of Directors, Supervisors and Senior Management” of this annual report.

Major Responsibilities of the Board

The Board is the core of the Company's corporate governance structure and it plays several roles of interest representative, resource controller and interest coordinator. The main functions of the Board are strategic decision making, guidance on operation management and inspection and supervision. The responsibilities of the Board include implementing the resolutions of general meetings, deciding on the operation plans and investment proposals of the Company, formulating the proposed annual budgets and final accounts of the Company, assessing the performance of the Company and overseeing the work of senior management, formulating and reviewing the corporate governance policies and practices of the Company.

The Board shall represent the long-term interest of the Company and the interest of Shareholders and related party when making scientific and strategic decisions, be effectively supervised and evaluated when controlling corporate resources and conducting operation management and maintain effective stimulation and supervision over the senior management when duly delegating its power to the senior management. The Board is the core of the Company's corporate governance structure and its role is clearly separated from that of senior management. Being different from the function and duties of the Board, the senior management of the Company are mainly in charge of the Company's production, operation and management; organizing the implementation of the Company's annual business plan and investment proposal; drafting plans for the establishment of the Company's internal management structure; drafting plans for the establishment of the Company's branch offices; drafting the Company's basic internal management system and formulating basic rules and regulations of the Company; within the authority delegated by the Board, appointing, changing or recommending shareholder representatives, directors and supervisors in its holding subsidiaries or joint stock subsidiaries; deciding on the establishment of the Company's branches; and other powers delegated by the Board.

The Company has separated the roles of Chairman and President. The Chairman is responsible for managing the Board, steering the Board to formulate overall strategies and business development plans, ensuring the receipt of sufficient, complete and reliable information by each Director and the receipt of reasonable explanations for all the issues raised in the Board meetings. The President is responsible for managing the business of the Company and implementing policies, business objectives and plans formulated by the Board, and is accountable to the Board for the Company's overall operation.

During the Reporting Period, the duties of the Chairman and President of the Company have been performed by different individuals. As of the date of this report, Mr. Jin Bin served as the Chairman of the Company and Mr. Lian Wanyong served as the President of the Company.

The Board has established an audit committee, a remuneration committee, a nomination committee, a strategy and investment committee and a legal and compliance and environmental, social and governance committee. The composition and responsibilities of each special committee are set out below. Each committee reports its recommendations to the Board in accordance with its respective duties and responsibilities, except where the duties of each committee are clearly defined, its recommendations are ultimately determined by the Board.

During the Reporting Period, the Board made great efforts in improving the Company's development strategic plan, deepening the reform, focusing on enhancing the core competitiveness of the Company and strengthening core functions, streamlining the governance system and enhancing the corporate governance standards. Meanwhile, the Board monitored the participation of the Directors and company secretary in relevant training courses, regularly reviewed the Company's compliance with the domestic and overseas regulatory requirements and its implementation of various internal corporate governance rules and policies, and reviewed the Company's compliance with the CG Code and the disclosures in the Corporate Governance Report.

The Company recognises that the Board's access to independent opinions is critical to good corporate governance and the effectiveness of the Board. The Board has established following mechanisms to ensure the Board can obtain independent opinions when necessary for enhancing an objective and effective decision making. The Board also reviews the implementation and effectiveness of the following mechanisms annually:

1. Among the 15 Directors of the Board, there are five independent non-executive Directors, which fulfilled the requirement which there shall be at least three independent non-executive Directors in the Board and the number of independent non-executive Directors shall be at least one-third of the Board under the Listing Rules;
2. Independent non-executive Directors are required to be assessed in terms of independence, qualification and ability at the time of appointment and continue to be assessed on the aforementioned matters upon appointment;
3. The Board listens to the work report of independent non-executive Directors every year, and evaluates the time that independent non-executive Directors have devoted to the affairs of the Company and the situation of expressing independent opinions during the year. The attendance record of Directors in 2025 is set out in the "Corporate Governance Report" of this annual report;
4. The Directors can seek independent professional advice at the Company's expense, if necessary;
5. The Directors (including independent non-executive Directors) with a material interest in contracts, arrangements or other proposals shall not vote on any Board resolution approving such matters or be counted in the quorum; and
6. The Chairman meets with independent non-executive Directors every year without the presence of executive Directors and other non-executive Directors and listens to professional opinions of independent Directors on strategic development, service innovation and transformation, compliance governance, risk control and other areas of the Company.

Changes of Directors and Supervisors

During the Reporting Period and as at the Latest Practicable Date, the details of changes of Directors and Supervisors are as follows:

- (1) On 8 January 2025, Mr. Wang Kan ceased to be a non-executive Director of the Company.
- (2) On 8 January 2025, Mr. Wang Peng ceased to be a non-executive Director of the Company.

- (3) On 12 February 2025, Mr. Sun Jinglin was appointed as an executive Director of the Company at the general meeting of the Company.
- (4) On 12 February 2025, Mr. Hu Ligang was appointed as a non-executive Director of the Company at the general meeting of the Company.
- (5) On 12 February 2025, Mr. Zu Jing was appointed as a non-executive Director of the Company at the general meeting of the Company.
- (6) On 12 February 2025, Mr. Xing Yonggang was appointed as a non-executive Director of the Company at the general meeting of the Company.
- (7) On 16 May 2025, Mr. Sun Jinglin was appointed as a member of the Strategy and Investment Committee of the Board of the Company.
- (8) On 16 May 2025, due to the retirement, Mr. Li Dongjiu ceased to be a non-executive Director, a member of the Audit Committee of the Board and a member of the Strategy and Investment Committee of the Board of the Company.
- (9) On 9 June 2025, Mr. Hu Ligang ceased to be a non-executive Director of the Company.
- (10) On 10 June 2025, Mr. Liu Hongbing ceased to be an employee representative supervisor of the Company.
- (11) On 12 June 2025, Mr. Chen Fangruo ceased to be an independent non-executive Director, a member of the Strategy and Investment Committee of the Board and a member of the Nomination Committee of the Board of the Company.
- (12) On 12 June 2025, Mr. Chen Weiru was appointed as an independent non-executive Director of the Company at the general meeting of the Company. Upon appointment of Mr. Chen Weiru as an independent non-executive Director, he also served as a member of the Strategy and Investment Committee of the Board and a member of the Nomination Committee of the Board of the Company.
- (13) On 12 June 2025, Mr. Chen Yuqing was appointed as a non-executive Director of the Company at the general meeting of the Company. Upon appointment of Mr. Chen Yuqing as a non-executive Director, he also served as a member of the Strategy and Investment Committee of the Board of the Company.
- (14) On 6 November 2025, Mr. Sun Jinglin ceased to be an executive Director and a member of the Strategy and Investment Committee of the Board of the Company.

- (15) On 19 December 2025, Mr. Zhao Bingxiang ceased to be the chairman of the Board, a non-executive Director, the chairman of the Nomination Committee of the Board, the chairman of the Strategy and Investment Committee of the Board, a member of the Legal and Compliance and Environmental, Social and Governance Committee of the Board of the Company and the authorized representative of the Company.
- (16) On 19 December 2025, Ms. Feng Rongli ceased to be a non-executive Director, a member of the Remuneration Committee of the Board and a member of the Nomination Committee of the Board of the Company.
- (17) On 19 December 2025, Mr. Jin Bin was appointed as a non-executive Director of the Company at the general meeting of the Company. Upon appointment of Mr. Jin Bin as a non-executive Director, he also served as the chairman of the Board, the chairman of the Strategy and Investment Committee of the Board, the chairman of the Nomination Committee of the Board, a member of the Legal and Compliance and Environmental, Social and Governance Committee of the Board of the Company and the authorized representative of the Company.
- (18) On 19 December 2025, Mr. Yang Binghua was appointed as an executive Director of the Company at the general meeting of the Company.
- (19) On 19 December 2025, Mr. Ma Yue was appointed as a non-executive Director of the Company at the general meeting of the Company.
- (20) On 19 December 2025, Ms. Li Ying was appointed as a non-executive Director of the Company at the general meeting of the Company.
- (21) Mr. Sun Jinglin, Mr. Hu Ligang, Mr. Xing Yonggang and Mr. Zu Jing have obtained legal advice referred to under Rule 3.09D of the Listing Rules on 10 February 2025 and confirmed that they understood their obligations as Directors of the Company. Mr. Chen Weiru, Mr. Chen Yuqing, Mr. Ma Yue, Mr. Yang Binghua, Ms. Li Ying and Mr. Jin Bin have obtained legal advice referred to under Rule 3.09D of the Listing Rules on 7 May 2025, 4 June 2025, 10 June 2025, 6 November 2025, 3 December 2025 and 18 December 2025, respectively, and confirmed that they understood their obligations as Directors of the Company.

Please refer to the section headed “Biographies of Directors, Supervisors and Senior Management” for details about the latest biographies of the Director and Supervisors of the Company, which includes the latest information of the Directors and Supervisors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Board Meetings and General Meetings

The Board convened fourteen Board meetings, nine of which were by voting through electronic means of communications, and five general meetings (namely the annual general meeting, the H Shareholders' class meeting, the domestic Shareholders' class meeting and two extraordinary general meetings) during the Reporting Period. All Directors actively participated in the affairs of the Company.

During the Reporting Period, the attendance record of each Director at the Board meetings and general meetings is as follows:

Directors	Attendance of Board meetings/No. of meetings held during the term of office	Attendance of general meetings/No. of meetings held during the term of office
Executive Directors		
Mr. Lian Wanyong	13/14	2/5
Mr. Yang Binghua (appointed on 19 December 2025)	1/1	0/0
Mr. Sun Jinglin (retired on 6 November 2025)	8/10	3/3
Non-executive Directors		
Mr. Jin Bin (appointed on 19 December 2025)	1/1	0/0
Mr. Chen Qiyu	12/14	4/5
Mr. Zu Jing (appointed on 12 February 2025)	13/13	4/4
Mr. Xing Yonggang (appointed on 12 February 2025)	12/13	4/4
Mr. Ma Yue (appointed on 19 December 2025)	1/1	0/0
Mr. Chen Yuqing (appointed on 12 June 2025)	8/8	1/1
Mr. Wen Deyong	13/14	5/5
Ms. Li Ying (appointed on 19 December 2025)	1/1	0/0
Mr. Zhao Bingxiang (retired on 19 December 2025)	13/13	4/4
Mr. Hu Ligang (retired on 9 June 2025)	5/5	0/0
Mr. Wang Kan (retired on 8 January 2025)	1/1	0/0
Mr. Wang Peng (retired on 8 January 2025)	1/1	0/0
Mr. Li Dongjiu (retired on 16 May 2025)	5/5	1/1
Ms. Feng Rongli (retired on 19 December 2025)	13/13	5/5
Independent Non-executive Directors		
Mr. Li Peiyu	13/14	5/5
Mr. Wu Tak Lung	13/14	5/5
Mr. Yu Weifeng	12/14	5/5
Mr. Shi Shenghao	14/14	5/5
Mr. Chen Weiru (appointed on 12 June 2025)	7/8	1/1
Mr. Chen Fangruo (retired on 12 June 2025)	4/6	1/4

Note: The Directors of the Board who did not attend the meeting in person have all entrusted proxies to attend the meeting, which was not counted into their attendance record.

At Board meetings, the Company's senior management reported the information of business activities and data of operation and development of the Company to all Directors on a timely basis. If any Director has conflict of interests in any proposed resolution to be considered at the Board meeting, such Director shall abstain from voting on such resolution. The Company continued to implement the mechanism that the Chairman meets with independent non-executive Directors on a regular basis for their opinions on the Company's business development and operations.

Training for Directors

The management of the Company has provided appropriate and sufficient information for the discharge of duties and continuous learning of members of the Board, and provided monthly financial briefings to all Directors on a regular basis so as to keep them informed of the latest operations and developments of the Company. Meanwhile, the Company also regularly sends the Monthly Legal Insight on Hong Kong Capital Market provided by the Company's Hong Kong legal adviser to all Directors. All Directors have participated in continuing professional development and relevant topic training or reading materials to broaden and update their knowledge and skills.

The special training record of each Director during the Reporting Period is as follows:

Executive Directors

Mr. Lian Wanyong	A, D
Mr. Yang Binghua (appointed on 19 December 2025)	
Mr. Sun Jinglin (retired on 6 November 2025)	A, B, D

Non-executive Directors

Mr. Jin Bin (appointed on 19 December 2025)	
Mr. Chen Qiyu	A, D
Mr. Zu Jing (appointed on 12 February 2025)	A, B, D
Mr. Xing Yonggang (appointed on 12 February 2025)	A, B, D
Mr. Ma Yue (appointed on 19 December 2025)	
Mr. Chen Yuqing (appointed on 12 June 2025)	C, D
Mr. Wen Deyong	A, D
Ms. Li Ying (appointed on 19 December 2025)	
Mr. Zhao Bingxiang (retired on 19 December 2025)	A, D
Mr. Hu Ligang (retired on 9 June 2025)	A, B
Mr. Wang Kan (retired on 8 January 2025)	
Mr. Wang Peng (retired on 8 January 2025)	
Mr. Li Dongjiu (retired on 16 May 2025)	A
Ms. Feng Rongli (retired on 19 December 2025)	A, D

Independent Non-executive Directors

Mr. Li Peiyu	A, D
Mr. Wu Tak Lung	A, D
Mr. Yu Weifeng	A, D
Mr. Shi Shenghao	A, D
Mr. Chen Weiru (appointed on 12 June 2025)	C, D
Mr. Chen Fangruo (retired on 12 June 2025)	A

Notes:

- A. On 21 March 2025, Directors during their term of office completed the study on the anti-bribery and anti-corruption materials prepared by the discipline inspection commission of the Company, including Xi Jinping's Important Speech at the Fourth Plenary Session of the 20th Central Commission for Discipline Inspection and Communiqué of the Fourth Plenary Session of the 20th CPC Central Commission for Discipline Inspection.
- B. On 30 May 2025, Mr. Sun Jinglin, Mr. Hu Ligang, Mr. Zu Jing and Mr. Xing Yonggang attended the training on Duties for Directors and Key Compliance Matters of Companies Listed on the Hong Kong Stock Exchange for new Directors provided by DLA Piper, the overseas legal adviser.
- C. On 21 August 2025, Mr. Chen Weiru and Mr. Chen Yuqing attended the training on Duties for Directors and Key Compliance Matters of Companies Listed on the Hong Kong Stock Exchange for new Directors provided by DLA Piper, the overseas legal adviser.
- D. On 22 August 2025, Directors during their term of office attended the training on New Training Regulations, Risk Management and Internal Control for All Directors in 2025 provided by DLA Piper, the overseas legal adviser.

During the terms of office of Mr. Jin Bin, Mr. Yang Binghua, Mr. Ma Yue, Ms. Li Ying, Mr. Wang Kan and Mr. Wang Peng as directors in 2025, the Company did not organize any special training.

In addition, the company secretary Mr. Wu Yijian completed the professional training for no less than 15 hours, including the training on the professional ECPD seminar provided by The Hong Kong Chartered Governance Institute during the Reporting Period.

Audit Committee

As at the date of this report, the audit committee of the Company (the "**Audit Committee**") comprised three Directors, including three independent non-executive Directors, namely Mr. Wu Tak Lung, Mr. Li Peiyu, Mr. Shi Shenghao, with Mr. Wu Tak Lung serving as the chairman of the Audit Committee. The primary responsibilities of the Audit Committee are to inspect, review and supervise the Company's financial information and reporting process for financial information. These responsibilities mainly include, among others:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- formulating and implementing policies on the engagement of an external auditor to supply non-audit services;
- monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in the statements and reports; and
- reviewing the financial monitoring, risk management and internal control systems of the Company.

During the Reporting Period, four meetings were held by the Audit Committee. The attendance record of the committee members at the meeting during the Reporting Period is as follows:

Directors	Attendance/No. of meetings held during the term of office
Mr. Wu Tak Lung	4/4
Mr. Li Peiyu	3/4
Mr. Shi Shenghao	4/4
Mr. Li Dongjiu (retired on 16 May 2025)	2/2

Note: The member of the Audit Committee who did not attend the meeting in person has entrusted proxy to attend the meeting, which was not counted into his attendance record.

During the Reporting Period, the Audit Committee reviewed the Group's 2024 annual results, 2025 interim results, 2025 first quarterly results and 2025 third quarterly results, and received the auditor's report on the annual audit results. The Audit Committee also reviewed the resolutions on the implementation of connected transactions of the Group for 2024, appointment of auditors for 2025, provision for goodwill and intangible assets impairment of the Group's subsidiary, internal control self-assessment report for 2024, report on the quality assessment on internal audit work for 2024, the internal control work plan and work ledger for 2025 and the audit plan for 2025, etc.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025 and believes that the Company has complied with all applicable accounting standards and regulations and made sufficient disclosures. The Audit Committee has reviewed all material internal control systems, including the financial and operational and compliance controls, as well as risk management in 2025. In addition, the Audit Committee has also accepted the adequacy of resources, qualification and experiences of employees in relation to the accounting, internal audit and financial reporting function of the Company and the Company's environmental, social and governance performance and reporting, the adequacy of training courses taken by the employees and the relevant budgets. The Audit Committee has also reviewed the 2025 annual results announcement and the 2025 annual report of the Company.

Nomination Committee

As at the date of this report, the nomination committee of the Company (the “**Nomination Committee**”) comprised five Directors, including four independent non-executive Directors, namely Mr. Wu Tak Lung, Mr. Yu Weifeng, Mr. Shi Shenghao and Mr. Chen Weiru; one non-executive Director, namely Mr. Jin Bin, with Mr. Jin Bin serving as the chairman of the Nomination Committee. The primary responsibilities of the Nomination Committee are to formulate the nomination procedures and standards for candidates for Directors. These responsibilities mainly include, among others:

- reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes;
- identifying qualified individuals to become Director candidates and select and nominate such person as Director and make recommendations to the Board;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors, and the succession plans for Directors (in particular the Chairman and the President); and
- formulating, implementing and reviewing from time to time the policy concerning diversity of Board members.

The nomination procedures of the Directors are as follows: the Nomination Committee shall first propose and consider a list of candidates for Directors, which shall then be submitted by the committee to the Board for review; the Board shall then submit the relevant proposal to the general meeting for Shareholders’ approval.

The examination procedures of the candidates for Directors are: (1) to collect, or require relevant department of the Company to collect the particulars of the occupation, education, designation, detailed work experience and part-time jobs of the candidates and summarize the same in written materials; (2) to hold nomination committee meetings to examine the qualifications of the candidates in accordance with the requirements applicable to a Director and to state the opinion and recommendations on appointments in the form of proposals; and (3) to carry out other relevant work arrangement according to decisions of or feedback from the Board.

To ensure the diversity level of members of the Board and improve the governance effect of the Company, the Company establishes and revises, as appropriate, the diversity policy of the Board. The policy sets out the policies adopted by the Company to achieve the diversity of members of the Board and thus to improve the decision-making quality and efficiency of the Board. To achieve the diversity target of the Board, when forming the Board, the Company will set measurable diversity target for members of the Board on the basis of a series of diversity categories and taking into account of business modes and specific demand of the Company, in addition to meeting relevant provisions of laws, regulations and rules (including but not limited to the Company Law of the People's Republic of China, Listing Rules and Articles of Association). The Company will consider a series of diversity perspectives, including but not limited to gender, age, professional qualification, industrial experience, culture and education background, races and other factors deemed as applicable by the Board. The Company is committed to implementing the Board diversity policy and achieving its measurable targets. The Board will employ talents and gradually improve the percentage of female members and optimize the age structure when identifying and electing the candidates of the Directors. The Board will consider the expectation of stakeholders and refer to requirements or suggestions of relevant laws and regulations, in order to properly balance the composition of male and female members of the Board. Upon review of the implementation of the Board diversity policy during the year, there is one female Director in the Board of the Company (Ms. Li Ying serves as a non-executive Director of the Company), which is consistent with the Company's goal for the Board diversity during the year. The Company will maintain at least one female Director, continuing to remain the diversity of the members of the Board. In order to achieve sustainable and balanced development, the Group will be committed to enhancing the overall diversity of the members of the board of directors of the Group in the long run. It is proposed that the average proportion of female members of the board of directors of the Company and its secondary subsidiaries within the PRC will be no less than 20% before the expiry of the term of office of the sixth session of the Board. The Board will also seek for a proper percentage of members of the Directors with direct experience of the industrial market of the Group and different profession backgrounds, reflecting the strategy of the Group. The Company will identify candidates of the Directors according to the nomination policy of the Company and make the final decision based on the merits and contribution that the candidate will bring to the Board. The Nomination Committee of the Board will regularly review the diversity policy of the Board to ensure that it's effective. When supervising the execution of the diversity policy of the Board and reviewing the composition of members of the Board, the Board will consider all benefits related to diversity levels, and comply with the diversity policy of the Board when proposing appointment of the Directors. The Company will also try its best to achieve gender diversity when recruiting employees at all levels (including middle and senior levels), so as to provide suitable succeeding directors for the Board when appropriate, so as to ensure the gender diversity of the board of directors. The Company will provide each new Director with specially customized and comprehensive pre-job training, to ensure that such Director has a sound understanding of the operation, policy and role and responsibility of Directors with his or her relevant knowledge gap filled up. The Company will also provide Directors with relevant training from time to time in order to facilitate the Directors' performance of their duties.

For details of the diversity of employees of the Group, please refer to the section headed “Employee Diversity” of “Management Discussion and Analysis” in this report. During the Reporting Period, six meetings were held by the Nomination Committee. The attendance record of the committee members at the meeting during the Reporting Period is as follows:

Directors	Attendance/No. of meetings held during the term of office
Mr. Jin Bin (appointed as the chairman of the Nomination Committee on 19 December 2025)	0/0
Mr. Wu Tak Lung	6/6
Mr. Yu Weifeng	6/6
Mr. Shi Shenghao	6/6
Mr. Chen Weiru	2/2
Mr. Zhao Bingxiang (retired on 19 December 2025)	6/6
Mr. Chen Fangruo (retired on 12 June 2025)	3/4
Ms. Feng Rongli (retired on 19 December 2025)	6/6

Note: The member of the Nomination Committee who did not attend the meeting in person has entrusted proxy to attend the meeting, which was not counted into his attendance record.

During the Reporting Period, the Nomination Committee mainly reviewed the resolution on nominating Mr. Jin Bin as a non-executive Director and the Chairman of the sixth session of the Board of the Company, the resolution on nominating Mr. Yang Binghua as an executive Director of the sixth session of the Board of the Company, the resolution on nominating Mr. Chen Weiru as an independent non-executive Director of the sixth session of the Board of the Company and the resolution on nominating Mr. Zu Jing, Mr. Xing Yonggang, Mr. Ma Yue, Mr. Chen Yuqing and Ms. Li Ying as non-executive Directors of the sixth session of the Board of the Company, etc. The Nomination Committee carefully discussed the work experience and professional qualifications of Director candidates and the benefits that may be brought to the Board while fully considering factors under the board diversity policy, and recommended the candidates to the Board after arriving at opinions at the Nomination Committee’s meeting.

Remuneration Committee

As at the date of this report, the remuneration committee of the Company (the “**Remuneration Committee**”) comprised three Directors, including three independent non-executive Directors, namely Mr. Li Peiyu, Mr. Wu Tak Lung and Mr. Yu Weifeng, with Mr. Li Peiyu serving as the chairman of the Remuneration Committee. The primary responsibilities of the Remuneration Committee are to formulate and review the remuneration policies and schemes for the Directors and senior management of the Company. These responsibilities mainly include, among others:

- making recommendations to the Board on the Company’s overall remuneration policies and structure for Directors and senior management of the Company;
- determining the specific remuneration packages of all executive Directors and senior management, and making recommendations to the Board in relation to the remuneration of non-executive Directors; and
- reviewing and approving performance-based remuneration suggestion for the management by reference to corporate goals and objectives determined by the Board from time to time.

During the Reporting Period, three meetings were held by the Remuneration Committee. The attendance record of the committee members at the meeting during the Reporting Period is as follows:

Directors	Attendance/No. of meetings held during the term of office
Mr. Li Peiyu	3/3
Mr. Wu Tak Lung	3/3
Mr. Yu Weifeng	3/3
Ms. Feng Rongli (retired on 19 December 2025)	3/3

During the Reporting Period, the Remuneration Committee mainly reviewed the following resolutions: the resolution on the business performance appraisal plan for the management team of the Company for the year 2025, the resolution on the settlement of the total wage of the Company for 2024 and the resolution on the assessment and annual salary settlement for the management team of the Company for the year 2024.

Strategy and Investment Committee

As at the date of this report, the strategy and investment committee of the Company (the **“Strategy and Investment Committee”**) comprised eight Directors, including one executive Director, namely Mr. Lian Wanyong, four non-executive Directors, namely Mr. Jin Bin, Mr. Chen Qiyu, Mr. Chen Yuqing and Mr. Wen Deyong; and three independent non-executive Directors, namely Mr. Li Peiyu, Mr. Shi Shenghao and Mr. Chen Weiru, with Mr. Jin Bin serving as the chairman of the Strategy and Investment Committee.

The Strategy and Investment Committee is a special operating organization under and accountable to the Board. It is mainly responsible for conducting research and making recommendations on the long-term development strategies and major investment decisions of the Company, and reviewing and examining the annual operation plans and the implementation of the significant investment proposals under the authorization of the Board. These responsibilities mainly include, among others:

- evaluating the Company’s long-term development strategy in a timely manner, and organizing the formulation of the Company’s development strategy and medium and long-term development plan;
- reviewing the Company’s annual business plan;
- conducting research and making recommendations on major investment, financing and guarantee proposals which are subject to the approval by the Board;
- conducting research and making recommendations on major capital operation and asset management projects which are subject to the approval by the Board; and
- studying and formulating plans for corporate restructuring and transfer of equity held by the Company, restructuring, mergers and acquisitions, and organizational structure adjustments.

During the Reporting Period, eight meetings were held by the Strategy and Investment Committee. The attendance record of the committee members at the meeting during the Reporting Period is as follows:

Directors	Attendance/No. of meetings held during the term of office
Mr. Jin Bin (appointed as the chairman of the Strategy and Investment Committee on 19 December 2025)	0/0
Mr. Chen Qiyu	7/8
Mr. Lian Wanyong	7/8
Mr. Li Peiyu	7/8
Mr. Shi Shenghao	8/8
Mr. Chen Weiru (appointed as the member of the Strategy and Investment Committee on 12 June 2025)	5/5
Mr. Chen Yuqing (appointed as the member of the Strategy and Investment Committee on 12 June 2025)	5/5
Mr. Wen Deyong	8/8
Mr. Zhao Bingxiang (retired on 19 December 2025)	8/8
Mr. Sun Jinglin (retired on 6 November 2025)	4/5
Mr. Chen Fangruo (retired on 12 June 2025)	0/3
Mr. Li Dongjiu (retired on 16 May 2025)	2/2

Note: The members of the Strategy and Investment Committee who did not attend the meeting in person have all entrusted proxies to attend the meeting, which was not counted into their attendance record.

During the Reporting Period, the Strategy and Investment Committee strengthened strategic management and control, focused on the Company's core businesses and principal responsibilities, researched key issues relating to the reduction of organizational tiers, transformation and upgrading, and deepening reforms of the Company's relevant business segments, and considered various types of equity investments or disposal projects.

Legal and Compliance and Environmental, Social and Governance Committee

As at the date of this report, the legal and compliance and environmental, social and governance committee of the Company (the “**Legal and Compliance and ESG Committee**”) comprised three Directors, including one independent non-executive Director, namely Mr. Yu Weifeng, one non-executive Director, namely Mr. Jin Bin and one executive Director, namely Mr. Lian Wanyong, with Mr. Yu Weifeng serving as the chairman of the Legal and Compliance and ESG Committee.

The Legal and Compliance and ESG Committee is a special operating organization under and accountable to the Board. It is mainly responsible for promoting the rule of law of the Company and guiding the Company’s compliance management work and is responsible for promoting and guiding the Company’s environmental, social and governance work.

During the Reporting Period, two meetings were held by the Legal and Compliance and ESG Committee. The attendance record of the committee members at the meeting during the Reporting Period is as follows:

Directors	Attendance/No. of meetings held during the term of office
Mr. Yu Weifeng	2/2
Mr. Jin Bin (appointed as the member of the Legal and Compliance and ESG Committee on 19 December 2025)	0/0
Mr. Lian Wanyong	2/2
Mr. Zhao Bingxiang (retired on 19 December 2025)	2/2

During the Reporting Period, the Legal and Compliance and ESG Committee mainly reviewed the resolution on report of the Company’s legal and compliance work for 2024 and the resolution on preparation and publication of the Company’s ESG Report for 2024.

Compliance with the CG Code

The Company has adopted all the code provisions contained in the CG Code as the Company’s code on corporate governance. During the Reporting Period, the Company had complied with the code provisions set out in the CG Code.

Securities Transactions by Directors and Supervisors

The Board has adopted the Model Code as the standards for governing the transactions of the Company’s listed securities by the Directors and the Supervisors. Having made specific enquiries with all Directors and Supervisors, all of them confirmed that they had complied with the standards in relation to the securities transactions by the Directors and the Supervisors as required in the Model Code during the Reporting Period.

Remuneration of Auditors

The Company approved the appointment of Confucius International CPA Limited and Pan-China Certified Public Accountants LLP as the international auditor and domestic auditor of the Company for 2025, respectively, at the annual general meeting held by the Company on 12 June 2025 (the “**AGM**”). The remuneration paid and payable by the Group to Confucius International CPA Limited and Pan-China Certified Public Accountants LLP in respect of the services provided during the Reporting Period is as follows:

Services provided	Fee paid and payable
Audit service provided for 2025	RMB22,456,000
Non-audit service provided for 2025	RMB2,394,000

Confirmation by the Directors and Auditors

The Directors have reviewed the effectiveness of the internal control system of the Group. The review covered all the material aspects of its internal controls, including the supervision of the financial and operational and compliance affairs, as well as risk management.

The Directors are responsible for supervising the preparation of annual accounts in order to give a true and fair view of the financial position, operating results and cash flow of the Company during the year. For the purpose of the preparation of the financial statements for the Reporting Period, the Directors have selected appropriate accounting policies, adopted applicable accounting principles, made judgments and assessments that are prudent and reasonable and ensured the financial statements were prepared on a going concern basis. The Directors have confirmed that the Group’s financial statements were prepared in accordance with the requirements of laws and applicable accounting principles.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast doubt upon the ability of the Company to operate as a going concern. The statement of auditors about their reporting responsibilities on the financial statements is set out in the section headed “Independent Auditor’s Report” of this report.

Shareholders' Rights

If Shareholders individually or jointly holding more than ten percent of the shares of the Company, request the convening of an extraordinary general meeting, the Board or the Supervisory Committee shall, within ten days from the date of receiving the request, decide whether to convene the extraordinary general meeting and provide a written response to the Shareholder.

When the Company convenes a general meeting, Shareholders who have the right to submit proposals shall be entitled to propose provisional motions and submit the same in writing to the Board ten days prior to the date of the general meeting.

The Shareholders may put forward proposals or enquiries to the Board via the office phone number and email address of the office as stated in this annual report.

Effective Communication with Investors

As at the date of this report, the Board of the Company has reviewed the implementation and effectiveness of the Shareholders' communication policy and considered that the Shareholders' communication policy enabled the Company and Shareholders to keep effective communication. The Company maintains communication with its Shareholders through various channels and means and carries on the conversations about the Company's conditions and development prospects, so as to enhance mutual understanding between Shareholders and the Company, improving the Company's standard of governance. The Board of the Company also maintains normalized and multi-channel communication with its Shareholders through investor relations activities such as general meetings, results presentation, media reception and roadshows.

In 2025, under the leadership of the Board and operational management, the work of investor relations of the Company and communication with Shareholders continuously improved the timeliness and proactiveness of communication with investors. During the Reporting Period, the Company regularly published results on a quarterly basis, organised the management to participate in the whole process of annual results roadshows and engaged proactively with investors on a quarterly basis through various channels to ensure the effectiveness and timeliness of our market communications. In addition, the Company carried out extensive in-depth investor exchanges, arranging a total of 90 sessions comprising investor meetings, telephone calls and email exchanges with shareholders and institutional investors in regions including Chinese Mainland, Hong Kong, China, Singapore, Europe and the United States. By accurately addressing investors' key concerns regarding the Company's strategy, operating results and governance operation, the Company effectively enhanced investors' awareness and recognition of its business. In 2026, the Company will continue to arrange various communication and exchange, company roadshows as well as general meetings, etc., to keep a close interaction with Shareholders and investors of the Company, perform the information disclosure obligation according to laws and regulations, ensure the interests of the investors, deliver core investment value and maintain a positive market image of the Company.

Implementation of Non-Competition Agreement

The independent non-executive Directors have reviewed the compliance by CNPGC of the Non-Competition Agreement and, to the knowledge of the independent non-executive Directors, CNPGC has complied with the terms of such agreement during the year ended 31 December 2025. CNPGC has undertaken to the Company that it shall comply with the terms of the Non-Competition Agreement.

In accordance with the Non-Competition Agreement entered into between the Company and CNPGC, if CNPGC or any of its subsidiaries (other than the Company) is aware of any business opportunity to own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes with the core business of the Company (the “**Business Opportunity**”), it will inform the Company of the aforesaid Business Opportunity in writing immediately in the first place. Whether to take up the Business Opportunity is up to the independent non-executive Directors.

During the Reporting Period, the independent non-executive Directors of the Company did not receive any written notices mentioned above.

Risk Management and Internal Control

The Board has established a risk management and internal control system in accordance with the requirements of code provision D.2 of the CG Code and continues to monitor and review the effectiveness of its operation. The system is designed to manage rather than eliminate the risk of failure to meet business objectives, to promote effective and efficient operations, to provide reasonable (not absolute) assurance against material misstatement or loss and comply with applicable laws and regulations, as well as to safeguard the assets of the Group.

Characteristics of the Risk Management and Internal Control Organisation System

In accordance with the requirements of code provision D.2.2 of the CG Code, the Group has established a sound risk management and internal control organization system which includes the Board, the Audit Committee under the Board, management of the Company, the operation risk management department (the safety and environmental protection department), legal compliance department, audit center, discipline inspection committee and other departments to ensure that the Group has sufficient resources, qualified and experienced staff, sufficient training courses and related budget for risk management and internal audit. The Company’s subsidiaries and business units at all levels serve as the frontline in risk management and internal control; and the Audit Committee under the Board, the management, the operation risk management department (the safety and environmental protection department), the legal compliance department and departments having related functions are the higher level supervisors for risk management and internal control; while the highest level of supervision is carried out by the audit center and the discipline inspection committee, with the audit center and the discipline inspection committee serving as an independent supervision department that conducts internal audit for the Group’s risk management system. As the highest decision-maker for the Group’s risk management and internal control, the Board assumes the full responsibility for the establishment of a sound risk management and internal control system as well as the effectiveness of the risk management work carried out across the Group.

Implementation of Risk Management and Internal Control

Through reviewing of the work conducted by the audit center, discipline inspection committee and external consultants such as the auditors and reviewing of the reports prepared by the management in respect of risk management, regulatory compliance, legal and other matters, the Group reviews the effectiveness of the risk management and internal control systems every year and assesses all important aspects of supervision such as supervision on financial, operation and compliance affairs, etc. based on the five elements of internal control, namely, the internal environment, risk assessment, control activities, information and communication as well as internal supervision.

After risk assessment, the major risks of the Company in 2025 were the policy risk, the cash flow risk and the compliance risk in sequence.

In terms of the policy risk, the continued optimization and normalization of centralized procurement policies, the deepening of the tiered diagnosis and treatment and the reform of public hospitals and the transition to the “efficacy-based payment” model of the medical institutions driven by medical insurance payment reform have imposed higher requirements on the timeliness and cost control of the Company’s supply chain. In order to adapt to the rapid changes of industry policies and market demand, the Company regularly conducted policy research and forward-looking predictions, reinforced product planning, deployed new products in advance and strengthened the capability to extend professional services to the upstream and downstream supply chains, thereby creating new growth drivers for the Company’s development. In addition, the Company continued to increase investment in smart logistics technologies including automated warehousing, intelligent route planning and supply chain data platforms, transforming policy pressures into momentum for building sustainable competitive barriers.

In terms of the cash flow risk, the pressure of the continuous slowdown of national economic growth led to the overall shortage of funds in the industry chains of the pharmaceutical industry. Policies including centralized procurement and medical insurance cost control have generally extended the payment cycles of medical institutions. The transmission of local fiscal pressures to hospitals has weakened their payment capacity, generally leading to a slowdown of capital turnover in the pharmaceutical distribution industry. While emphasizing the speed and scale of development, the Company carried out refined management and systematically advanced the establishment of a cash flow risk prevention and control system. The Company strengthened budget coordination, allocated funds based on demands, deepened the centralization of funds and the establishment of a treasury management system and optimized the financing structure, achieving a “dual reduction” in scale and cost.

In terms of the compliance risk, with the continued deepening of pharmaceutical industry policies, the state has intensified its regulation over the pharmaceutical industry and further strengthened the management of medical insurance funds. The importance of compliance has become increasingly prominent for the Company. Based on the actual operation, the Company continuously optimized the compliance management system, strengthened compliance management of business partners, enhanced compliance risk prevention and control for key positions and reinforced accountability through assessments, promoting comprehensive coverage and deep implementation of compliance management.

The Company constantly improved its risk and internal control management system and mechanism, strengthened the system and process construction, continuously explored the monitoring and application of digital scenarios and improved the process management thoroughly by means of prevention in advance, supervision during the process and following up afterwards. In 2025, the Company continued to carry out risk control publicity trainings, deeply integrating risk management requirements into themes including penetrating internal control management and risk prevention and control for key positions. At the same time, the Company firmly grasped, continuously sorted out and updated the key control points in the key business processes, establishing a sustainable assurance mechanism. In addition, the Company continued to improve the internal control system, regularly organized system sorting and review, and continuously carried out the enactment, revision, abolishment and interpretation of the system to ensure the systematism, standardization, operability and stability of the Company's systems.

In terms of compliance management and control, in 2025, the Company held a meeting of the Compliance Committee to consider, revise and issue the 2025 Responsibility Letter for Compliance Operation and Integrity Practice and listen to the Report on the Implementation of the Registration and Management Work Plan for Key Positions and Key Personnel of Sinopharm. The Board considered and approved the Report on the Legal and Compliance Work of Sinopharm Group Co., Ltd. for 2024. The Company revised and issued the Prevention and Control List of Key Compliance Issues of Sinopharm in 2025, identifying 53 key prevention and control items. By establishing a “negative list” to clearly define prohibited areas, the Company continued to advance the “abolishment, revision and establishment” of the compliance system. The Company formulated the Registration and Management Work Plan for Key Positions and Key Personnel and its supporting implementation rules, with the first batch covering four key areas: procurement, sales, engineering construction, and investment and mergers and acquisitions. The Company formulated and issued the Compliance Survey Questionnaire (Template) for Partners (Suppliers and Distributors) and the Compliance Commitment Letter (Template), implemented the work requirements that “in response to compliance management of business partners, central enterprises shall conduct compliance investigations on key business partners, enhance corporate compliance management of business partners and gain a comprehensive understanding of upstream and downstream partners” issued by the higher-level authority and conducted due diligence during admission and cooperation, constructing a compliance layout of “internal and external synergy”. In 2025, the legal and compliance department issued the Measures for the Management of Appointment of General Counsel and Chief Compliance Officer and facilitated key subsidiaries in completing or initiating the appointment process for general counsel, ensuring the successful fulfillment of key legal tasks during the “14th Five-Year Plan” period. It carried out special inspections on anti-monopoly, anti-corruption in the pharmaceutical industry and other areas, issued the Anti-monopoly Risk Alert Letter and specifically organised its industrial subsidiaries to conduct self-assessments and submit reports. In addition, It collaborated with multiple departments to conduct compliance inspections at dozens of subsidiaries, promptly identifying issues and followed up on the implementation of rectification. The Company held the 2025 legal affairs conference and legal compliance training of Sinopharm to implement requirements for effective prevention and control of legal and compliance risk. The Company conducted special compliance training for “key positions and key personnel”, offering practical courses to reinforce the “three lines of defense” and covering representatives of key positions. The Company actively carried out and promoted various forms of legal culture building and publicity activities, further passing on the concept of governing enterprises according to law and the awareness of enterprise risk prevention and control to subsidiaries to help subsidiaries effectively improve their risk prevention and control capabilities.

The Group continued to strengthen its management on each professional business in its headquarters as well as its supervision on and guidance to the second-tier subsidiaries. It also enhanced its audit supervision and inspection on the implementation of key internal control systems by its subsidiaries in every level by conducting follow-up activities, inspection and special audit thereon. Based on an interactive supervision mechanism, departments including, among others, the audit center, the legal and compliance department and discipline inspection departments cooperated in the supervision to form resultant force in order to strengthen management vulnerabilities, ensure implementation of the system, carry out rectification and follow-up activities and improve the accountability mechanism.

Formation of a Long-term Risk Management and Internal Control Mechanism

Every year, the Group instructs each department to identify, analyse and assess the material risks of the Group on the basis of the changing internal and external environment and taking into consideration the possibility and impact of the risk. In light of the actual operation and management of its professional business, each department formulates detailed risk management proposals against material risks on a case by case basis.

During the Reporting Period, the operation risk management department (the safety and environmental protection department) prepared the Report on Internal Control Systems of the Sinopharm to summarise the risk and internal control management work of the previous year and review the supervision, inspection and timely rectification of all material risks. The report also set out the risk and internal control management plan for the next year as well as instructions on resources and events to be coordinated and resolved, and was finally submitted to the management of the Company and the Board for approval, so as to ensure that the Board continuously monitored and assessed the effectiveness of the Group's risk management and internal control systems.

The Group's management procedures for financial reporting, information disclosure and connected transactions, etc. are in strict compliance with the requirements of the Listing Rules. The Board enacted the Rules on the Listed Company Information Disclosure Management of Sinopharm Group Co. Ltd., and has set up unified and standard control procedures for information collection, classification, approval and disclosure, which continuously standardized the management of connected transactions and the management of inside information and insiders, promoted the Company to operate in accordance with the law, and safeguard the legitimate rights and interests of Shareholders, creditors, the Company and other stakeholders. Unless the information falls within the "Safe Harbour", the Group will disclose such inside information to the public as soon as practicable. Prior to disclosing relevant inside information to the public, the Group will make good efforts on keeping confidential and maintain a registration of insiders as required.

The Board of the Company has made an annual review of the risk management and internal control during the Reporting Period and concluded that the policies and procedures adopted by the Group's internal control system (including aspects related to the establishment of internal control system and top-down oversight measures in areas such as risk and internal control management, corporate governance, financial and cash management, quality management and IT management, as well as the implementation of major risk assessments and prevention and control measures, and the supervision and evaluation mechanisms for the internal control system.) had been effectively implemented and there had been no material defects nor deficiencies in material risk control based on the outcome of the risk management and internal control work implemented by the Group during the Reporting Period. The Board is of the view that the risk management and internal control system of the Group is effective and sufficient.



Biographies of Directors, Supervisors and Senior Management

Directors

Mr. Jin Bin, aged 52, is the chairman, a non-executive Director and the secretary of the Party Committee of the Company. Mr. Jin holds a master's degree in business administration from Beijing Jiaotong University. Mr. Jin joined China National Medicines Corporation Ltd. (國藥集團藥業股份有限公司) in 2005, and served as the business supervisor of the office of China National Medicines Corporation Ltd.. Mr. Jin joined China National Pharmaceutical Group Co., Ltd. (中國醫藥集團有限公司) in 2008, successively holding positions including the deputy director of the administrative department, the deputy director of the office and the director of the office. Mr. Jin has served as the deputy general manager of CNPGC since November 2022 and has served as the general legal counsel and the chief compliance officer of CNPGC since April 2025. Mr. Jin has served as the secretary of the Party Committee of the Company since November 2025 and the chairman and a non-executive Director of the Company since December 2025.

Mr. Chen Qiyu, aged 53, is a non-executive Director and vice chairman of the Company. Mr. Chen has nearly 32 years of working experience. He obtained a bachelor's degree in genetics from Fudan University in July 1993 and an executive master's degree in business administration from China Europe International Business School in September 2005. Mr. Chen is currently the executive director and joint chief executive officer of Fosun International (a company listed on the Hong Kong Stock Exchange, stock code: 00656). Mr. Chen has joined Fosun Pharma Group (namely Fosun Pharma and its subsidiaries) since 1994, and currently serves as the non-executive director of Fosun Pharma (a company listed on the Shanghai Stock Exchange, stock code: 600196 and the Hong Kong Stock Exchange, stock code: 02196) and the non-executive director of Henlius (a company listed on the Hong Kong Stock Exchange, stock code: 02696). Mr. Chen served as the co-chairman of New Frontier Health Corporation (a company delisted from the NYSE in January 2022) and a director of Beijing Sanyuan Food Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600429), and the non-executive director of Gland Pharma Limited (a company listed on Bombay Stock Exchange and National Stock Exchange of India, stock code: GLAND) ("GLAND"). Mr. Chen has joined the Company since January 2003, and served as the chief Supervisor and non-executive Director of the Company, and is currently the non-executive Director and vice chairman of the Company and the deputy chairman of Sinopharm Investment. Mr. Chen is currently the honorary chairman of China Medical Pharmaceutical Material Association, vice chairman of China Pharmaceutical Innovation and Research Development Association, honorary chairman and chief supervisor of Shanghai Biopharmaceuticals Industry Association, the standing member of the 14th Shanghai Committee of the Chinese People's Political Consultative Conference and the chairman of Shanghai Federation of Industry and Commerce Biomedical Chamber.

Mr. Lian Wanyong, aged 55, is an executive Director, President and deputy secretary of the Party Committee of the Company. Mr. Lian holds a master's degree in medicine from Zhongshan Medical Sciences University and a master's degree in business administration from the University of Miami and is an associate chief pharmacist. Mr. Lian successively served as the deputy director of the financial assets management department, a director of the investment management department and the deputy director of policy research office of CNPGC. Mr. Lian successively served as a Director, a supervisor and a Director of the Company from December 2008 to January 2018, and served as a vice president and a member of the Party Committee of the Company, a director of Sinopharm Accord (a company listed on the Shenzhen Stock Exchange, stock code: 000028) and a director of Sinopharm (CNCM LTD) (a company listed on the Shanghai Stock Exchange, stock code: 600511) from January 2018 to September 2022. Mr. Lian served as a director, the president and the deputy secretary of the Party Committee of Shanghai Shyndec Pharmaceutical Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600420) ("SSPC") from September 2022 to August 2024. Mr. Lian has been the President and deputy secretary of the Party Committee of the Company since August 2024 and an executive Director of the Company since September 2024.

Biographies of Directors, Supervisors and Senior Management

Mr. Yang Binghua, aged 45, is an executive Director and a deputy secretary of the Party Committee of the Company. Mr. Yang holds a master's degree in Public Administration from School of Government of Peking University. Mr. Yang previously served as the deputy department head of the second secretarial department of the State Council State-owned Assets Supervision and Administration Commission (“SASAC”), a deputy director of the Party Committee for offices directly under SASAC, the deputy department head and the department head of the communication department of the Party Committee for offices directly under SASAC, the deputy secretary of the Party Committee of Shanghai Shyndec Pharmaceutical Co., Ltd. (上海現代製藥股份有限公司), and the director of the work department of the Party Committee (the organization department of the Party Committee and the communication department of the Party Committee) of China National Pharmaceutical Group Co., Ltd. (中國醫藥集團有限公司). In the past three years, Mr. Yang served as a non-executive director of China Traditional Chinese Medicine Holdings Co. Limited (中國中藥控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 0570) and a director of Chongqing Taiji Industry (Group) Co., Ltd. (重慶太極實業(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600129). Mr. Yang has served as a deputy secretary of the Party Committee of the Company since October 2025 and an executive Director of the Company since December 2025.

Mr. Zu Jing, aged 55, is a non-executive Director of the Company. Mr. Zu is a holder of bachelor's degree in economics and a senior accountant. Mr. Zu previously served as the deputy general manager of the finance department of China National Service Corporation For Chinese Personnel Working Aboard, the deputy general manager and the financial director of Zhongfu Jiayuan Trade Co. (中服嘉遠貿易公司), the general manager of the finance department, the deputy financial director and the financial director of China Sinopharm International Corporation, the financial director of SSPC, and the director of the international cooperation department of CNPGC. Mr. Zu has been serving as a full-time external director of CNPGC since October 2024, and has served as a non-executive director of China Traditional Chinese Medicine Holdings Co. Limited (a company listed on the Hong Kong Stock Exchange, stock code: 570) since January 2025. Mr. Zu has been a non-executive director of the Company since February 2025.

Mr. Xing Yonggang, aged 49, is a non-executive Director of the Company. Mr. Xing is a holder of doctor's degree in law, a senior economist and a solicitor. Mr. Xing previously served as a cadre of Sinopharm (CNCM LTD), the deputy head and the head of the legal department and the supervisor of Sinopharm, the business supervisor and a senior business supervisor of the office and the legal affairs department, an assistant to director, the deputy director and the director of the legal affairs department of CNPGC, the secretary of the discipline inspection commission of China National Biotec Group Co., Ltd., the deputy general manager and the general legal counsel of China National Pharmaceutical Investment Co., Ltd., and the chairman of the board of supervisors of SSPC. Mr. Xing has served as a full-time external director of CNPGC since October 2024. Mr. Xing currently serves as a director of SSPC, and has been a non-executive Director of the Company since February 2025.

Mr. Ma Yue, aged 44, is a non-executive Director of the Company. Mr. Ma holds a master's degree in science in microbiology from College of Life Sciences, Nankai University and a master's degree in management in accounting from Chinese Academy of Fiscal Sciences. He is a senior economist and practicing pharmacist. Mr. Ma currently serves as the director of the operation management department (safety, environmental protection and quality management division) of CNPGC. Mr. Ma joined CNPGC in October 2009 and has successively held various positions including the senior business supervisor of the international cooperation department, the assistant to the director of the international cooperation department, the deputy director of the office, the head of the operation management department and the director of the office (the office of the Party Committee and the board office) of CNPGC, and Mr. Ma has concurrently served as a director of Suzhou Capsugel Co., Ltd. (蘇州膠囊有限公司) and a supervisor of Sino Pharmengin Corporation during the period. Mr. Ma has served as the director of the operation management department (safety, environmental protection and quality management division) of CNPGC since May 2025. Mr. Ma has served as a non-executive Director of the Company since December 2025.

Mr. Chen Yuqing, aged 50, is a non-executive Director of the Company. Mr. Chen obtained a bachelor's degree in engineering from Shanghai University. Mr. Chen joined Fosun Pharma Group in January 2010 and successively served as an assistant to the president and the general manager of the human resources department, a vice president, a senior vice president, the co-president, the co-chief executive officer, a non-executive director and other positions of Fosun Pharma. Mr. Chen has served as an executive director and the chairman of the board of directors of Fosun Pharma since April 2025 and a non-executive director of Henlius since August 2025, and holds directorships and management positions in certain subsidiaries of Fosun Pharma. Mr. Chen served as a vice president of Fosun International Limited (a company listed on the Hong Kong Stock Exchange, stock code: 00656) from July 2023 and April 2025 and a senior vice president of Fosun International since April 2025. Mr. Chen has previously held human resources management positions in various companies, and has substantial experience in human resources management. Mr. Chen has served as a non-executive Director of the Company since June 2025.

Mr. Wen Deyong, aged 54, is a non-executive Director of the Company. Mr. Wen graduated from Donghua University and received a master's degree in business administration in December 2007. Mr. Wen joined Fosun Pharma Group in May 2002, and is currently the executive director and the vice chairman of Fosun Pharma. Mr. Wen worked at Chongqing Yaoyou Pharmaceutical Co., Ltd. and Chongqing Healthman Pharma Co., Ltd. from September 1995 to May 2016. Mr. Wen has served as a non-executive Director of the Company since September 2017. Mr. Wen is currently also a director of Sinopharm Investment. Mr. Wen was also a director of Anhui Sunhere Pharmaceutical Excipients Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300452) and Sinopharm (CNCM LTD), a non-executive director of Henlius and the chairman of the board of supervisors of Sinopharm Accord.

Ms. Li Ying, aged 52, is a non-executive Director of the Company. Ms. Li obtained a master's degree in agricultural economics and management from the School of Economics and Management of Northeast Agricultural University in 2000. Ms. Li possesses extensive experience in equity investment within the pharmaceutical industry, and has served as the director of the Beijing Bureau of China Banking and Insurance Regulatory Commission, the deputy general manager of the equity business department of China Huarong Financial Asset Management Co., Ltd., and a member of the party committee and deputy general manager of Huarong Ruitong Equity Investment Management Co., Ltd.. Ms. Li is currently the deputy general manager of the first asset management department of China CITIC Financial Asset Management Co., Ltd.. Ms. Li has served as a non-executive Director of the Company since December 2025.

Biographies of Directors, Supervisors and Senior Management

Mr. Li Peiyu, aged 62, is an independent non-executive Director of the Company. Mr. Li obtained a PhD of management in Management Science and Engineering from School of Economics and Management, Tsinghua University and a Master of Public Administration (MPA) from Harvard University in June 1998. Mr. Li has worked in the areas of economics, finance and management for more than 30 years. From July 1987 to September 2000, he held positions in the Development Research Center of the State Council. From September 2000 to December 2007, Mr. Li successively served as the deputy director of Henan Provincial Development Planning Committee and the mayor of Hebi City in Henan Province. From December 2007 to February 2023, Mr. Li successively served as director of alternative investment department of China Investment Corporation, inspector of the research office of the State Council, chairman of China Reinsurance (Group) Corporation, and managing director of Beijing Zhongyu Green Investment Management Co., Ltd., managing director of CASIC Investment Fund Management (Beijing) Limited Company (航天科工投資基金管理(北京)有限公司), the partner of the Beijing Qiyuanhouji Investment Management Co., Ltd. (北京啟源厚積投資管理有限公司) and the managing director of Lotus Lake Venture Capital Management (Beijing) Co., Ltd. (荷塘創業投資管理(北京)有限公司). Mr. Li has served as an independent non-executive Director of the Company since September 2020.

Mr. Wu Tak Lung, aged 60, is an independent non-executive Director of the Company. Mr. Wu received a bachelor's degree in Business Administration from the Hong Kong Baptist University and a master's degree in business administration jointly from the University of Manchester and the University of Wales, respectively. In addition, Mr. Wu also obtained certification for the Environmental, Social and Governance Reporting Certification Course organized by the Hong Kong Chartered Governance Institute. Mr. Wu currently serves as an independent non-executive director of Kam Hing International Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2307) and Zhongguancun Science-Tech Leasing Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1601). In the last three years, Mr. Wu was an independent non-executive director of Henan Jinma Energy Company Limited, Minth Group Limited and Sinomax Group Limited. Mr. Wu previously served as an independent non-executive director of Beijing Media Corporation Limited ("**Beijing Media**"). Details in relation to the criticism of the current and retired directors of Beijing Media by the Hong Kong Stock Exchange are set out in the announcements of the Hong Kong Stock Exchange and the Company dated 10 February 2022 and 14 February 2022, respectively. Mr. Wu had worked in Deloitte Touche Tohmatsu, an international accounting firm, for five years. Mr. Wu has served as an independent non-executive Director of the Company since September 2020. Mr. Wu is currently an accounting consultant of the Ministry of Finance of the State Council, a member of Hong Kong Institute of Certified Public Accountants, a senior fellow member of Hong Kong Securities and Investment Institute and a fellow member of the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong, and The Hong Kong Chartered Governance Institute, a member of the Hospital Governing Committee and the trustee of the Charitable Trust Fund of Pamela Youde Nethersole Eastern Hospital and a member of the Audit and Risk Committee of Chinese Medicine Hospital of Hong Kong Baptist University.

Mr. Yu Weifeng, aged 54, is an independent non-executive Director of the Company. Mr. Yu is a lawyer with more than 29 years of working experience as a practicing lawyer. Mr. Yu obtained a bachelor's degree in laws from Fudan University in June 1995 and then obtained a master's degree in business administration from China Europe International Business School. From July 1995 to December 1998, Mr. Yu served as a paralegal and lawyer in Shanghai Pu Dong International Law Office (now renamed as Shanghai Pu Dong Law Office). Mr. Yu has served as a partner in Llinks Law Offices since December 1998, and served as a director thereof from January 2014 to June 2020. Mr. Yu currently serves as an independent director of Shenergy Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 600642) and Shanghai M&G Stationery Inc. (a company listed on the Shanghai Stock Exchange, stock code: 603899) and an external director of Shaanxi Jingxiaohu Commerce and Trade Co., Ltd. Mr. Yu served as an independent director of Deppon Logistics Co., Ltd. and an external director of Jiahua Chemicals Inc. and Shanghai Life Science & Technology Co., Ltd. Mr. Yu has served as an independent non-executive Director of the Company since September 2020. Currently, Mr. Yu is also the chairman of Foreign-related Legal Services Committee of the All China Lawyers Association, president of Shanghai Arbitration Association, a member of Shanghai Arbitration Commission, and an arbitrator of Shanghai Arbitration Commission, Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) and other arbitration institution and a mediator of Shanghai Commercial Mediation Center.

Mr. Shi Shenghao, aged 57, is an independent non-executive Director of the Company. Mr. Shi graduated from Capital Normal University with a bachelor's degree and obtained an EMBA degree from China Europe International Business School. Mr. Shi has more than 30 years of experience in the medical and health industry. He has served as a senior executive and general manager in Greater China for a number of multinational medical companies, and has extensive experience in industry operation and mergers and acquisitions. Mr. Shi is currently the managing partner of Riverhead Capital Investment Management Co., Ltd. Mr. Shi was the managing director of Sinopharm Capital Shanghai Co., Ltd. (國藥資本上海有限公司). He successively served as the marketing and sales director of GE Healthcare, the general manager in Greater China of American Medtronic China Co., Ltd. (美敦力中國有限責任公司), the general manager for diabetes healthcare business in Greater China of Bayer Group and the general manager in Greater China of Dentsply Sirona. Mr. Shi has served as the independent non-executive Director of the Company since June 2023.

Mr. Chen Weiru, aged 55, is an independent non-executive Director of the Company. Mr. Chen holds a doctor of philosophy in strategic management from Purdue University in the United States. Mr. Chen currently serves as a professor of strategy at China Europe International Business School (中歐國際工商學院). Prior to that, he served as the chief strategy officer of Cainiao Network and the director of Industry Internet Center of Alibaba Group from July 2017 to July 2020. Mr. Chen currently serves as an independent non-executive director of Country Garden Services Holdings Company Limited (碧桂園服務控股有限公司) (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 06098), an independent director of Oppl Lighting Co., LTD. (歐普照明股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603515), an independent director of Jack Technology Co., Ltd. (傑克科技股份有限公司) (formerly known as Jack Sewing Machine Co., Ltd. (傑克縫紉機股份有限公司), a company listed on the Shanghai Stock Exchange, stock code: 603337) and an independent director of Universal Vision Biotechnology Co., Ltd. (大學光學科技股份有限公司) (a company listed on the Taipei Exchange, stock code: 3218). In the past three years, Mr. Chen previously served as an independent director of TAL Education Group (好未來教育集團) (a company listed on the New York Stock Exchange, stock code: TAL), an independent non-executive director of Vision Deal HK Acquisition Corp. (a special purpose acquisition company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 07827), an independent director of WPG Holdings Limited (大聯大控股股份有限公司) (formerly known as 大聯大投資控股股份有限公司, a company listed on the Taiwan Stock Exchange, stock code: 3702) and an independent director of Dian Diagnostics Group Co., Ltd. (迪安診斷技術集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300244). Mr. Chen has served as the independent non-executive Director of the Company since June 2025.

Biographies of Directors, Supervisors and Senior Management

Supervisors

Ms. Guan Xiaohui, aged 54, is the chief Supervisor of the Company. Ms. Guan obtained a bachelor's degree in economics from Jiangxi University of Finance and Economics and obtained a master's degree in accounting for senior accountant from The Chinese University of Hong Kong in December 2007. Ms. Guan is qualified as Chinese Certified Public Account (CPA) and a member of the Association of Chartered Certified Accountants (ACCA) and a senior accountant. Ms. Guan has joined Fosun Pharma Group since May 2000 and currently serves as an executive director and co-chairman of Fosun Pharma. Ms. Guan worked at Jiangxi Provincial Branch of the Industrial and Commercial Bank of China from July 1992 to May 2000. Ms. Guan served as a non-executive Director of the Company from March 2019 to March 2021 and also once served as a supervisor of Sinopharm Accord. Ms. Guan has served as the Supervisor and the chief Supervisor of the Company since June 2021, and currently also serves as the vice president of Fosun International, a non-executive director of Henlius and a supervisor of Sinopharm Industrial Investment Co., Ltd. Ms. Guan served as a non-executive director of GLAND from October 2020 to August 2022.

Mr. Liu Zhengdong, aged 55, is a Supervisor of the Company. Mr. Liu is a lawyer who has more than 31 years of working experience as a practising lawyer. Mr. Liu obtained a master's degree in laws from East China University of Political Science and Law. He served as an assistant prosecutor in Railway Transportation branch of Shanghai People's Procuratorate from July 1991 to June 1994. From June 1994 to October 1998, Mr. Liu worked at Shanghai Hongqiao Law Firm and has been serving as a lawyer. Mr. Liu worked at Shanghai Junyue Law Firm from October 1998 to February 2022, and served as director and chief partner successively. Mr. Liu has been working in Jun He Law Offices since February 2022 as a partner. Mr. Liu has served as an independent non-executive Director of the Company from September 2014 to September 2020 and has been a Supervisor of the Company since September 2020. Mr. Liu served as president of the Eighth Session of Shanghai Bar Association and the president of the First Session of Shanghai Bankruptcy Administrators Association (上海市破產管理人協會) and was also honored as National Excellent Lawyer and Shanghai Excellent Non-litigation Lawyer. Currently, Mr. Liu serves as a representative to the 16th People's Congress of Shanghai, the standing director of the National Lawyers Association and the chief supervisory of Shanghai Bankruptcy Administrators Association (上海市破產管理人協會). Mr. Liu also serves as an arbitrator of Shanghai International Economic and Trade Arbitration Commission (SHIAC) and Shanghai Arbitration Commission (SAC).

Mr. Guo Jinhong, aged 52, is a Supervisor of the Company. Mr. Guo is a senior auditor. Mr. Guo received a master's degree in monetary and banking professional economics from Shanxi Institute of Finance and Economics in July 1999. Mr. Guo worked in the Audit Office from July 1999 to March 2019, and served as the general manager of the audit department of Huajin Holdings Group Co., Ltd. (華錦控股集團有限公司) and the general manager of the audit supervisory department of China Railway Construction Capital Holding Co., Ltd. from March 2019 to February 2022. Mr. Guo joined CNPGC in February 2022 and served as the deputy director and the director of the audit department of CNPGC and has served as the director of the compliance management department (the audit and legal department) of CNPGC since August 2024. Mr. Guo has served as a Supervisor of the Company since September 2023.

Ms. Lu Haiqing, aged 51, is an employee representative Supervisor of the Company. Ms. Lu obtained a master's degree in accounting from The Chinese University of Hong Kong in December 2012. Ms. Lu is a non-executive member of The Chinese Institute of Certified Public Accountants (CPA) and a non-executive member of the International Certified Internal Auditor (CIA) Association. Ms. Lu has over 30 years of working experience, among which experience obtained from February 2000 to June 2006 was all audit experience. She had served successively as the project manager of the audit department of Guangxi GuiXinCheng Certified Public Accountants Co., Ltd. (廣西桂鑫誠會計事務所), the project manager of the audit department of Shanghai Huadong Certified Public Accountants Co., Ltd., Guangxi Branch (上海華東會計師事務所有限公司廣西分所), the project manager of the investment department of Shanghai Kangrun Investment Co., Ltd. (上海康潤投資有限公司), and the audit manager of the audit department of Bosideng Corporation Limited (波司登股份有限公司). Ms. Lu successively served as an auditor manager and the deputy head of the audit department of the Company from July 2006 to March 2022. She has served as the deputy general manager of the audit center of the Company since April 2022 and an employee representative Supervisor of the Company since September 2020.

Company Secretary

Mr. Wu Yijian, the company secretary, is also a vice president and the secretary to the Board of the Company. Please refer to the section headed "Senior Management" for Mr. Wu's biography.

Senior Management

Mr. Lian Wanyong, is currently an executive Director and the President of the Company. Please refer to the section headed "Directors" above for Mr. Lian's biography.

Mr. Li Yang, aged 47, is a vice president of the Company. Mr. Li has more than 20 years of operation and management experience in the medical devices industry. Mr. Li holds a master's degree in electronic information from Beijing Jiaotong University. Mr. Li is a senior engineer. Mr. Li worked at CNPGC and General Electric (China) Co., Ltd. Mr. Li has been serving as the senior management of China National Scientific Instruments and Materials Co., Ltd. and China National Medical Device Co., Ltd. since 2011. Mr. Li currently serves as the chairman of China National Scientific Instruments and Materials Co., Ltd. and China National Medical Device Co., Ltd. Mr. Li joined the Group as a vice president of the Company since November 2018.

Mr. Cai Maisong, aged 55, is a vice president of the Company. Mr. Cai received a bachelor's degree of pharmacy from Peking University Health Science Center in July 1992, and later received a master's degree in business administration from Nankai University. Mr. Cai served at Guangzhou Baiyunshan Pharmaceutical General Factory, Les Laboratoires Servier Industrie, Tianjin purchase station of China National Pharmaceutical Group Corp. and China National Pharmaceutical Group Corp. Tianjin Co., Ltd. from July 1992 to December 2002. Mr. Cai served as a director of commerce department and director of operation management center in Sinopharm Holding Tianjin Co., Ltd. from January 2003 to July 2006, and served as the director of risk and operation management department of the Company from July 2006 to December 2010. Mr. Cai served as the vice director and the director of risk and operation management department and the vice director of policy research office of CNPGC from January 2011 to August 2017. Mr. Cai served as a supervisor of CNPGC from December 2012 to January 2018, and served as a vice principal in Sichuan Province Food and Drug Administration from June 2016 to January 2018. Mr. Cai has been serving as a vice president of the Company since he joined in the Group in January 2018. Mr. Cai currently serves as the vice chairman of SSPC.

Biographies of Directors, Supervisors and Senior Management

Ms. Li Xiaojuan, aged 49, is the chief financial officer of the Company. Ms. Li is a non-practicing certified public accountant, a senior economist and a certified asset valuer. Ms. Li obtained a master's degree in national economics (investment economics) with specialty in securities investment from investment economics department of Dongbei University of Finance & Economics in April 2001. Ms. Li served as the project manager of Beijing Tianhua Accounting Firm and the vice director of strategic development department of Xi'an TopSun Group from April 2001 to February 2005. Ms. Li served as the manager of finance department, the director of auditing and supervision office and the manager of auditing department of China National Pharmaceutical Industry Corporation from February 2005 to August 2010. Ms. Li served at CNPGC from August 2010 to March 2021, and served as its vice director of investment management department, the vice director of auditing department, the director of auditing department, the director of finance department and the vice director of policy research office. Ms. Li served as the Supervisor of the Company from January 2016 to March 2021. Ms. Li has joined the Group since March 2021, and is currently the chief financial officer of the Company, during the foregoing period, Ms. Li acted as a director of Sinopharm Accord and Sinopharm (CNCM LTD).

Mr. Hu Ligang, aged 51, is a vice president of the Company. Mr. Hu is a holder of master's degree in professional accountancy, a principal senior accountant and a PRC certified public accountant (non-practicing member). Mr. Hu previously served as the supervisor and the deputy director of finance department of Sinopharm (CNCM LTD), the head of the finance department of the Company, the general manager of financial management centre and a director of the finance department of China National Biotec Group Co., Ltd., the financial director of China National Scientific Instruments and Materials Co., Ltd., and the secretary of the board of directors and the financial director of China National Biotec Group Co., Ltd. Mr. Hu served as a director of Beijing Tiantan Biological Products Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600161) from November 2015 to November 2024, and the deputy director (in charge of the work) of the operation management department (safety, environmental protection and quality management division) of CNPGC from August 2024 to June 2025. Mr. Hu has served as the non-executive Director of the Company from February 2025 to June 2025, and has been a vice president of the Company since June 2025. Mr. Hu is currently the general counsel and chief compliance officer of the Company.

Mr. Wu Yijian, aged 55, is a vice president, the secretary to the Board of the Company and the company secretary. Mr. Wu graduated from Shanghai Medical University with a bachelor's degree in preventive medicine in July 1993, and subsequently obtained his master's degree in business administration from Tsinghua University and his joint master's degree in professional accounting for senior accountant from The Chinese University of Hong Kong and Shanghai National Accounting Institute. Mr. Wu worked at Sanjiu Enterprise from July 1993 to May 2004 and served as the sales director of Sanjiu Pharmaceutical Trading Co., Ltd., the chief operating officer of Sanjiu Pharmaceutical Chain Co., Ltd. and the deputy general manager of Shanghai Sanjiu Pharmaceutical Technology Development Co., Ltd. Mr. Wu worked at Fosun Pharma Group from June 2004 to January 2019, served as a vice general manager of the investment department and president assistant of Fosun Pharma, and concurrently took senior management positions of several subsidiaries of Fosun Pharma. Mr. Wu was a non-executive Director of the Company from June 2016 to September 2017 and from March 2018 to December 2018. He has served as the secretary to the Board of the Company since January 2019 and has served as a vice president of the Company since November 2024. Mr. Wu is currently also the chairman of Sinopharm Accord and Sinopharm Holding Guoda Drugstore Co., Ltd.



Report of the Board of Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

Principal Business

Our Group is a top-rank distributor and retailer of pharmaceutical, medical devices and healthcare products, and a leading supply chain services provider in the PRC; it also operates the largest national pharmaceutical and medical device distribution network in the PRC. Taking advantage of its economies of scale and nationwide distribution network, the Group offers a wide range of value-added supply chain services for its customers and suppliers, and establishes new core competitiveness through scale effect, innovation-driven and service transformation, achieving continuous increase in its market share and profits in the context of complicated market and policy environment.

The Group has integrated operations in the following business segments, namely:

- **Pharmaceutical distribution segment:** Pharmaceutical distribution is the Group's principal business. The Group provides distribution, logistics and other value-added services for domestic and international pharmaceutical and healthcare products manufacturers and other suppliers. The Group differentiates itself from its competitors in China by its strengths of geographic coverage, the breadth of its product portfolio and the comprehensive supply chain services provided to its customers and suppliers, etc.
- **Medical device distribution segment:** The Group is engaged in the distribution of medical devices in China.
- **Retail pharmacy segment:** The Group has established a network of retail drug stores in major cities of China via direct operations and franchises.
- **Other business segment:** The Group is also engaged in the production and sale of pharmaceutical products, chemical reagents and laboratory supplies.

Please refer to the sections headed "Management Discussion and Analysis" and "Corporate Governance Report" for a fair review and the analysis using financial key indicators on the Group's business, major risks and uncertainties faced by the Group, subsequent events (if any), and the future development of the Group's business. Those sections also form a part of this Report of the Board of Directors.

Results

The operating results of the Group during the Reporting Period are set out in the consolidated statement of profit or loss on page 99 of this annual report.

Dividends

Relevant resolution was passed at a meeting of the Board held on 20 March 2026 to propose to distribute a final dividend of RMB0.69 per share (tax inclusive) for the year ended 31 December 2025 (the "**Final Dividend**"), totalling approximately RMB2,153,253,000. If the proposal of profit distribution is approved by Shareholders at the 2025 annual general meeting to be held on Thursday, 18 June 2026 (the "**AGM**"), the Final Dividend will be distributed to the Shareholders whose names appear on the register of members of the Company on Tuesday, 30 June 2026 no later than 18 August 2026.

According to the Articles of Association of the Company, the Final Dividends will be denominated and declared in Renminbi. Final Dividend on domestic shares of the Company and for investors investing in the H shares of the Company through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect (the “**Southbound Trading**”) (the “**Southbound Trading Shareholders**”) will be paid in Renminbi, and the Final Dividend for other holders of H shares of the Company will be paid in Hong Kong dollars. The amount of the Final Dividend payable in Hong Kong dollars shall be calculated based on the average exchange rate of Renminbi to Hong Kong dollars as announced by the People’s Bank of China for the calendar week prior to 18 June 2026 (being the date of declaration of the Final Dividend).

For the Southbound Trading Shareholders, the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, each of which as a nominee of the holders of H shares for Southbound Trading, will receive all the Final Dividend distributed by the Company and distribute the Final Dividend to the relevant Southbound Trading Shareholders through their depository and clearing systems.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementing regulations (hereinafter collectively referred to as the “**EIT Law**”), the tax rate of the enterprise income tax applicable to the income of non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise Shareholders as defined under the EIT Law. The Company will distribute the Final Dividend to non-resident enterprise Shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise as defined under the EIT Law which has been legally incorporated in the PRC or which has established effective administrative entities in the PRC pursuant to the laws of foreign countries (regions) and whose name appears on the register of the members of H shares of the Company should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a PRC lawyer (with the official chop of the issuing law firm affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (the “**Notice**”) issued by the State Administration of Tax on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprises which have issued shares in Hong Kong to the overseas resident individual Shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual Shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% personal income tax will be withheld by the Company from the Final Dividend payable to the individual H-share Shareholders whose names appear on the register of members of the Company on Tuesday, 30 June 2026, unless otherwise stated in the relevant taxation regulations, taxation agreements or the Notice. If individual H Share Shareholders consider that the tax rate adopted by the Company for the withholding and payment of individual income tax on their behalf is not the same as the tax rate stipulated in any tax treaties between the PRC and the countries (regions) in which they are domiciled, after receiving the dividends, they may proceed with the subsequent tax related treatment in person or through proxy with competent tax authorities of the Company in accordance with requirements under the tax treaties.

Pursuant to the “Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets” (Cai Shui [2014] No.81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the “Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets” (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission, for dividends derived by Mainland individual investors from investing in H-share listed on the Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20% for the investors. For Mainland securities investment funds investing in shares listed on Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. Dividends derived by Mainland enterprise investors from investing in shares listed on Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect shall be reported and paid by the enterprise investors themselves. H-share companies will not withhold or pay enterprise income tax on their behalf in the distribution of dividends.

The Company will have no liability in respect of any claims arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholding.

As of the date of this report, the Board is not aware of any Shareholders who have waived or agreed to waive any dividends.

Dividend Policy

The Company has established a dividend policy. Under the PRC Company Law and the Articles of Association, all of our Shareholders have equal rights to dividends and distribution. The declaration of dividends is subject to the discretion of the Board and the approval of the Shareholders, which the Company expects will take into account factors such as the following:

- (i) the Company’s financial results;
- (ii) the Shareholders’ interests;
- (iii) general business conditions and strategies;
- (iv) the Company’s capital requirements;
- (v) contractual restrictions on the payment of dividends by the Company to its shareholders or by the Company’s subsidiaries to the Company;
- (vi) taxation considerations;
- (vii) possible effects on the Company’s credit worthiness;
- (viii) statutory and regulatory restrictions; and
- (ix) any other factors the Board may deem relevant.

The allocations to the statutory common reserve fund are currently determined to be 10% of the Company's after-tax profit attributable to equity holders of the Company for the fiscal year determined in accordance with PRC accounting rules and regulations. When the accumulated allocations to the statutory common reserve fund reach 50% of the Company's registered capital, the Company will no longer be required to make allowances for allocation to the statutory common reserve fund.

Purchase, Sale and Redemption of Listed Securities

During the Reporting Period, none of the Company and its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sales of Treasury Shares within the meaning under the Listing Rules). As at 31 December 2025, the Company did not hold any Treasury Shares.

Principal Subsidiaries

Details of the names, principal places of business, places of incorporation and issued share capital of the Company's principal subsidiaries are set out in Note 47 to the Consolidated Financial Statements.

Reserves

Details of movements in reserves of the Group during the Reporting Period are set out in the Consolidated Statement of Changes in Equity on page 104 to page 105 of this annual report and Note 40 to the Consolidated Financial Statements.

Distributable Reserves

In accordance with the PRC Company Law, the Company may only distribute dividends out of its distributable profits of the year (i.e. the Company's profit after tax after offsetting:

- (i) the accumulated losses brought forward from the previous years; and
- (ii) the allocations to the statutory surplus reserve and, if any, the discretionary common reserve (in such order of priorities)).

According to the Articles of Association, for the purpose of determining distributable profit, the distributable profit of the Company shall be the lower of its profit after tax determined in accordance with: (i) the PRC accounting standards and regulations; and (ii) the HKFRSs.

In 2025, the distributable reserves of the Group, calculated based on the above principles, amounted to approximately RMB58,778 million, which is prepared in accordance with the HKFRSs.

Property, Plant, Equipment and Investment Properties

Details of changes in investment properties and property, plant and equipment of the Group during the Reporting Period are set out in Notes 17 and 18 to the Consolidated Financial Statements.

Borrowings

Details of borrowings of the Group are set out in Note 33 to the Consolidated Financial Statements.

Debenture

During the Reporting Period, the Group has successfully issued super short-term financing bonds of RMB3.8 billion, for the purpose of broadening the financing channels, reducing financing costs, so as to repay bank borrowings and replenish the working capital.

Details of issuance and redemption of bonds of the Group during the Reporting Period are set out in Note 33 to the Consolidated Financial Statements.

Major Customers and Suppliers

During the Reporting Period, purchases of goods and services from its 5 largest suppliers were less than 30% of the Group's total purchases, and the goods and services sold to its 5 largest customers were less than 30% of the Group's total sales.

Permitted Indemnity Provisions

The Company has maintained directors' liability insurance to protect the Directors of the Company against any potential losses arising from his/her actual or alleged misconduct. Such insurance was in force during the Reporting Period and remained effective as of the date of this report.

Connected Transactions

Pursuant to the requirements of the Listing Rules, the transactions between the Company and its connected persons (as defined under the Listing Rules) constitute connected transactions of the Company. The Company regulates and manages such transactions in compliance with the Listing Rules. The followings are the non-exempt connected transactions conducted by the Group during the Reporting Period.

Non-Exempt Continuing Connected Transactions

For the year of 2025, the Group entered into several non-exempt continuing connected transactions. The annual caps for and the actual transaction amounts of the non-exempt continuing connected transactions by the Group are set out below:

Transactions between the Group and the CNPGC Group under the Procurement Framework Agreement and Sales Framework Agreement	Annual cap for the year 2025 (RMB million)	Actual transaction amounts for the year ended 31 December 2025 (RMB million)
Transactions between the Group and the CNPGC Group under the Procurement Framework Agreement	14,900	6,464
Transactions between the Group and the CNPGC Group under the Sales Framework Agreement	4,000	1,736

Transactions between the Group and the Finance Company under the Financial Services Framework Agreement	Maximum daily balance cap for the year ended 31 December 2025 (RMB million)	Actual maximum daily balance for the year ended 31 December 2025 (RMB million)
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Maximum daily balance of the deposits placed with the Finance Company by the Group (including accrued interest)	2,630	2,621
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Transactions between the Group and the Finance Company under the Financial Services Framework Agreement	Annual cap for the year 2025 (RMB million)	Actual transaction amounts for the year ended 31 December 2025 (RMB million)
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Interests/service fees incurred by the Group for the provision of other financial services by the Finance Company	500	47
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Transaction between the Group and the CNPGC Group under the EPC General Contracting Services Framework Agreement	Annual cap for the year 2025 (RMB million)	Actual transaction amounts for the year ended 31 December 2025 (RMB million)
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Amount payable by the Group to the CNPGC Group under the EPC General Contracting Services Framework Agreement	2,100	307
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Transaction between the Group and the Factoring Company under the Factoring Services Framework Agreement	Annual cap for the year 2025 (RMB million)	Actual transaction amounts for the year ended 31 December 2025 (RMB million)
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Interests/service fees payable by the Group to the Factoring Company under the Factoring Services Framework Agreement	280	43
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Transactions between the Group and the Natong Group under the Procurement Framework Agreement	Annual cap for the year 2025 (RMB million)	Actual transaction amounts for the year ended 31 December 2025 (RMB million)
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Amount paid by the Group to the Natong Group under the Procurement Framework Agreement	1,620	-4
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The amount of procurement transactions between the Group and the Natong Group for 2025 was negative, which was mainly due to the fact that the amount of returned goods arising from the liquidation of a subsidiary of CNMDC exceeded the procurement amount.

The continuing connected transactions between the Group and the CNPGC Group under the Procurement Framework Agreement

In order to regulate the continuing connected transactions in respect of the procurement of pharmaceutical products between the Group and CNPGC Group, the Company and the CNPGC renewed the Procurement Framework Agreement of pharmaceutical products, personal care supplies, medical devices and health products (the “**Procurement Framework Agreement**”) on 9 November 2023, and set up the annual caps for the continuing connected transactions contemplated under the Procurement Framework Agreement for the three years ending 31 December 2026 to be RMB12,500 million, RMB14,900 million and RMB17,700 million, respectively.

Pursuant to the Listing Rules, the above-mentioned Procurement Framework Agreement and the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2026 have been approved by the independent Shareholders of the Company.

Pursuant to the Procurement Framework Agreement, the Group has agreed to purchase pharmaceutical products, personal care supplies, medical devices and health products from the CNPGC Group, and the CNPGC Group has agreed to sell such products to the Group.

Under the Procurement Framework Agreement, the price shall be determined in accordance with the following pricing principles: (i) the final price of the relevant product is sold to hospitals, pharmacies and other institutions (for products procured through national centralised procurement or public bidding process by local governments, the final price refers to the winning tender price published on the public official websites of the local governments, such as: the website of Shanghai Sunshine Medical Procurement ALL-IN-ONE (上海陽光醫藥採購網), the website of Beijing Municipal Medical Insurance Bureau Medicine Sunshine Purchasing (北京市醫療保障局陽光採購網站), the website of Tianjin Medicine Purchasing Center (天津市醫藥採購中心網站), the website of Chongqing Drug Delivery (重慶藥交網); for products that are not procured through public bidding process, the final price refers to the price that the manufacturer files with the government, such as price of medical insurance drugs or the hospital's procurement price from the distributor which is determined according to the agreement between the manufacturer and the hospital, or the manufacturer's proposed terminal sales price for relevant products in the corresponding channel (such as hospitals and pharmacies)), (ii) the distribution costs of the Group; and (iii) the profit level of the Group on relevant products, which will be determined by the parties through arm's length negotiation. The price of products such as personal care supplies and health products to be purchased by the Group from the CNPGC Group under the Procurement Framework Agreement will be determined by the parties through arm's length negotiation, having mainly taken into account the proposed terminal sales price provided by the CNPGC Group for the relevant products in the corresponding channel (such as hospitals and pharmacies), the distribution costs of the Group, and the profit level of the Group on relevant products. After taking into consideration all the above-mentioned factors and going through all the necessary internal review and approval procedures, if the Group considers that the procurement price offered by the CNPGC Group is not in the best interest of the Company and its Shareholders, or is not fair and reasonable, it is entitled not to purchase such products from the CNPGC Group.

The Procurement Framework Agreement is for a term of three years with effect from 1 January 2024 and ending on 31 December 2026. Upon expiry, the Procurement Framework Agreement will, subject to compliance with the relevant laws and regulations and the relevant requirements under the Listing Rules and agreement of the parties, be renewed or extended. For details of the transactions, please refer to the announcement of the Company dated 9 November 2023.

CNPGC is the ultimate controlling Shareholder of the Company and a connected person of the Company under the Listing Rules. Therefore, the transactions under the Procurement Framework Agreement between the Company and the CNPGC constitute continuing connected transactions of the Company.

The continuing connected transactions between the Group and the CNPGC Group under the Sales Framework Agreement

In order to regulate the continuing connected transactions in respect of the sales of pharmaceutical products between the Group and the CNPGC Group, the Company and the CNPGC renewed the Sales Framework Agreement in respect of pharmaceutical products, personal care supplies, medical devices, chemical reagents, laboratory supplies and health products (the **“Sales Framework Agreement”**) on 9 November 2023, and set up the annual caps for the continuing connected transactions contemplated under the Sales Framework Agreement for the three years ending 31 December 2026 to be RMB3,200 million, RMB4,000 million and RMB4,900 million, respectively.

Pursuant to the Listing Rules, the above-mentioned Sales Framework Agreement and the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2026 have been approved by the independent Shareholders of the Company.

Pursuant to the Sales Framework Agreement, the Group has agreed to sell products such as pharmaceutical products, personal care supplies, medical devices, chemical reagents, laboratory supplies and health products to the CNPGC Group; and the CNPGC Group has agreed to purchase such products from the Group.

Under the Sales Framework Agreement, the sales price shall be determined in accordance with the following pricing principles: (i) the procurement costs (including products costs, cost of capital, logistic cost and others) for the relevant products purchased by the Group; and (ii) the profit level of the Group on relevant products, which will be determined on an arm's length basis between the parties and after going through all necessary internal review and approval procedures.

The Sales Framework Agreement is for a term of three years with effect from 1 January 2024 and ending on 31 December 2026. Upon expiry, the Sales Framework Agreement will, subject to compliance with the relevant laws and regulations and the relevant requirements under the Listing Rules and agreement of the parties, be renewed or extended. For details of the transactions, please refer to the announcements of the Company dated 9 November 2023.

CNPGC is the ultimate controlling Shareholder of the Company and a connected person of the Company under the Listing Rules. Therefore, the transactions under the Sales Framework Agreement between the Company and the CNPGC constitute continuing connected transactions of the Company.

The continuing connected transactions between the Group and the Finance Company under the Financial Services Framework Agreement

In order to regulate the continuing connected transactions in respect of the utilization of financial services between the Group and the Finance Company, the Company and the Finance Company renewed the Financial Services Framework Agreement (the “**Financial Services Framework Agreement**”) on 27 December 2023, and set up the maximum daily balance (including accrued interests) of the deposits under the Financial Services Framework Agreement for each of the three years ending 31 December 2026 to be RMB2,630 million, and the annual caps for the transaction amount payable for the other financial services for each of the three years ending 31 December 2026 to be RMB500 million.

Pursuant to the Listing Rules, the Financial Services Framework Agreement and the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2026 have been approved by the Board of the Company.

Pursuant to the Financial Services Framework Agreement, the Group will, from time to time, utilize the following financial services available from the Finance Company as deemed necessary. Such services include: deposit services; loan and entrustment loan services; bill discounting, bill acceptance, non-financing letter of guarantee and settlement services; and other business, including but not limited to the business which can only be carried on with the approval of the National Financial Regulatory Administration.

Fees and charges payable by the Group to the Finance Company under the Financial Services Framework Agreement are determined on the following basis:

- (1) Deposit Services: In determining the interest rates for the deposits to be placed by the Group with the Finance Company, the Group shall obtain the quotation on interest rates from the Finance Company, and make reference to the interest rates of the same type of deposits quoted by not less than three major commercial banks in the PRC (the “**Reference Deposit Rates**”). The interest rate applicable to the Group for its deposits with the Finance Company shall, subject to compliance with requirements on interest rates prescribed by the PBOC for such type of deposits, be the higher of: (i) the maximum Reference Deposit Rates; and (ii) the interest rates offered by the Finance Company.
- (2) Loan services: The terms of loans provided to the Group by the Finance Company shall be no less favorable than the terms of the same type of loans offered to the Group by independent third party commercial banks which have existing cooperative relationships with the Group. In determining the applicable interest rates for loans to be granted to the Group by the Finance Company, the Group shall obtain the quotation on interest rates from the Finance Company, and make reference to the interest rates of the same type of loans quoted by not less than three major commercial banks in the PRC (the “**Reference Loan Rates**”). The interest rate applicable to the Group for its loans to be granted by the Finance Company shall be the lower of: (i) the lowest Reference Loan Rate; and (ii) the interest rate offered by the Finance Company. Subject to compliance with relevant laws, regulations and regulatory requirements, the Finance Company will provide the loan services on normal commercial terms or better and such loans will not be secured by the assets of the Group.

- (3) Other financial services and financial services to be carried out: The fees charged for other financial services to be provided by the Finance Company to the Group shall comply with the standard rates as promulgated by the PBOC or the National Financial Regulatory Administration, if applicable. The terms of other financial services provided to the Group by the Finance Company shall be no less favorable than the terms of the same type of other financial services provided by independent third party commercial banks which have existing cooperative relationships with the Group. In determining the applicable fees for other financial services to be charged by the Finance Company from Group, the Group shall obtain the fee quotation from the Finance Company, and make reference to the fees for the same type of financial services quoted by not less than three major commercial banks in the PRC (the **“Reference Service Fees”**). The applicable fees for other finance services to be offered by the Finance Company to the Group shall be the lower of: (i) the lowest Reference Service Fee; and (ii) the fees charged by the Finance Company. The settlement services provided by the Finance Company to the Group will be free of charge.

The Financial Services Framework Agreement is effective for a term of three years from 1 January 2024 to 31 December 2026. For details of the transactions, please refer to the announcement of the Company dated 27 December 2023.

The Finance Company is a subsidiary of the ultimate controlling Shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Financial Services Framework Agreement between the Company and the Finance Company constitute continuing connected transactions of the Company.

The continuing connected transactions between the Group and the CNPGC Group under the EPC General Contracting Services Framework Agreement

In order to regulate the continuing connected transactions in respect of the EPC general contracting services between the Group and the CNPGC Group, the Company and the CNPGC renewed the EPC General Contracting Services Framework Agreement (the **“EPC General Contracting Services Framework Agreement”**) on 9 November 2023, and set up the annual caps for the continuing connected transactions contemplated under the EPC General Contracting Services Framework Agreement for each of the three years ending 31 December 2026 to be RMB1,600 million, RMB2,100 million and RMB2,500 million, respectively.

Pursuant to the Listing Rules, the EPC General Contracting Services Framework Agreement and the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2026 have been approved by the Board of the Company.

Pursuant to the EPC General Contracting Services Framework Agreement, the CNPGC Group will provide EPC (Engineering, Procurement, and Construction) general contracting services to the Group according to the EPC general contracting agreements obtained by CNPGC Group through bidding process.

Under the EPC General Contracting Services Framework Agreement, the CNPGC Group shall bid by stringently following the steps and/or measurements as stipulated by The Invitation and Submission of Bids Law of the PRC and the specific requirements in bidding invitation documents made by the Group. The bid invitation documents made by the Group include all substantial requirements and all key terms for the conclusion of contracts, including: the project's technical requirements, the criteria for examination of the contractors, the requirements for the bid price and the standard of evaluation of the bid and etc. The Group's tender committee is responsible for (i) ensuring the process is in accordance with the Invitation and Submission of Bids Law of the PRC (《中華人民共和國招標投標法》); (ii) reviewing, evaluating and monitoring documents from outsourcing service providers based on the technical, commercial and pricing criteria and payment terms of relevant service fees, which will ensure the terms obtained by the Group from the CNPGC Group is no less favorable than the quality and condition offered by independent third parties to the Group or those are available to independent third parties from the CNPGC Group for the same or similar services; and (iii) grading the service providers and writing recommendation advice. The Group's tender committee is responsible for determining whether to accept the EPC general contracting services for particular EPC projects offered by the CNPGC Group after all necessary internal review and approval procedures are carried out. After considering above factors and going through all necessary internal review and approval procedures, the Group will determine whether to accept the EPC general contracting services for particular EPC projects offered by the CNPGC Group.

The EPC General Contracting Services Framework Agreement is for a term of three years with effect from 1 January 2024 and ending on 31 December 2026. For details of the transactions, please refer to the announcement of the Company dated 9 November 2023.

CNPGC is the ultimate controlling Shareholder of the Company and a connected person of the Company under the Listing Rules. The transactions under the EPC General Contracting Services Framework Agreement between the Company and the CNPGC constitute continuing connected transactions of the Company.

The continuing connected transactions between the Group and the Factoring Company under the Factoring Services Framework Agreement

In order to regulate the continuing connected transactions in respect of the factoring services between the Group and Factoring Company, the Company and the Factoring Company entered into the Factoring Services Framework Agreement (the "**Factoring Services Framework Agreement**") on 9 November 2023, and set up the annual caps of interests/fees payable by the Group for commercial factoring services for each of the three years ending 31 December 2026 under the Factoring Services Framework Agreement to be RMB250 million, RMB280 million and RMB320 million, respectively.

Pursuant to the Listing Rules, the Factoring Services Framework Agreement and the annual caps for the continuing connected transactions contemplated thereunder for three years ending 31 December 2026 have been approved by the Board of the Company.

Pursuant to the Factoring Services Framework Agreement, the Factoring Company will provide recourse and non-recourse factoring and other commercial factoring services (including sales sub-account management services, accounts receivable collection services and other permitted business of the Factoring Company) to the Group.

Pursuant to the Factoring Services Framework Agreement, the comprehensive pricing (including interest and fees) of the commercial factoring services charged by the Factoring Company shall be fair and reasonable and shall not be higher than the comprehensive pricing (including interest and fees) of the same commercial factoring services provided by independent third parties to the Group or provided by Factoring Company to independent third parties during the same period.

The Factoring Services Framework Agreement shall be effective from 1 January 2024 to 31 December 2026. For details of the transactions, please refer to the announcement of the Company dated 9 November 2023.

The Factoring Company is a subsidiary of the Company's ultimate controlling Shareholder, and therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Factoring Services Framework Agreement constitute continuing connected transactions of the Company.

The continuing connected transactions between the Group and the Natong Group under the Natong Procurement Framework Agreement

In order to effectively regulate the continuing connected transactions in respect of the procurement of medical devices between the Group and Natong Group Company, its subsidiaries and 30%-controlled companies (collectively the "**Natong Group**"), the Company and the Natong Group Company entered into the Procurement Framework Agreement (the "**Natong Procurement Framework Agreement**") for medical devices including orthopedic consumables, surgical instruments and other related or auxiliary products as well as masks and other pandemic prevention materials on 28 July 2020 and renewed it on 26 October 2022, and set up the annual caps for the continuing connected transactions contemplated under the Natong Procurement Framework Agreement for the three years ended 31 December 2025 to be RMB1,210 million, RMB1,440 million and RMB1,620 million, respectively.

Pursuant to the Listing Rules, the Natong Procurement Framework Agreement and the annual caps for the continuing connected transactions contemplated thereunder for the three years ended 31 December 2025 have been approved by the Board of the Company.

Pursuant to the Natong Procurement Framework Agreement, the Group has agreed to procure medical devices including orthopedic consumables, surgical instruments and other related or auxiliary products as well as masks and other pandemic prevention materials from the Natong Group, and the Natong Group has agreed to sell such products to the Group.

The Group will procure relevant products from the Natong Group on a voluntary and non-compulsory basis and is entitled to procure aforementioned products from any other third parties.

Under the Natong Procurement Framework Agreement, the price shall be determined in accordance with the following pricing principles: (i) The price of medical devices including orthopedic consumables, surgical instruments and other related or auxiliary products as well as masks and other pandemic prevention materials procured by the Group from the Natong Group under the Natong Procurement Framework Agreement will be offered by members of the Natong Group based on the bid-winning price won by members of the Natong Group in the public bidding procedures of the tender offices of Chinese government or hospitals, or the procurement price from medical institutions, deducting the gross profit of distributors at each level; (ii) The Natong Group will on a semi-annual basis, provide the Company and its subsidiaries with the price strategy of the specific varieties of related products of the same business type and provide the Company and/or its subsidiaries with the procurement price list of the specific varieties of related products prior to entering into each individual implementation agreement. In the event of major changes in product prices due to changes in industry policies, it will further provide the latest price strategy of related products in a timely manner; (iii) The Company and/or its subsidiaries, after considering a variety of factors relating to the specific product comprehensively, including but not limited to the price, quality, terms of payment, delivery method, after-sales service, gross profit and average price in the industry (which is obtained from public channels – the bidding prices of the specific products, which are won by relevant members of the Natong Group and other independent third parties through their participation in the public bidding process of such products conducted by the tender offices of Chinese governments or hospitals) and going through all necessary internal review and approval procedures of the president and various departments of the Company and/or its subsidiaries, including but not limited to business department, and departments responsible for finance, legal and compliance, operation and quality, will determine whether to accept the procurement price of specific product as offered by members of the Natong Group. If the Company and/or its subsidiaries, after taking into consideration all the above-mentioned factors, consider that the procurement price offered by members of the Natong Group is not in the best interest of the Company and its shareholders, or is not fair and reasonable, they will make the decision not to procure such products from the Natong Group.

The Natong Group Company is the holding company of Beijing Natong Shichuang Investment Management Co., Ltd. (北京納通實創投資管理有限公司), a substantial shareholder of CSIMC (a significant subsidiary of the Company) and a connected person of the Company under the Listing Rules. Therefore, the transactions under the Natong Procurement Framework Agreement between the Company and the Natong Group Company constitute continuing connected transactions of the Company.

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above for the year ended 31 December 2025 has followed the pricing principles of such continuing connected transactions.

The independent non-executive Directors had reviewed the above continuing connected transactions and confirmed that these transactions had been entered into:

- i. in the ordinary and usual course of business of the Group;
- ii. either on normal commercial terms or on terms no less favourable to the Company; and
- iii. in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Report of the Board of Directors

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditors of the Company to perform certain agreed-upon procedures in respect of the continuing connected transactions and the auditors have reported the factual findings on these procedures to the Board.

The auditors of the Company had informed the Board and confirmed that with respect to the above-mentioned continuing connected transactions, they did not:

- i. notice anything that would cause them to believe that the above-mentioned continuing connected transactions have not been approved by the Board of the Company;
- ii. for the transaction involving the provision of goods or services by the Group, notice anything that would cause them to believe that the transactions were not conducted in accordance with the Group's pricing policy in all material aspects;
- iii. notice anything that would cause them to believe that the above-mentioned continuing connected transactions were not entered into in accordance with the relevant agreements governing such transactions in all material aspects; and
- iv. notice anything that would cause them to believe that the above-mentioned continuing connected transactions exceeded the annual cap set by the Company.

Save as disclosed above, for the year ended 31 December 2025, there is no other related party transaction or continuing related party transaction set out in Note 46 to the Consolidated Financial Statements which constitutes discloseable connected transaction or continuing connected transaction under the Listing Rules. In respect of the connected transactions and the continuing connected transactions, the Company has complied with all requirements (including disclosure requirements) of the Listing Rules (as amended from time to time).

Directors' and Supervisors' Service Contracts

Each of the Directors and Supervisors has entered into a service contract with the Company. None of the Directors and Supervisors has entered into any service contract with the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Details of Directors, Supervisors and Senior Management

Biographies of the Directors, Supervisors and senior management are set out in the section headed "Biographies of the Directors, Supervisors and Senior Management" of this annual report.

The list of Directors during the Reporting Period and as at the Latest Practicable Date is set out below:

Name	Position	Date of appointment/ re-election	Date of expiry/resignation
Executive Directors			
Mr. Lian Wanyong	Executive Director, President	Appointed on 13 September 2024	Expires on 14 September 2026
Mr. Yang Binghua	Executive Director, Deputy Secretary of the Party Committee	Appointed on 19 December 2025	Expires on 14 September 2026
Mr. Sun Jinglin (retired)	Executive Director, Deputy Secretary of the Party Committee	Appointed on 12 February 2025	Retired on 6 November 2025
Non-executive Directors			
Mr. Jin Bin	Non-executive Director, Chairman	Appointed on 19 December 2025	Expires on 14 September 2026
Mr. Chen Qiyu	Non-executive Director, Vice Chairman	Re-elected on 15 September 2023	Expires on 14 September 2026
Mr. Zu Jing	Non-executive Director	Appointed on 12 February 2025	Expires on 14 September 2026
Mr. Xing Yonggang	Non-executive Director	Appointed on 12 February 2025	Expires on 14 September 2026
Mr. Ma Yue	Non-executive Director	Appointed on 19 December 2025	Expires on 14 September 2026
Mr. Chen Yuqing	Non-executive Director	Appointed on 12 June 2025	Expires on 14 September 2026
Mr. Wen Deyong	Non-executive Director	Re-elected on 15 September 2023	Expires on 14 September 2026
Ms. Li Ying	Non-executive Director	Appointed on 19 December 2025	Expires on 14 September 2026
Mr. Zhao Bingxiang (retired)	Non-executive Director, Chairman	Appointed on 13 September 2024	Retired on 19 December 2025
Mr. Hu Ligang (retired)	Non-executive Director	Appointed on 12 February 2025	Retired on 9 June 2025
Mr. Wang Kan (retired)	Non-executive Director	Re-elected on 15 September 2023	Retired on 8 January 2025
Mr. Wang Peng (retired)	Non-executive Director	Appointed on 15 September 2023	Retired on 8 January 2025
Mr. Li Dongjiu (retired)	Non-executive Director	Re-elected on 15 September 2023	Retired on 16 May 2025
Ms. Feng Rongli (retired)	Non-executive Director	Re-elected on 15 September 2023	Retired on 19 December 2025
Independent non-executive Directors			
Mr. Li Peiyu	Independent non-executive Director	Re-elected on 15 September 2023	Expires on 14 September 2026
Mr. Wu Tak Lung	Independent non-executive Director	Re-elected on 15 September 2023	Expires on 14 September 2026
Mr. Yu Weifeng	Independent non-executive Director	Re-elected on 15 September 2023	Expires on 14 September 2026
Mr. Shi Shenghao	Independent non-executive Director	Re-elected on 15 September 2023	Expires on 14 September 2026
Mr. Chen Weiru	Independent non-executive Director	Appointed on 12 June 2025	Expires on 14 September 2026
Mr. Chen Fangruo (retired)	Independent non-executive Director	Re-elected on 15 September 2023	Retired on 12 June 2025

Remunerations of Directors, Supervisors, Senior Management and Five Highest Paid Individuals

The Remuneration Committee determines and makes recommendation to the Board (as appropriate) on the remuneration and other benefits payable to the Directors. The committee regularly reviews the remuneration of all Directors to ensure that their remuneration and compensation are at appropriate level. The Group maintains competitive remuneration packages with reference to the industry standard and according to the business development of the Group, and determines remuneration of the Directors based on their qualifications, experience and contributions, to attract and retain its Directors as well as to control costs.

Details of the remuneration of the Directors and Supervisors in 2025 are set out in Note 49 to the Consolidated Financial Statements.

Details of the five highest paid individuals of the Group in 2025 are set out in Note 11 to the Consolidated Financial Statements. Except for the Directors and Supervisors of the Company, details of the remuneration of the senior management of the Company by band for the year ended 31 December 2025 are set out as follows:

Range	Number of individuals
Below RMB1,000,000 (Note)	2
RMB1,000,000 to RMB2,000,000	4

Note: For the personnel whose remuneration was below RMB1,000,000, his/her tenure was less than 12 months, and the remuneration paid was not the annual remuneration.

Interests of Directors and Supervisors in Transaction, Arrangement or Contract

Save as the non-exempt connected transactions disclosed in this annual report, for the year ended 31 December 2025, there was no transaction, arrangement and contract of significance to which the Company, its holding company, its subsidiaries or a subsidiary of its holding company was a party and in which a Director, Supervisor or their connected entity has or had at any time during that period, in any way, whether directly or indirectly, a material interest.

Interests of Directors in Competing Business

As at 31 December 2025, none of the Directors of the Company has any interests in the competing business which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 31 December 2025, none of the Directors, Supervisors and the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 requirements of the Model Code.

Rights to Purchase Shares or Debentures of Directors, Supervisors and Chief Executive

No arrangements to which the Company, any of its subsidiaries, its holding company or any subsidiary of its holding company is or was a party enabling the Directors, Supervisors and the chief executive of the Company to acquire benefits by means of acquisitions of shares or debentures of the Company or any other body corporate subsisted during the Reporting Period.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2025, to the best knowledge of the Directors, the interests or short positions of the following persons (other than the Directors, Supervisors or the chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name	Class of shares	Nature of interest	Number of shares held	Approximate percentage to the total number of shares of the Company (%)	Approximate percentage to the relevant class of shares (%)	Long position/ short position
CNPGC	Domestic shares	Beneficial owner	207,289,498 (Note 2)	6.64	11.65	Long position
	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 2)	50.36	88.35	Long position
Sinopharm Investment	Domestic shares	Beneficial owner	1,571,555,953 (Notes 1 and 2)	50.36	88.35	Long position
Fosun Pharma	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 3)	50.36	88.35	Long position
Fosun High Technology	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 4)	50.36	88.35	Long position
Fosun International	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 5)	50.36	88.35	Long position
Fosun Holdings	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 6)	50.36	88.35	Long position
Fosun International Holdings	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 7)	50.36	88.35	Long position
Mr. Guo Guangchang	Domestic shares	Interest of controlled corporation	1,571,555,953 (Notes 1 and 8)	50.36	88.35	Long position
FMR LLC	H shares	Interest of controlled corporation	146,893,747 (Note 9)	4.71	10.95	Long position
Lazard Asset Management LLC	H shares	Investment manager	134,318,616 (Note 10)	4.30	10.01	Long position
BlackRodk, Inc.	H shares	Interest of controlled corporation	81,666,397 3,130,000 (Note 11)	2.62% 0.10%	6.09% 0.23%	Long position Short position

Report of the Board of Directors

Name	Class of shares	Nature of interest	Number of shares held	Approximate percentage to the total number of shares of the Company (%)	Approximate percentage to the relevant class of shares (%)	Long position/ short position
CITIC Securities Company Limited	H shares	Interest of controlled corporation	148,501,220	0.00	11.07	Long position
			714,000 (Note 12)	0.00	0.05	Short position
CITIC Securities – Yunfan Single Asset Management Plan (雲帆單一資產管理計劃)	H shares	Others	147,798,400 (Note 13)	4.74	11.01	Long position
CITIC Securities Asset Management Co., Ltd.	H shares	Investment manager	147,798,400 (Note 13)	4.74	11.01	Long position

Notes: The information was disclosed based on the data available on the website of the Hong Kong Stock Exchange (di.hkex.com.hk).

- (1) Such 1,571,555,953 domestic shares belong to the same batch of shares.
- (2) CNPGC is interested in 207,289,498 domestic shares directly and 1,571,555,953 domestic shares indirectly through Sinopharm Investment. As CNPGC owns 51% equity interest in Sinopharm Investment, it is deemed to be interested in the domestic shares held by Sinopharm Investment for the purposes of the SFO.
- (3) Fosun Pharma is the beneficial owner of 49% equity interest in Sinopharm Investment and, therefore, Fosun Pharma is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (4) Fosun High Technology is the beneficial owner of 36% equity interest in Fosun Pharma and, therefore, Fosun High Technology is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (5) Fosun International is the beneficial owner of 100% equity interest in Fosun High Technology and the beneficial owner of 0.22% equity interest in Fosun Pharma and, therefore, Fosun International is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (6) Fosun Holdings is the beneficial owner of 72.5% equity interest in Fosun International and, therefore, Fosun Holdings is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (7) Fosun International Holdings is the beneficial owner of 100% equity interest in Fosun Holdings and, therefore, Fosun International Holdings is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.
- (8) Mr. Guo Guangchang is the beneficial owner of 85.29% equity interest in Fosun International Holdings, 0.01% equity interest in Fosun International and 0.004% equity interest in Fosun Pharma and, therefore, Mr. Guo Guangchang is deemed to be interested in the domestic shares owned by Sinopharm Investment for the purposes of the SFO.

- (9) FMR LLC is interested in an aggregate of long positions of 146,893,747 H shares of the Company.
- (10) Lazard Asset Management LLC is interested in an aggregate of long positions of 134,318,616 H shares of the Company.
- (11) BlackRock, Inc. is interested in an aggregate of 81,666,397 H shares of the Company in long position and 3,130,000 H Shares in short position.
- (12) CITIC Securities Company Limited is interested in an aggregate of 148,501,220 H shares of the Company in long position and 714,000 H Shares in short position.
- (13) CITIC Securities – Yunfan Single Asset Management Plan (雲帆單一資產管理計劃) is interested in 147,798,400 H shares of the Company in long position. All the asset management plans managed by CITIC Securities Asset Management Co., Ltd. on its behalf is interested in 147,798,400 H shares of the Company in long position.
- (14) The above-mentioned “approximate percentage to the total number of shares of the Company” is calculated based on the number of 3,120,656,191 total issued shares of the Company as at 31 December 2025. For H shares, the term of “approximate percentage to the relevant class of shares” is calculated based on the total number of 1,341,810,740 issued H shares of the Company as at 31 December 2025. For domestic shares, the term of “approximate percentage to the relevant class of shares” is calculated based on the total number of 1,778,845,451 issued domestic shares of the Company as at 31 December 2025.

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2025, no person (other than the Directors, Supervisors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the PRC which oblige the Company to offer pre-emptive rights of new shares to existing shareholders on their shareholding proportion.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, there was sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules during the year of 2025 and as at the latest practicable date prior to the issue of this annual report.

Management Contract

There was no contract concerning the management or administration of the whole or any substantial part of the business of the Company which was entered into or existed during the Reporting Period.

Pension Scheme

During the Reporting Period, details of the pension scheme of the Group are set out in Note 11 to the Consolidated Financial Statements.

Donation

During the Reporting Period, details of the donation of the Group are set out in Note 9 to the Consolidated Financial Statements.

Environmental Policy and Performance

The Company strictly complied with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other laws and regulations. Focusing on the core requirement of efficiency enhancement through synergy of anti-pollution and carbon reduction, the Company systematically promoted the establishment of the environmental management system, and continued to improve energy-saving and environmental protection management policies. In addition, the Company has established an energy conservation and environmental protection leading group, headed by the president of the Company with the vice president as the deputy head and the senior management as the members. The Company clarified that the person in charge of each subsidiary shall be the principal responsible person for environmental protection, enhanced layered responsibility for environmental protection, comprehensively raised the awareness of environmental protection of the leaders at all levels, and made every effort to advance the integrated, systematical and standard progress of the low-carbon development of Sinopharm, facilitating the green transformation of the industry. For further details on the Company's environmental policies, targets and performance, please refer to the 2025 Sustainability Report.

In order to fully implement the main responsibility of energy conservation and environmental protection, Sinopharm closely adhered to the group environmental protection goal, implemented detailed measures based on the actual situation of its own business development and the business features of each subsidiary, scientifically decomposed the top-level objective of the Group into specific implementation indicators for each subsidiary, and simultaneously advanced the construction of the energy conservation and environmental protection responsibility system and the preparation of responsibility statement. Through clarifying the responsibility boundaries of each subsidiary and quantification of assessment standards, the system was designed with equal rights and responsibilities to provide a solid guarantee for achieving the overall goal. To further strengthen the rigid enforcement of the system, the Company has formulated the Supervision and Assessment Management Measures for Environmental Protection and Energy Conservation & Emission Reduction to include the performance of energy conservation and emission reduction in the core indicators for the annual appraisal of the person in charge of the subordinated company, realizing the closed-loop management of the target-oriented responsibility system through regular examination and assessment. Relying on the full-chain energy conservation and environmental protection management and control measures, the comprehensive energy consumption and carbon dioxide emission of Sinopharm achieved a steady decrease year by year. Meanwhile, the Company conducted regular detection and rectification for potential environmental hazards in daily environmental management, established and improved energy conservation and emissions reduction monitoring system, and continuously strengthened the pollution prevention and control and the management of resource intensive utilisation. The Company has been actively responding to the national "dual carbon" strategic goal, thoroughly implemented greenhouse gas emission reduction measures, and vigorously promoted clean production, resource recycling and energy conservation and consumption reduction technology, reducing greenhouse gas generation at source. In addition, the Company continued to explore the development and construction of solar photovoltaic and other clean energy projects to steadily reduce the reliance on fossil fuel and effectively reduce the total greenhouse gas emissions. In terms of the environmental information disclosure, the Company has released sustainability reports for several consecutive years, disclosing environmental management measures and performance data in a comprehensive and detailed manner. The 2025 Sustainability Report will be officially released in April 2026.

Overdue Deposit

As at 31 December 2025, the Group did not have any time deposit which could not be withdrawn upon maturity.

Tax Relief and Exemption

Save as disclosed in this annual report, the Company is not aware that any holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

Confirmation of Independence by Independent Non-executive Directors

The Company had received annual confirmation of independence from each of the independent non-executive Directors. Based on the confirmation, the Company considers that all independent non-executive Directors are independent under the Listing Rules.

Auditor

The financial statements set out in this annual report have been audited by Confucius International CPA Limited. The term of service of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP as the international auditor and the domestic auditor of the Company for the year has expired on the date of the annual general meeting of the Company for 2023. Upon consideration and approval at the EGM of the Company convened on 13 September 2024, Confucius International CPA Limited and Pan-China Certified Public Accountants LLP have been appointed as the international auditor and domestic auditor of the Company, respectively, of which the term of service commenced from the date on which the relevant resolution was approved by the shareholders at the EGM.

By Order of the Board
Sinopharm Group Co. Ltd.
Jin Bin
Chairman

Shanghai, the PRC
20 March 2026

Report of the Supervisory Committee

During the Reporting Period, all members of the supervisory committee of the Company (the “**Supervisory Committee**”) have complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the PRC Company Law, the Articles of Association and Rules of Procedures for the Supervisory Committee of the Company to protect the interests of the shareholders and the Company.

Works of the Supervisory Committee during the Reporting Period

For the year 2025, the Supervisory Committee held two meetings and the details are as follows:

On 21 March 2025, the fourth meeting of the sixth session of the Supervisory Committee was convened to consider and approve the “Report of the Supervisory Committee of 2024”, “2024 Annual Results Report” and “Resolution on Determination of 2025 Remuneration of Supervisors of the Sixth Session of the Supervisory Committee under the authorization of the General Meeting”.

On 22 August 2025, the fifth meeting of the sixth session of the Supervisory Committee was convened to consider and approve the “Resolution on 2025 Interim Results Report of the Company”.

Comments of the Supervisory Committee on Certain Matters of the Company in 2025

During the Reporting Period, the members of the Supervisory Committee adhered to the principles of fidelity and accountability to all Shareholders and duly performed their duties and works according to the relevant laws and regulations. The Supervisory Committee worked actively, supervised the regulatory compliance and operation, financial condition, use of proceeds and internal control, etc. of the Company through convening meetings, attending shareholders’ general meetings and board meetings as non-voting delegates and onsite inspections. The Supervisory Committee has arrived at the following opinions:

1. Regulatory compliance of the operation of the Company. During the Reporting Period, the Board earnestly exercised the rights and performed the obligations conferred by the PRC Company Law and the Articles of Association to make decisions in time on material matters including production and operation plans and development objectives, and implemented all resolutions adopted by the shareholders’ general meetings and board meetings.
2. Evaluation of the financial condition of the Company. During the Reporting Period, the Supervisory Committee has supervised and reviewed the financial rules and position of the Company. The Supervisory Committee is of the opinion that the financial rules of the Company were healthy and standardized and the Company was in a good financial position. The 2025 Audit Report of the Company has truly, accurately and completely reflected the financial condition, results of operation and cash flows of the Company.
3. Acquisition and disposal of assets of the Company. The acquisitions and disposals of the assets of the Company during the Reporting Period were based on fair and reasonable prices. No insider dealing or any action that may injure shareholders’ interests or cause any major loss of assets of the Company has been found.



Report of the Supervisory Committee

4. Connected transactions of the Company. During the Reporting Period, save as disclosed in the 2025 annual report, the connected transactions between the Company and all connected persons conformed to applicable regulations of the Hong Kong Stock Exchange. The connected transactions were based on fair and reasonable prices and were carried out in accordance with the principles of reasonableness, fairness and justice. No harm to the interests of the Company and unrelated Shareholders has been found.
5. Preparation and review of the annual report of the Company. The preparation and review procedures of the 2025 annual report of the Company conformed to all the relevant regulations of the Hong Kong Stock Exchange and relevant regulators. No breach of confidentiality provisions by personnel with inside information has been found.

In the coming year, the Supervisory Committee will continue to arduously perform its supervisory and monitoring duties with an aim to strengthen the overall competitiveness and sustainable profitability of the Company and to protect the interests of shareholders and the Company.

Guan Xiaohui
Chief Supervisor

Shanghai, the PRC
20 March 2026

Independent Auditor's Report



天健國際會計師事務所有限公司
Confucius International CPA Limited

Certified Public Accountants

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TO THE SHAREHOLDERS OF SINOPHARM GROUP CO. LTD.

(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Sinopharm Group Co. Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 99 to 252, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“**the Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How our audit addressed the Key Audit Matter

Assessment of the expected credit losses of trade receivables

Refer to Note 3(2)(b)(iii) (Expected credit losses measurement – Trade receivables), Note 4 (i) (Critical estimates and judgements) and Note 29 (Trade and notes receivable – Trade receivables) to the consolidated financial statements.

At 31 December 2025, the Group held trade receivables amounting to RMB194,613 million, against which the expected credit losses of RMB5,766 million was set aside in the consolidated financial statements.

Management applied expected credit losses (“ECL”) model under HKFRS 9 – Financial Instruments to measure the impairment against trade receivables at the reporting date.

Management estimated the expected credit losses of trade receivables based on the lifetime expected credit losses. For trade receivable balances with objective evidence of impairment and significant different credit risk characteristics, individual provision was made based on a probability-weighted estimation of the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the Group expects to receive.

We understood, evaluated and validated the relevant internal controls which management control over the recoverability of trade receivables.

We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or other fraud factors involved in determining the expected credit loss.

We checked the accuracy of aging of trade receivables prepared by management on a sample basis.

We assessed the recoverability of individually provided trade receivable balances on a sample basis. We assessed the collectability of the balances by checking the supporting evidence, including subsequent settlements, credit history, business performance and financial capability of these customers.

KEY AUDIT MATTERS (continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

Assessment of the expected credit losses of trade receivables (continued)

Trade receivables without objective evidence of impairment are grouped based on shared credit risk characteristics. The collective provision was determined based on the historical credit loss rates to the respective aging category of gross carrying amount of trade receivables. The expected credit loss rates are adjusted to reflect current and forward-looking information.

We identified assessment of the expected credit losses of trade receivables as a key audit matter due to the magnitude of trade receivables balance, estimation uncertainty of ECL and significance of management judgements and key assumptions applied.

With the assistance of our credit model experts, we performed the following procedures, including:

- Assessing management's methodology of estimating collective provisions by considering the historical bad debts amounts and pattern;
- Evaluating management's judgement that trade receivables are featured with significantly different credit risk characteristics;
- Evaluating management's assessment of the forward-looking information used to determine the expected credit losses by considering economic factors applied by the management.

We also evaluated management's assessment of the sensitivity of the forward-looking information based on reasonable possible changes of the related key assumptions.

Based on the procedures performed, we considered management's judgments and key assumptions applied in assessing the recoverability of trade receivables were supported by the evidence we gathered.

KEY AUDIT MATTERS (continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

Goodwill impairment assessment

Refer to Note 2 (Business combination-Goodwill), Note 4 (ii) (Critical estimates and judgements) and Note 19 (Intangible Assets-Goodwill) to the consolidated financial statements.

At 31 December 2025, the Group had goodwill amounting to RMB8,052 million, against which a provision of RMB2,268 million was set aside in the consolidated financial statements.

In assessing the recoverable amounts of the Group's cash generating unit ("CGUs") which include goodwill, management performed the impairment test to compare the carrying amounts of CGUs with the recoverable amounts which is the higher of fair value less costs of disposal and value in use based on the discounted future cash flow method and external experts were involved in the impairment assessment on certain CGUs.

We understood, evaluated and validated the relevant internal controls of the Group over the goodwill impairment assessment process.

We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or other fraud factors involved in determining the recoverable amounts of its CGUs;

For the relevant CGUs, we compared the current year actual results with the forecast included in the prior year forecast to consider whether management's cash flow forecasts were reliable on a sample basis.

We compared the management's future cash flow forecasts with its historical data, budgets approved, and business plans developed on a sample basis.

With the assistance of our valuation experts, we performed the following procedures, including:

- Assessing the valuation approaches and methodologies adopted by management by reference to industry practice;

KEY AUDIT MATTERS (continued)

Key Audit Matter

How our audit addressed the Key Audit Matter

Goodwill impairment assessment (continued)

While determining the value in use based on the discounted future cash flow method, management developed key assumptions including:

- revenue growth rates within the budget period;
- gross margin rate;
- growth rates to extrapolate cash flows beyond the budget period; and
- Pre-tax discount rate.

We identified goodwill impairment assessment as a key audit matter due to the magnitude of goodwill balance, estimation uncertainty of recoverable amounts, subjectivity and significance of management judgements and key assumptions applied.

- Comparing the revenue growth rates within the budget period with the CGUs' historical growth rates and industry historical data;

- Comparing the growth rates to extrapolate cash flows beyond the budget period with our independent expectation based on economic data;

- Comparing the gross margin rate with past performance, taking into consideration of market trends;

- Assessing the discount rate by considering and recalculating the weighted average cost of capital for the individual CGUs and comparable companies in the pharmaceutical industry, as well as considering territory specific factors, such as risk free interest rate and debt ratio prevailing in relevant market as of base date;

- Testing the mathematical accuracy of the calculations of discounted cash flows.

We obtained the valuation reports issued by the external valuation experts engaged by the management and assessed the competence, capabilities, and objectivity of these external valuation experts.

We evaluated management's sensitivity analyses on the key assumptions to assess the potential impacts on the recoverable amounts.

Based on the procedures performed, we considered that management's judgements and key assumptions applied in the impairment assessment of goodwill were supported by the evidence we gathered.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Confucius International CPA Limited

Certified Public Accountants

Chan Lap Chi

Practising Certificate Number: P04084

Hong Kong, 20 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	575,167,877	584,507,930
Cost of sales	10	(533,495,864)	(540,252,540)
Gross profit		41,672,013	44,255,390
Other income	7	428,514	468,622
Selling and distribution expenses	10	(16,181,314)	(17,158,639)
Administrative expenses	10	(7,837,628)	(8,413,544)
Expected credit losses on financial and contract assets	8	(1,002,343)	(1,381,347)
Losses on derecognition of financial assets measured at amortised cost and fair value through other comprehensive income:	29	(1,041,018)	(1,582,079)
Operating profit		16,038,224	16,188,403
Other gains – net	9	99,175	46,923
Other expenses	9	(575,767)	(1,105,581)
Finance income		500,245	616,970
Finance costs		(2,495,157)	(2,945,212)
Finance costs – net	12	(1,994,912)	(2,328,242)
Share of profits and losses of:			
Associates	21	1,230,080	1,196,478
Joint ventures		2,827	2,918
		1,232,907	1,199,396
Profit before tax		14,799,627	14,000,899
Income tax expense	13	(3,965,193)	(3,577,305)
Profit for the year		10,834,434	10,423,594
Attributable to:			
Owners of the parent		7,155,094	7,049,683
Non-controlling interests		3,679,340	3,373,911
		10,834,434	10,423,594
Earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)			
– Basic and diluted	14	2.29	2.26

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Profit for the year		10,834,434	10,423,594
Other comprehensive income/(loss):			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Remeasurements of post-employment benefit obligations		22,871	(58,966)
Income tax effect		(5,601)	14,709
Remeasurements of post-employment benefit obligations, net of tax	13	17,270	(44,257)
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		31,517	(4,615)
Income tax effect		(7,879)	1,154
Fair value changes on financial asset, net of tax	13	23,638	(3,461)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		40,908	(47,718)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(7,091)	6,648
Share of other comprehensive loss of associates		(1,920)	(1,938)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		(9,011)	4,710
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		31,897	(43,008)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,866,331	10,380,586
Attributable to:			
Owners of the parent		7,175,138	7,019,431
Non-controlling interests		3,691,193	3,361,155
		10,866,331	10,380,586

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Right-of-use assets	16	6,144,487	7,246,238
Investment properties	17	364,101	393,033
Property, plant and equipment	18	12,084,076	12,386,202
Intangible assets	19	8,174,953	8,948,873
Investments in joint ventures		25,357	22,530
Investments in associates	21	10,586,951	10,145,325
Equity investments designated at fair value through other comprehensive income	22	80,921	50,638
Financial assets at fair value through profit or loss	23	617,162	675,648
Finance lease receivables	24	94,965	111,701
Deferred tax assets	26	2,849,179	2,408,387
Other non-current assets	27	2,543,199	2,995,098
Total non-current assets		43,565,351	45,383,673
Current assets			
Inventories	28	63,341,334	62,352,812
Trade and notes receivable	29	205,622,310	200,254,553
Contract assets	30	1,015,176	1,218,317
Prepayments, other receivables and other assets	31	15,242,128	16,549,885
Financial assets at fair value through profit or loss	23	129	158
Finance lease receivables	24	14,366	5,751
Pledged deposits, restricted cash and bank deposits with an initial term of over three months	32	12,764,286	12,752,736
Cash and cash equivalents	32	48,796,132	54,313,359
Total current assets		346,795,861	347,447,571
Total assets		390,361,212	392,831,244

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	39	3,120,656	3,120,656
Treasury shares		(3,838)	(3,838)
Other reserves	40	22,058,553	22,022,096
Retained earnings	40	58,778,013	53,744,881
		83,953,384	78,883,795
Non-controlling interests			
		50,206,358	47,803,507
Total equity			
		134,159,742	126,687,302
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	3,645,484	8,637,231
Lease liabilities	16	2,495,092	3,259,280
Deferred tax liabilities	26	565,223	638,754
Post-employment benefit obligations	37	364,902	412,884
Contract liabilities	35	76,084	54,776
Other non-current liabilities	38	2,329,107	2,765,429
Total non-current liabilities			
		9,475,892	15,768,354

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	63,321,164	62,729,048
Lease liabilities	16	1,498,683	1,760,575
Trade and notes payable	34	150,248,418	151,109,247
Contract liabilities	35	5,984,158	6,828,857
Accruals and other payables	36	24,003,793	26,262,003
Dividends payable		257,070	238,557
Tax payable		1,412,292	1,447,301
Total current liabilities		246,725,578	250,375,588
TOTAL LIABILITIES		256,201,470	266,143,942
TOTAL EQUITY AND LIABILITIES		390,361,212	392,831,244

The financial statements were approved by the Board of Directors on 20 March 2026 and were signed on its behalf by:

Jin Bin
Director

Wu Tak Lung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the parent							
	Note	Share capital RMB'000 (Note 39)	Treasury shares held for share incentive scheme RMB'000	Reserves RMB'000 (Note 40)	Retained Earnings RMB'000 (Note 40)	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
At 1 January 2025		3,120,656	(3,838)	22,022,096	53,744,881	78,883,795	47,803,507	126,687,302
Total comprehensive income for the year		-	-	20,044	7,155,094	7,175,138	3,691,193	10,866,331
Capital injection from non-controlling shareholders of subsidiaries		-	-	-	-	-	48,984	48,984
Disposal of subsidiaries	43	-	-	-	-	-	(96,722)	(96,722)
Dividends paid to non-controlling interests		-	-	-	-	-	(1,260,215)	(1,260,215)
Dividend of the company		-	-	-	(2,121,962)	(2,121,962)	-	(2,121,962)
Share of changes in equity other than comprehensive income/(loss) and distributions received from associates		-	-	7,378	-	7,378	-	7,378
Others		-	-	9,035	-	9,035	19,611	28,646
At 31 December 2025		3,120,656	(3,838)	22,058,553	58,778,013	83,953,384	50,206,358	134,159,742

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the parent							Total equity RMB'000
	Note	Share capital RMB'000 (Note 39)	Treasury shares held for share incentive scheme RMB'000	Reserves RMB'000 (Note 40)	Retained Earnings RMB'000 (Note 40)	Total RMB'000	Non- controlling interests RMB'000	
At 1 January 2024		3,120,656	(3,838)	22,055,339	49,410,060	74,582,217	45,736,528	120,318,745
Total comprehensive income for the year		-	-	(30,252)	7,049,683	7,019,431	3,361,155	10,380,586
Effect of transactions with non-controlling interests	44	-	-	2,956	-	2,956	(10,754)	(7,798)
Capital injection from non-controlling shareholders of subsidiaries		-	-	-	-	-	130,449	130,449
Disposal of subsidiaries		-	-	-	-	-	(2,085)	(2,085)
Dividends paid to non-controlling interests		-	-	-	-	-	(1,420,048)	(1,420,048)
Dividend of the company		-	-	-	(2,714,862)	(2,714,862)	-	(2,714,862)
Share of changes in equity other than comprehensive income/(loss) and distributions received from associates		-	-	(4,684)	-	(4,684)	-	(4,684)
Others		-	-	(1,263)	-	(1,263)	8,262	6,999
At 31 December 2024		3,120,656	(3,838)	22,022,096	53,744,881	78,883,795	47,803,507	126,687,302

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities:			
Cash generated from operations	41(a)	18,879,479	16,002,426
Income tax paid		(4,741,273)	(4,456,411)
Net cash generated from operating activities		14,138,206	11,546,015
Cash flows from investing activities:			
Proceeds from disposal of intangible assets		504	–
Proceeds from disposal of right-of-use assets		–	6,278
Proceeds from disposal of property, plant and equipment		19,232	65,735
Proceeds from disposal of investment properties		5	176
Proceeds from disposal of financial assets at fair value through profit or loss		21,758	5,707
Proceeds from disposal of associates		70,220	76,362
Interest received from long-term deposits		57,041	74,697
Disposal of subsidiaries, net of cash disposed of	43	66,911	24,990
Dividends received from associates		490,043	733,873
Dividends received from financial assets at fair value through profit or loss		9,536	3,843
Dividends received from financial assets at fair value through other comprehensive income		399	563
Payments of right-of-use assets		(13,138)	(229,653)
Purchase of property, plant and equipment		(1,495,748)	(1,471,478)
Purchase of intangible assets		(108,460)	(266,946)
Acquisition of subsidiaries, net of cash acquired	45	–	(95,037)
Consideration paid for prior year acquisition of subsidiaries		–	(114,577)
Acquisition of associates and joint ventures		(8,775)	(13,513)
Increase in restricted cash	32	(73,416)	(2,551,945)
Net cash used in investing activities		(963,888)	(3,750,925)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from financing activities:			
Proceeds from borrowings from banks		90,432,029	78,092,285
Proceeds from borrowings from related parties		13,742,795	19,333,524
Repayments of borrowings from banks		(92,129,533)	(88,738,914)
Repayments of borrowings from related parties		(22,455,592)	(13,917,691)
Repayments of bonds		(4,300,000)	(12,000,000)
Proceeds from issue of bonds		3,798,892	9,500,000
Capital injections from non-controlling shareholders of subsidiaries		48,984	130,449
Dividends paid to shareholders of the Parent		(2,121,962)	(2,714,862)
Dividends paid to non-controlling shareholders of Subsidiaries		(1,241,702)	(1,437,865)
Transactions with non-controlling interests of Subsidiaries		-	(5,713)
Interest paid		(2,474,410)	(3,321,966)
Principal portion of lease payments		(1,986,147)	(2,204,281)
Net cash used in financing activities		(18,686,646)	(17,285,034)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(5,512,328)	(9,489,944)
Cash and cash equivalents at the beginning of year	32	54,313,359	63,808,538
Effect of foreign exchange rate changes, net		(4,899)	(5,235)
Cash and cash equivalents at the end of year	32	48,796,132	54,313,359



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. General information

SINOPHARM GROUP CO. LTD. (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 8 January 2003 as a company with limited liability under the PRC Company Law.

On 6 October 2008, the Company was converted into a joint stock limited liability company under the PRC Company Law by converting its registered share capital and reserves as at 30 September 2007 with the proportion of 1:0.8699 into 1,637,037,451 shares of RMB1 each. In September 2009, the Company issued overseas-listed foreign-invested shares (“**H Shares**”), which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) on 23 September 2009. The Company issued 204,561,102 domestic shares to China National Pharmaceutical Group Co., Ltd. (“**CNPGC**”) under general mandate at the issue price of RMB24.97 per consideration share on 13 December 2018. On 23 January 2020, the Company placed and issued 149,000,000 new H shares at the price of HKD27.30 per H share.

The address of the Company’s registered office is 1st and 11th to 15th Floors, No.385 East Longhua Road, Huangpu District, Shanghai, the PRC.

The Company and its subsidiaries (together, the “**Group**”) are mainly engaged in: (1) the distribution of pharmaceutical products to hospitals, other distributors, retail pharmacy stores and clinics, (2) the distribution of medical devices, (3) the operation of chain pharmacy stores, and (4) the distribution of laboratory supplies, manufacture and distribution of chemical reagents, and production and sale of pharmaceutical products.

The ultimate holding company of the Company is CNPGC, which was established in the PRC.

These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand, unless otherwise stated. These financial statements were approved for issue by the Board of Directors on 20 March 2026.

2. Basis of preparation of consolidated financial statements and material accounting policy information

Basis of preparation and statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (“**CO**”).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which have been measured at fair value.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

New and amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to an HKFRS Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKFRS 21	Lack of Exchangeability
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The adoption of these new and amendments to an HKFRS Accounting Standard did not have any material impact on the consolidated financial statements for the current year or any prior years.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not adopted the following new and amendments to HKFRS Accounting Standards which have been issued and are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 19	Amendments to Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³

Notes:

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

The directors have performed an assessment on the new standards and amendments, and have concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group's consolidated financial statements when they become effective, except for HKFRS 18 which will mainly impact the presentation of profit and loss statements.

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 "Presentation of Financial Statements". HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (continued)

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

Basis of consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Business combinations

Business combinations not under common control

The Group applies the acquisition method of accounting to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Business combinations (continued)

Merger accounting for common control combinations (continued)

The consolidated statement of profit or loss include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter year, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous financial year end or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using the merger accounting are recognised as expenses in the year in which they are incurred.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Business combinations (continued)

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Separate financial statement

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Segment reporting

Management has determined the operating segments based on the Group's business types, overall strategic planning, internal organisational structure and management requirements.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation, amortisation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost amounts, net of their residual values, over their estimated useful lives as follows:

Buildings and facilities	8-45 years
Plant and machinery	5-15 years
Furniture, fittings and equipment	3-15 years
Motor vehicles	3-10 years

Construction in progress represents buildings, plant and machinery under construction or pending installation and is stated at cost. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other gains – net.

Intangible assets other than goodwill

(a) Sales network

Sales network represents customer relationship and distribution channels acquired in business combinations, which are recognised at fair value at the acquisition date and are amortised using the straight-line method over their estimated useful lives of 3 to 20 years.

(b) Trademarks and patent rights

Separately acquired trademarks are shown at historical cost. Trademarks acquired in business combinations under non-common control are recognised at fair value at the acquisition date. Trademarks with a finite useful life are amortised using the straight-line method over their estimated useful lives of 5 to 20 years. Trademarks with an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Patent rights are initially recorded at cost and are amortised using the straight-line method over the estimated useful lives of 5 to 15 years.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Intangible assets other than goodwill (continued)

(c) Exclusive distribution rights

Exclusive distribution rights are measured initially at cost and amortised using the straight-line method over their useful life of 10 years according to the contracts.

(d) Software

Acquired software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

(e) Internally generated product development cost

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset upon the completion of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred. Expenditure on the product development phase is recognised as intangible asset only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset, and use or sell it;
- there is an ability to use or sell the product development result;
- it can be demonstrated how the intangible asset will generate economic benefits;
- adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as intangible asset in the statement of financial position.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. In addition, the Group remeasures lease liabilities whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Lease (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of building, machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and nonlease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Fair value measurement

The Group measures its equity investments and debt investments at fair value at the end of each reporting period. Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“**FVOCI**”), and fair value through profit or loss (“**FVTPL**”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) **Financial assets at amortised cost (debt instruments)**

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

(ii) **Financial assets at fair value through other comprehensive income (debt instruments)**

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Financial assets (continued)

Subsequent measurement (continued)

(iii) **Financial assets designated at fair value through other comprehensive income (equity investments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

(iv) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other gains in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset is primarily derecognised (i. e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For debt investment securities at fair value through other comprehensive income, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt investment securities are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the external credit ratings of the debt investment securities.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Impairment of financial assets (continued)

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables, commercial acceptance and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables, commercial acceptance and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities mainly include trade payables, other payables and interest-bearing bank borrowings.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) **Financial liabilities at amortised cost (loans and borrowings)**

After initial recognition, bank loans are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and contract fulfillment cost.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates and joint ventures, except an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sales of goods

Sales are recognised when the products have been shipped to the specific location in accordance with the sales contract and the customers have inspected and accepted the products. The sales are made with a credit term varied by customers' credit risk characteristics, which is consistent with market practices. Advance received from customers due from the obligation of transfer goods is presented as contract liabilities in the balance sheet.

Some contracts for the sale of goods provide customers with rights of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Any consideration payable to customers with no distinct good or service received from those customers, the consideration is recognised as a reduction of the revenue.

(b) Rendering services

Revenue from providing services to external parties is recognised over a period of time based on the stage of completion of such service, which is determined by the proportion of costs incurred to the estimated total costs. As at the balance sheet date, the Group reassesses the stage of completion so as to better reflect the changes in obligation performance.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to expected credit losses assessment.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Revenue recognition (continued)

(b) Rendering services (continued)

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i. e., transfers control of the related goods or services to the customer).

Gross vs. net determination in revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. In determining whether the Group acts as the principal or an agent, the Group follows the accounting guidance for principal-agent considerations in HKFRS 15.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the respective functional currencies using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a nonmonetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i. e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of financial year end;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from translation of net investments in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income.

Investment property

Investment property is defined as property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

The land component of leasehold investment property is accounted for as a right-of-use asset.

The building component of investment properties is initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 25 to 50 years.

The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at each financial year end. The effects of any revision are included in the statement of profit or loss when the changes arise.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e. g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash generating units. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and separate statement of financial positions, bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the financial year end.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Borrowing costs

General and specific borrowing costs directly attributable to construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Other employee benefits

(a) Pension scheme

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme, which is a defined contribution plan operated by the local municipal government. This subsidiary is required to make contributions of 12% to 20% (2022: 12% to 20%) of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The Group did not have any forfeited contribution for reporting period in connection with the defined contribution plan operated by local governments.

(b) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(c) Defined benefit plan

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Other employee benefits (continued)

(c) Defined benefit plan (continued)

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “cost of sales” and “administrative expenses” in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Government grants

Government Grants are recognised at their fair value where there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets.

2. Basis of preparation of consolidated financial statements and material accounting policy information (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and fair value and cash flow interest rate risk), credit risk and liquidity risk.

The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used derivative financial instruments to hedge its risk exposures on changes in foreign currency exchange rates and interest rates.

(1) Market risk

(a) Foreign currency risk

The Group mainly operates in the PRC with most of the Group's transactions denominated and settled in RMB. However, the Group has certain cash and cash equivalents, trade receivables and trade payables denominated in foreign currencies, mainly United States Dollars ("USD"), Hong Kong Dollars ("HKD") and Euro ("EUR"), which are exposed to foreign currency translation risk. The Group has not hedged its foreign currency risk.

As at 31 December 2025, if RMB had strengthened/weakened by 10% against USD, HKD and EUR with all other variables held constant, the impact on post-tax profit for the year ended 31 December 2025 would have been immaterial.

(b) Fair value and cash flow interest rate risk

The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

Except for deposits in banks or other financial institutions which earn interest at floating rates, the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

As at 31 December 2025, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the post-tax profit for the year ended 31 December 2025 would have been RMB239,706,000 (2024: RMB254,321,000) lower/higher, mainly as a result of higher/lower interest expense on borrowings.

3. Financial risk management (continued)

Financial risk factors (continued)

(2) Credit risk

The carrying amounts of pledged deposits, restricted cash and bank deposits with an initial term of over three months, cash and cash equivalents, trade and notes receivable, contract assets, other receivables and other financial assets included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

(a) Risk management

Credit risk is managed on a group basis. To manage this risk arising from cash and cash equivalents, and restricted cash, the Group only transacts with state-owned or large medium sized joint-stock commercial banks in the PRC and reputable international financial institution outside of the PRC. There has been no recent history of default in relation to these financial institutions.

The Group has policy in place to ensure credit sales are made to customers with an appropriate credit history. Credit terms are approved after credit evaluations/reviews. The majority of trade receivables are with customers having an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The carrying amounts of pledged deposits, restricted cash and bank deposits with an initial term of over three months, cash and cash equivalents, trade and notes receivable, contract assets, other receivables and other financial assets included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

(b) Expected credit losses measurement

The Group's maximum exposure to credit risk in respect of financial assets is the carrying amounts as at the balance sheet date. Management has credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Pledged deposits, restricted cash and bank deposits with an initial term of over three months, cash and cash equivalents

The Group has policies to place its cash and cash equivalents only with major financial institutions and other financial institution controlled by CNPGC. As at 31 December 2025, most of the pledged deposits, restricted cash, bank deposits with an initial term of over three months and cash and cash equivalents were deposited with major financial institutions in Mainland China and Hong Kong except the deposit in related party as disclosed in Note 44.

While cash and cash equivalents are also subject to the ECL requirements of HKFRS 9, the identified credit loss was immaterial.

3. Financial risk management (continued)

Financial risk factors (continued)

(2) Credit risk (continued)

(b) Expected credit loss measurement (continued)

(ii) Notes receivable

For notes receivable, the Group applies the HKFRS 9 simplified approach to measuring expected credit losses. The Group adopts an expected credit loss model based on shared common characteristics to calculate the expected credit loss on notes receivable using the exposure to default risk exposure and expected credit loss rate of notes receivable, and determines the expected credit loss rate based on default probability and default loss rate.

(iii) Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

For trade receivable balances with objective evidence of impairment and significant different credit risk characteristics, individual provision was made based on a probability-weighted estimation of the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the Group expects to receive.

The expected loss rates are based on the aging of trade receivables and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Business Climate Index to be the most relevant factors (including Consumer Price Index, Producer Price Index, etc.), and accordingly adjusts the historical loss rates based on expected changes in these factors.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Financial risk management (continued)

Financial risk factors (continued)

(2) Credit risk (continued)

(b) Expected credit loss measurement (continued)

(iii) Trade receivables (continued)

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows:

As at 31 December 2025

	Expected loss rate	Gross carrying amount (RMB'000)	Loss allowance (RMB'000)
Provision on individual basis		3,018,371	771,283
Provision on collective basis -Aging			
Within 1 year	0.4%-1.6%	175,138,128	1,772,322
1 to 2 years	8.1%-13.1%	10,583,699	1,032,903
2 to 3 years	19.7%-35.1%	3,686,038	939,530
3 to 4 years	39.8%-50.8%	1,568,165	635,827
4 to 5 years	74.0%-83.7%	307,106	238,163
Over 5 years	100.00%	311,503	311,503
		194,613,010	5,701,531

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Financial risk management (continued)

Financial risk factors (continued)

(2) Credit risk (continued)

(b) Expected credit loss measurement (continued)

(iii) Trade receivables (continued)

As at 31 December 2024

	Expected loss rate	Gross carrying amount (RMB'000)	Loss allowance (RMB'000)
Provision on individual basis		2,040,008	691,718
Provision on collective basis -Aging			
Within 1 year	0.4%-1.6%	170,697,953	1,737,129
1 to 2 years	6.3%-10.8%	11,026,362	1,001,905
2 to 3 years	21.2%-33.6%	2,869,324	758,625
3 to 4 years	47.9%-51.6%	589,100	303,481
4 to 5 years	79.4%-89.4%	149,713	119,834
Over 5 years	100.00%	262,970	262,970
		187,635,430	4,875,662

Expected credit losses on trade receivables are presented as net ECL within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3. Financial risk management (continued)

Financial risk factors (continued)

(2) Credit risk (continued)

(b) Expected credit loss measurement (continued)

(iv) Contract assets

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

For contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is set as below.

	As at 31 December 2025	As at 31 December 2024
Expected credit loss rate	7.67%	5.47%
	RMB'000	RMB'000
Gross carrying amount	1,317,164	1,550,061
Expected credit losses	101,084	84,845

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Financial risk management (continued)

Financial risk factors (continued)

(2) Credit risk (continued)

(b) Expected credit loss measurement (continued)

(v) Other receivables and other assets

For the financial assets included in other receivables and other assets to which the Group applies the general approach for ECL, information based on the ECL matrix is set as below:

As at 31 December 2025

	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3
Financial assets included in other receivables and other assets	7,728,120	–	21,545

As at 31 December 2024

	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3
Financial assets included in other receivables and other assets	7,992,700	–	469,295

As at 31 December 2025 and 31 December 2024, other receivables and other assets in the stage 1 mainly consisted of deposits and other receivables, and receivables in the third stage was related to significant deterioration in the operating conditions of the counterparty company or involvement in multiple lawsuits.

As at 31 December 2025 and 31 December 2024, the Group has no other receivables and other assets in the stage 2.

3. Financial risk management (continued)

Financial risk factors (continued)

(3) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities, and discounting of bank acceptance notes to banks or other financial institutions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group.

At the reporting date, the Group held cash and cash equivalents of RMB48,796,132,000 (2024: RMB54,313,359,000) and trade and notes receivable of RMB205,622,310,000 (2024: RMB200,254,553,000) that are expected to readily generate cash inflows for managing liquidity risk. The Group has agreed to receive bank acceptance notes from certain customers with long-term business trading history and most of these notes are guaranteed by major banks in Mainland China. The maturity of these bank acceptance notes ranges from 3 to 6 months. To maintain flexibility in the Group's funding requirements, a major portion of these bank acceptance notes are discounted to banks or other financial institutions with effective interest rates weighted average of 1.69% per annum.

The Group entered into supplier finance arrangement to ease access to credit for its supplier and facilitate early settlement to the suppliers. As at 31 December 2025, only small portion of the Group's trade payables/borrowings is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in note 33 and 34.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Financial risk management (continued)

Financial risk factors (continued)

(3) Liquidity risk (continued)

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year RMB'000	1 and 2 years RMB'000	2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2025					
Interest-bearing bank and other borrowings	63,786,155	730,877	3,148,800	-	67,615,832
Trade and notes payable	150,248,418	-	-	-	150,248,418
Dividends payable	257,070	-	-	-	257,070
Accruals and other payables	20,396,818	-	-	-	20,396,818
Lease liabilities	1,643,591	1,268,744	978,848	496,516	4,387,699
Other non-current liabilities	-	-	24,008	-	24,008
	236,282,052	1,999,621	4,151,656	496,516	242,929,845
As at 31 December 2024					
Interest-bearing bank and other borrowings	63,700,796	5,370,309	3,470,739	-	72,541,844
Trade and notes payable	151,109,247	-	-	-	151,109,247
Dividends payable	238,557	-	-	-	238,557
Accruals and other payables	22,222,517	-	-	-	22,222,517
Lease liabilities	1,822,450	1,420,377	1,529,671	745,855	5,518,353
Other non-current liabilities	-	27,130	39,210	-	66,340
	239,093,567	6,817,816	5,039,620	745,855	251,696,858

Note: The calculation of expected interest to be paid is based on borrowings as at 31 December 2025 and 2024 and the interest rates as at 31 December 2025 and 2024.

3. Financial risk management (continued)

Capital risk management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated based on the total liabilities divided by the total assets.

The gearing ratios are as follows:

	2025 RMB'000	2024 RMB'000
Total liabilities	256,201,470	266,143,942
Total assets	390,361,212	392,831,244
Gearing ratio	65.63%	67.75%

Fair value estimation

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Financial risk management (continued)

Fair value estimation (continued)

The table below presents the Group's financial instruments that are measured at fair value at 31 December 2025 and 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2025				
Equity investments designated at fair value through other comprehensive income	68,700	–	12,221	80,921
Financial assets at fair value through profit or loss	129	–	617,162	617,291
Notes receivable held both to collect cash flows and to sell	–	11,670,036	1,482,947	13,152,983
	68,829	11,670,036	2,112,330	13,851,195
Financial liabilities at fair value through profit or loss	–	–	54,910	54,910
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Equity investments designated at fair value through other comprehensive income	37,183	–	13,455	50,638
Financial assets at fair value through profit or loss	158	–	675,648	675,806
Notes receivable held both to collect cash flows and to sell	–	11,322,792	1,458,514	12,781,306
	37,341	11,322,792	2,147,617	13,507,750
Financial liabilities at fair value through profit or loss	–	–	94,120	94,120

3. Financial risk management (continued)

Fair value estimation (continued)

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs that are significant to fair value measurement are observable, these instruments are included in Level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swap that is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contract that is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to the present value.
- Other techniques, such as a discounted cash flow analysis, used to determine fair value for the remaining financial instruments.

During the year, there were no transfers of financial assets between Level 1 and Level 2.

(iii) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The investments in Level 3 included unlisted equity and fund investments, and the liabilities included contingent consideration for acquisition of subsidiaries.

As at 31 December 2025, the Group recognised unlisted equity and fund investments of RMB629,382,000, notes receivable held both to collect cash flows and to sell of RMB1,482,947,000, and liabilities of contingent consideration for acquisition of subsidiaries of RMB54,910,000 in level 3, as these investments and instruments are not traded in an active market, and the majority of their fair values have been determined using applicable valuation techniques including comparable transactions approach and other option pricing approach. These valuation approaches require significant judgment, assumptions and inputs, including risk-free rates, expected volatility, relevant underlying financial projections, and market information of recent transactions (such as recent fund-raising transactions undertaken by the investees) and other exposure.

3. Financial risk management (continued)

Fair value of financial assets and liabilities measured at amortised cost

At the end of respective reporting periods, the fair value of the current borrowings approximates to their carrying amount, as the impact of discounting is not significant. The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Borrowings from banks and other financial institutions	647,907	5,639,890	647,636	5,610,679
Bonds	2,997,577	2,997,341	2,997,577	2,997,341

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 were assessed to be insignificant. The fair values of the non-current borrowings are based on discounted cash flows using a rate based on the borrowing rate of 2.40% (2024: 2.48%) and are within Level 2 of the fair value hierarchy.

4. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) The expected credit losses of trade receivables

The Group applied expected credit losses model under HKFRS 9 to measure the impairment against trade receivables.

The Group estimated the expected credit losses of trade receivables based on the lifetime expected credit losses. For trade receivable balances with objective evidence of impairment and significant different risk characteristics, individual provision was made based on a probability-weighted estimation of the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the Group expects to receive.

4. Critical estimates and judgements (continued)

(i) The expected credit losses of trade receivables (continued)

Trade receivables without objective evidence of impairment are grouped based on shared credit risk characteristics. The collective provision was determined based on the historical credit loss rates to the respective aging category of gross carrying amount of trade receivables. The expected credit loss rates are adjusted to reflect current and forward-looking information.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(ii) Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2025 and 2024 reporting periods, the recoverable amount of cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 19. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge and key assumptions are disclosed in Note 19.

(iii) Useful lives and residual values of property, plant and equipment

The Group determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where the actual useful lives are less than the previously estimated lives, it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future years.

(iv) Useful lives of sales network, trademarks, patent rights and software

The Group determines the estimated useful lives and consequently the related amortisation charges for its sales network, trademarks, patent rights and software. These estimates are based on the historical experience of the actual useful lives of sales network, trademarks, patent rights and software of similar nature and functions and considering the current market environment in the PRC and estimations of future changes. Management will increase the amortisation charges where useful lives are less than previously estimated lives, it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortisation expenses in future years.

4. Critical estimates and judgements (continued)

(v) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each financial year end.

(vi) Income taxes and deferred income tax

The Group is subject to income taxes in Mainland China and Hong Kong. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the year in which such estimates are changed.

(vii) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

5. Segment information

Management has determined the operating segments based on the Group's business types, overall strategic planning, internal organisational structure and management requirements. The reportable operating segments derive their revenue primarily from the following four business types:

- (i) Pharmaceutical distribution – distribution of pharmaceutical products to hospitals, other distributors, retail pharmacy stores and clinics;
- (ii) Medical devices distribution – distribution of medical devices, and installation and maintenance services;
- (iii) Retail pharmacy – operation of chain pharmacy stores;
- (iv) Other business – distribution of laboratory supplies, manufacture and distribution of chemical reagents, production and sale of pharmaceutical products.

Although the retail pharmacy segment does not meet the quantitative thresholds required by HKFRS 8 Operating Segments, management has concluded that this segment should be reported, as it is considered to be as a potential growth segment and is expected to materially contribute to group revenue in the future.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets consist primarily of right-of-use assets, investment properties, property, plant and equipment, intangible assets, investments in associates and joint ventures, inventories, receivables and operating cash.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include borrowings, deferred tax liabilities and other liabilities that are incurred for financing rather than operating purposes.

Unallocated assets mainly represent deferred tax assets. Unallocated liabilities mainly represent corporate borrowings and deferred tax liabilities.

Capital expenditure comprises mainly additions to right-of-use assets, investment properties, property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

Inter-segment revenues are conducted at prices and on terms mutually agreed upon amongst those business segments. The revenue from external parties is measured in a manner consistent with that in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. Segment information (continued)

Segment revenue and results

For the years ended 31 December 2025 and 2024

	Pharmaceutical distribution RMB'000	Medical devices distribution RMB'000	Retail pharmacy RMB'000	Other business RMB'000	Eliminations RMB'000	Group RMB'000
Year ended 31 December 2025						
Segment results						
External segment revenue	415,312,406	115,182,314	37,932,797	6,740,360	-	575,167,877
Inter-segment revenue	20,079,197	355,403	449,976	2,112,566	(22,997,142)	-
Revenue	435,391,603	115,537,717	38,382,773	8,852,926	(22,997,142)	575,167,877
Operating profit	11,878,259	2,571,905	600,251	884,911	102,898	16,038,224
Other gains, net	6,875	65,254	5,163	21,883	-	99,175
Other expenses	(223,955)	(70,678)	(270,197)	(10,937)	-	(575,767)
Share of profits and losses of associates and joint ventures	(33,753)	41,423	(2,281)	1,227,518	-	1,232,907
	11,627,426	2,607,904	332,936	2,123,375	102,898	16,794,539
Finance costs, net						(1,994,912)
Profit before tax						14,799,627
Income tax expense						(3,965,193)
Profit for the year						10,834,434
Other segment items included in the statement of profit or loss						
Expected credit losses of financial and contract assets	785,804	199,575	11,070	5,894	-	1,002,343
(Reversal of provision)/provision for prepayment	3,603	11,397	(127)	-	-	14,873
Write-down of inventories, net	33,135	70,519	(1,394)	(2,042)	-	100,218
Provision for impairment of property, plant and equipment	-	913	-	10,937	-	11,850
Provision for impairment of intangible assets	220,352	58,368	270,324	-	-	549,044
Depreciation of property, plant and equipment	1,102,202	366,897	266,405	36,542	-	1,772,046
Depreciation of investment properties	19,385	10,086	354	886	-	30,711
Depreciation of right-of-use assets	801,136	264,177	917,611	48,867	-	2,031,791
Amortisation of intangible assets	404,049	-	50,263	195	-	454,507
Capital expenditures	1,097,865	533,737	194,018	91,678	-	1,917,298

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. Segment information (continued)

Segment revenue and results (continued)

For the years ended 31 December 2025 and 2024 (continued)

	Pharmaceutical distribution RMB'000	Medical devices distribution RMB'000	Retail pharmacy RMB'000	Other business RMB'000	Eliminations RMB'000	Group RMB'000
Year ended 31 December 2024						
Segment results						
External segment revenue	424,563,607	117,511,994	35,383,741	7,048,588	-	584,507,930
Inter-segment revenue	19,801,005	403,143	597,522	2,057,899	(22,859,569)	-
Revenue	444,364,612	117,915,137	35,981,263	9,106,487	(22,859,569)	584,507,930
Operating profit	12,171,662	2,651,632	323,266	908,665	133,178	16,188,403
Other gains, net	(40,683)	26,829	(3,217)	63,994	-	46,923
Other expenses	(397,087)	(43,522)	(664,972)	-	-	(1,105,581)
Share of profits and losses of associates and joint ventures	21,057	31,190	(802)	1,147,951	-	1,199,396
	11,754,949	2,666,129	(345,725)	2,120,610	133,178	16,329,141
Finance costs, net						(2,328,242)
Profit before tax						14,000,899
Income tax expense						(3,577,305)
Profit for the year						10,423,594
Other segment items included in the statement of profit or loss						
Expected credit losses of financial and contract assets	617,385	622,362	130,317	11,283	-	1,381,347
(Reversal of provision)/provision for prepayment	1,491	(4,009)	-	-	-	(2,518)
Write-down of inventories, net	33,797	20,084	15,541	8,349	-	77,771
Provision for impairment of intangible assets	395,596	47,531	662,837	-	-	1,105,964
Recognition of impairment loss on investments in associates	-	-	2,135	-	-	2,135
Depreciation of property, plant and equipment	1,166,861	388,420	282,033	38,686	-	1,876,000
Depreciation of investment properties	24,027	12,501	439	1,098	-	38,065
Depreciation of right-of-use assets	937,574	309,167	1,073,884	57,189	-	2,377,814
Amortisation of intangible assets	392,765	-	48,859	189	-	441,813
Capital expenditures	1,409,017	685,006	249,006	117,661	-	2,460,690

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. Segment information (continued)

Segment assets and liabilities

As at 31 December 2025 and 2024

	Pharmaceutical distribution RMB'000	Medical devices distribution RMB'000	Retail pharmacy RMB'000	Other business RMB'000	Eliminations RMB'000	Group RMB'000
As at 31 December 2025						
Segment assets and liabilities						
Segment assets	283,059,526	90,702,748	16,322,073	24,158,992	(26,731,306)	387,512,033
Segment assets include:						
Investments in associates and joint ventures	202,225	69,702	35,658	10,304,723	-	10,612,308
Unallocated assets – Deferred tax assets						2,849,179
Total assets						390,361,212
Segment liabilities	137,517,199	60,866,684	12,857,937	4,893,662	(27,465,883)	188,669,599
Unallocated liabilities – Deferred tax liabilities and borrowings						67,531,871
Total liabilities						256,201,470
As at 31 December 2024						
Segment assets and liabilities						
Segment assets	282,050,861	96,579,756	16,806,935	23,962,825	(28,977,520)	390,422,857
Segment assets include:						
Investments in associates and joint ventures	240,369	120,147	40,773	9,766,566	-	10,167,855
Unallocated assets – Deferred tax assets						2,408,387
Total assets						392,831,244
Segment liabilities	138,766,503	67,408,956	10,565,011	5,128,433	(27,729,994)	194,138,909
Unallocated liabilities – Deferred tax liabilities and borrowings						72,005,033
Total liabilities						266,143,942

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. Segment information (continued)

Segment assets and liabilities (continued)

As at 31 December 2025 and 2024 (continued)

The Group's operations are mainly located in the PRC and substantially all non-current assets are located in the PRC.

Information about major customers

No revenue from a singular customer in the Reporting Period amounted to over 10% of the total revenue of the Group.

6. Revenue

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sales of goods (at a point in time)	571,383,648	580,150,510
Logistics service income (over time)	1,208,121	1,296,784
Marketing and service income (over time)	1,821,437	2,126,971
Import agency income (at a point in time)	54,529	48,632
Others (at a point in time)	475,562	647,394
Revenue from other sources		
Operating lease income (Note 17)	224,580	237,639
	575,167,877	584,507,930

Revenue of RMB6,828,857,000 (2024: RMB6,398,902,000) relating to carried-forward contract liabilities at the beginning of the year was recognised in the current year.

7. Other income

	2025 RMB'000	2024 RMB'000
Government grants	428,514	468,622

Government grants mainly represent subsidy income received from various government authorities as incentives to certain subsidiaries of the Group. There are no unfulfilled conditions or other contingencies attached to these grants.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. Expected credit losses on financial and contract assets

	2025 RMB'000	2024 RMB'000
Expected credit losses of financial and contract assets, net:		
Trade and notes receivable (Note 29)	828,855	1,312,770
Contract assets (Note 30)	16,239	10,322
Other receivables (Note 31)	126,608	62,437
Other non-current assets (Note 27)	30,641	(4,182)
	1,002,343	1,381,347

9. Other gains, net/Other expenses

	2025 RMB'000	2024 RMB'000
Other gains, net		
Write-back of certain liabilities	120,807	108,082
Gain on disposal of subsidiaries (Note 43)	3,095	5,509
Gain on disposal of investment in associates and joint ventures	10,767	9,400
Loss on disposal of investment properties, property, plant and equipment and intangible assets	(6,724)	(187)
Gain on disposal of right-of-use assets	24,158	74,591
Foreign exchange gain/(loss), net	929	(15,615)
Donation	(43,803)	(63,462)
Dividend income from:		
Equity investments at fair value through other comprehensive income	399	563
Equity investments at fair value through profit or loss	9,536	3,843
Fair value losses on financial assets at fair value through profit or loss	(9,733)	(78,326)
(Loss)/Gain on disposal of financial assets at fair value through profit or loss	(6,239)	3,591
Others, net	(4,017)	(1,066)
	99,175	46,923

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. Other gains, net/Other expenses (continued)

	2025 RMB'000	2024 RMB'000
Other Expenses		
Provision for impairment of property, plant and equipment (Note 18)	(11,850)	–
Provision for impairment of intangible assets (Note 19)	(549,044)	(1,105,964)
(Provision)/Reversal for impairment of prepayment	(14,873)	2,518
Provision for impairment of investments in associates (Note 21)	–	(2,135)
	(575,767)	(1,105,581)

Note: The provision for impairment of goodwill amounted to RMB459,726,000 (2024: RMB931,200,000) was included in “provision for impairment of intangible assets” under “other expenses” in the consolidated statement of profit or loss.

10. Expenses by nature

	2025 RMB'000	2024 RMB'000
Raw materials and trading merchandise consumed	532,082,634	538,925,247
Employee benefit expenses (Note 11)	14,226,657	14,811,874
Write-down of inventories, net (Note 28)	100,218	77,771
Lease payments not included in the measurement of lease liabilities (Note 16(c))	490,015	497,233
Depreciation of property, plant and equipment (Note 18)	1,772,046	1,876,000
Depreciation of investment properties (Note 17)	30,711	38,065
Depreciation of right-of-use assets (Note 16(a))	2,031,791	2,377,814
Amortisation of intangible assets (Note 19)	454,507	441,813
Auditor's remuneration		
– audit services	22,456	22,063
– non-audit services	2,394	–
Advisory and consulting fees	352,753	379,313
Transportation expenses	1,948,207	2,050,748
Travel expenses	204,811	234,964
Market development and business promotion expenses	2,515,688	2,911,165
Utilities	320,473	332,255
Others	959,445	848,398
Total cost of sales, selling and distribution expenses, and administrative expenses	557,514,806	565,824,723

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. Employee benefit expenses

	2025 RMB'000	2024 RMB'000
Salaries, wages, allowances and bonuses (i)	10,692,374	11,278,428
Contributions to pension plans (ii)	1,467,643	1,495,458
Post-employment benefits (Note 37)	2,356	7,238
Housing benefits (iii)	625,599	618,954
Other benefits (iv)	1,438,685	1,411,796
	14,226,657	14,811,874

Notes:

- (i) Bonus was determined based on the performance of the Group as well as employees' performance and contribution to the Group.
- (ii) As stipulated by the related regulations in the PRC, the Group makes contributions to state-sponsored retirement schemes for its employees in Mainland China. The Group has also made contributions to another retirement scheme managed by an insurance company from 2011 for its employees of the Company and certain subsidiaries. The Group's employees make monthly contributions to the schemes at approximately 8% (2024: 8%) of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), while the Group makes contributions of 12% to 20% (2024: 12% to 20%) of such relevant income and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. These retirement schemes are responsible for the entire post-retirement benefit obligations to the retired employees. Contributions of total RMB14,103,000 (31 December 2024: RMB15,021,000) were payable to the fund at the year ended 31 December 2025.
- There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- (iii) Housing benefits represent contributions to the government-supervised housing funds in Mainland China at rates ranging from 5% to 12% of the employees' relevant income. The Group operates retirement benefit plan as detailed in Note 37.
- (iv) Other benefits mainly represent expenses incurred for medical insurance, employee welfare, employee education and training, and for union activities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. Employee benefit expenses (continued)

Notes: (continued)

(v) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include no directors (2024: two whose emoluments are reflected in the analysis shown in Note 49). The emoluments payable to the remaining five (2024: three) individuals during the year are as follows:

	2025 RMB'000	2024 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	3,834	2,477
Bonuses	5,920	4,866
Contributions to pension schemes	910	517
	10,664	7,860

	2025 RMB'000	2024 RMB'000
Emolument bands		
HK\$1,500,001 – HK\$2,000,000 (RMB1,354,801 – RMB1,806,400)	–	–
HK\$2,000,001 – HK\$2,500,000 (RMB1,806,401 – RMB2,258,000)	4	–
HK\$2,500,001 – HK\$3,000,000 (RMB2,258,001 – RMB2,709,600)	1	3

(vi) For the years ended 31 December 2025 and 2024, no director, supervisor or highest paid individuals above received emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No director or supervisor waived or had agreed to waive any emoluments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. Finance income and costs

	2025 RMB'000	2024 RMB'000
Interest expense:		
– Interest-bearing bank and other borrowings	2,130,514	2,507,663
– Net interest on net defined benefit liability (Note 37)	6,922	9,674
– Lease liabilities (Note 16(b))	175,475	224,065
Gross interest expense	2,312,911	2,741,402
Bank charges	195,064	211,174
Less: Capitalised interest expense	(12,818)	(7,364)
Finance costs	2,495,157	2,945,212
Finance income:		
– Interest income on deposits in banks and other financial institutions	(443,204)	(542,273)
– Interest income on long-term deposits	(57,041)	(74,697)
	(500,245)	(616,970)
Net finance costs	1,994,912	2,328,242

13. Taxation

	2025 RMB'000	2024 RMB'000
Current income tax	4,486,200	4,155,803
Deferred income tax (Note 26)	(521,007)	(578,498)
	3,965,193	3,577,305

13. Taxation (continued)

A reconciliation of the tax charge applicable to profit before tax using the applicable rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	14,799,627	14,000,899
Tax calculated at the applicable tax rate	3,699,907	3,500,225
Impact of lower tax rates enacted by local authorities	(61,471)	(192,761)
Expenses not deductible for tax purposes	439,591	472,943
Income not subject to tax	(521,333)	(330,265)
Tax losses not recognised	352,196	145,194
Tax losses utilised from previous periods	(13,758)	(15,278)
Impact of change in the applicable income tax rate on deferred tax	(90,773)	(2,385)
Adjustments in respect of current tax of previous periods	160,834	(368)
Income tax expense	3,965,193	3,577,305

During 2025, enterprises established in the PRC are normally subject to enterprise income tax ("EIT") at the rate of 25%, while certain subsidiaries enjoy preferential EIT at a rate of 15% as approved by the relevant tax authorities or due to their operation in designated areas with preferential EIT policies.

Two of the Group's subsidiaries are subject to Hong Kong profits tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HKD2,000,000 (2024: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. Taxation (continued)

The tax credit/(charge) relating to the components of other comprehensive loss is as follows:

	Before tax RMB'000	2025 Tax (charge)/ credit RMB'000	After tax RMB'000	Before tax RMB'000	2024 Tax (charge)/ credit RMB'000	After tax RMB'000
Equity investments at fair value through other comprehensive income	31,517	(7,879)	23,638	(4,615)	1,154	(3,461)
Remeasurement of post-employment benefit obligations	22,871	(5,601)	17,270	(58,966)	14,709	(44,257)
	54,388	(13,480)	40,908	(63,581)	15,863	(47,718)

14. Earnings per share

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 3,120,656,000 (31 December 2024: 3,120,656,000) in issue excluding treasury shares at the end of the Reporting Period.

The Company had no potentially dilutive ordinary shares in issue during the year ended 31 December 2025 and 2024.

The calculations of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to equity holders of the parent used in the basic and diluted earnings per share calculation ('000)	7,155,094	7,049,683
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation ('000)	3,120,532	3,120,532
Basic and diluted earnings per share (RMB per share)	2.29	2.26



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. Dividends

A final dividend for the year ended 31 December 2024 of RMB0.68 (tax inclusive) per ordinary share, based on the total share capital of the Company of 3,120,656,191 ordinary shares, amounting to RMB2,122,046,000 in total, was approved by the shareholders at the annual general meeting of the Company held on 12 June 2025.

A final dividend for the year ended 31 December 2025 of RMB0.69 (tax inclusive) per ordinary share, based on the total share capital of the Company of 3,120,656,191 ordinary shares, totalling approximately RMB2,153,253 is to be proposed at the upcoming annual general meeting according to the resolution passed at the Board meeting held on 20 March 2026. These financial statements have not reflected this proposed dividend.

	2025 RMB'000	2024 RMB'000
Proposed final dividend – RMB0.69 (2024: RMB0.68) per ordinary share	2,153,253	2,122,046

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. Leases

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use right RMB'000	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Total RMB'000
At 1 January 2025, net of accumulated depreciation and impairment	2,020,377	5,185,218	39,124	1,519	7,246,238
Additions	13,137	1,511,239	12,722	3,611	1,540,709
Disposals	–	(601,457)	(9,189)	(23)	(610,669)
Depreciation (Note 10)	(60,657)	(1,949,022)	(20,418)	(1,694)	(2,031,791)
At 31 December 2025, net of accumulated depreciation and impairment	1,972,857	4,145,978	22,239	3,413	6,144,487
At 31 December 2025: Cost	2,696,547	8,912,765	99,301	10,195	11,718,808
Accumulated amortisation and impairment	(723,690)	(4,766,787)	(77,062)	(6,782)	(5,574,321)
Net carrying amount	1,972,857	4,145,978	22,239	3,413	6,144,487
At 1 January 2024, net of accumulated depreciation and impairment	1,847,952	5,510,171	56,334	1,966	7,416,423
Additions	229,653	2,443,031	14,745	2,006	2,689,435
Disposals	(525)	(472,209)	(8,739)	(333)	(481,806)
Depreciation (Note 10)	(56,703)	(2,295,775)	(23,216)	(2,120)	(2,377,814)
At 31 December 2024, net of accumulated depreciation and impairment	2,020,377	5,185,218	39,124	1,519	7,246,238
At 31 December 2024: Cost	2,683,410	10,041,133	115,616	6,660	12,846,819
Accumulated amortisation and impairment	(663,033)	(4,855,915)	(76,492)	(5,141)	(5,600,581)
Net carrying amount	2,020,377	5,185,218	39,124	1,519	7,246,238

As at 31 December 2025, there is no right-of-use assets (2024: Nil) pledged as collateral for the Group's bank borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. Leases (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	5,019,855	5,217,366
New leases	1,556,405	2,314,127
Accretion of interest recognised during the year (Note 12)	175,475	224,065
Payments	(2,161,622)	(2,204,281)
Others	(596,338)	(531,422)
Carrying amount at 31 December	3,993,775	5,019,855
Analysed into:		
Current portion	1,498,683	1,760,575
Non-current portion	2,495,092	3,259,280

The maturity analysis of lease liabilities is disclosed in Note 3 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	175,475	224,065
Depreciation charge of right-of-use assets	2,031,791	2,377,814
Expense relating to short-term leases	486,212	474,378
Expense relating to leases of low-value assets with remaining lease terms ended on or before 31 December 2025	3,797	21,802
Variable lease payments not included in the measurement of lease liabilities	6	1,053
Gain on disposal of items of right-of-use assets	(24,158)	(74,591)
Total amount recognised in profit or loss	2,673,123	3,024,521

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in Notes 41 and 42(b), respectively, to the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. Investment properties

	2025 RMB'000	2024 RMB'000
Cost	1,016,308	1,026,376
Accumulated depreciation and impairment	(652,207)	(633,343)
Net carrying amount	364,101	393,033
Opening carrying amount	393,033	501,466
Transfer from property, plant and equipment (Note 18)	8,839	15,563
Transfer to property, plant and equipment (Note 18)	(7,020)	(85,755)
Disposal	(40)	(176)
Depreciation (Note 10)	(30,711)	(38,065)
Closing carrying amount	364,101	393,033

Investment properties are located in Mainland China on land with the land use periods of 25 to 50 years (2024: 25 to 50 years).

As at 31 December 2025, there is no investment property (2024: Nil) pledged as collateral of the Group's bank borrowings.

As at 31 December 2025, the fair value of the investment properties was estimated to be approximately RMB3,033,902,000 (2024: RMB3,206,913,000). The valuation was determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

Rental income from investment properties has been included in the consolidated statement of profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Revenue (Note 6)	224,580	237,639

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For the year ended 31 December 2025

18. Property, plant and equipment

	Buildings RMB'000	Plant and machinery RMB'000	Furniture fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025						
Cost	13,752,152	6,516,442	3,343,875	868,149	739,814	25,220,432
Accumulated depreciation and impairment	(5,423,420)	(4,342,164)	(2,486,240)	(580,575)	(1,831)	(12,834,230)
Net carrying amount	8,328,732	2,174,278	857,635	287,574	737,983	12,386,202
At 1 January 2025, net of accumulated depreciation and impairment						
Additions	265,815	437,518	285,962	49,882	668,361	1,707,538
Transfers	275,007	203,798	30,288	1,041	(510,134)	-
Transfer from investment properties (Note 17)	7,020	-	-	-	-	7,020
Transfer to investment properties (Note 17)	(8,839)	-	-	-	-	(8,839)
Transfer to intangible assets (Note 19)	-	-	-	-	(52,300)	(52,300)
Disposals	(64,748)	(54,212)	(38,212)	(11,077)	(3,400)	(171,649)
Depreciation (Note 10)	(736,650)	(609,415)	(349,332)	(76,649)	-	(1,772,046)
Impairment (Note 9)	-	(10,012)	(618)	(294)	(926)	(11,850)
At 31 December 2025, net of accumulated depreciation and impairment	8,066,337	2,141,955	785,723	250,477	839,584	12,084,076
At 31 December 2025						
Cost	14,234,452	6,914,685	3,446,552	836,448	842,342	26,274,479
Accumulated depreciation and impairment	(6,168,115)	(4,772,730)	(2,660,829)	(585,971)	(2,758)	(14,190,403)
Net carrying amount	8,066,337	2,141,955	785,723	250,477	839,584	12,084,076

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For the year ended 31 December 2025

18. Property, plant and equipment (continued)

	Buildings RMB'000	Plant and machinery RMB'000	Furniture fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024						
Cost	12,996,897	6,036,706	3,191,580	870,481	505,465	23,601,129
Accumulated depreciation and impairment	(4,581,533)	(3,778,892)	(2,215,161)	(544,309)	–	(11,119,895)
Net carrying amount	8,415,364	2,257,814	976,419	326,172	505,465	12,481,234
At 1 January 2024, net of accumulated depreciation and impairment						
	8,415,364	2,257,814	976,419	326,172	505,465	12,481,234
Acquisition of subsidiaries (Note 45)	80,033	–	–	–	–	80,033
Additions	432,900	485,713	280,138	58,266	614,427	1,871,444
Transfers	162,037	90,827	28,435	50	(281,349)	–
Transfer from investment properties (Note 17)	85,755	–	–	–	–	85,755
Transfer to investment properties (Note 17)	(15,563)	–	–	–	–	(15,563)
Transfer to intangible assets (Note 19)	–	–	–	–	(34,181)	(34,181)
Disposals	(45,623)	(44,655)	(38,512)	(11,351)	(66,379)	(206,520)
Depreciation (Note 10)	(786,171)	(615,421)	(388,845)	(85,563)	–	(1,876,000)
At 31 December 2024, net of accumulated depreciation and impairment						
	8,328,732	2,174,278	857,635	287,574	737,983	12,386,202
At 31 December 2024						
Cost	13,752,152	6,516,442	3,343,875	868,149	739,814	25,220,432
Accumulated depreciation and impairment	(5,423,420)	(4,342,164)	(2,486,240)	(580,575)	(1,831)	(12,834,230)
Net carrying amount	8,328,732	2,174,278	857,635	287,574	737,983	12,386,202

18. Property, plant and equipment (continued)

Details of the borrowing costs capitalised into cost of property, plant and equipment are as follows:

	2025 RMB'000	2024 RMB'000
Borrowing costs capitalised	12,818	7,364
Weighted average rate of borrowing costs	3,27%	3.80%

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Depreciation expense was charged to the consolidated statement of profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Cost of sales	472,978	479,403
Selling and distribution expenses	827,158	868,707
Administrative expenses	471,910	527,890
	1,772,046	1,876,000

As at 31 December 2025, property, no plant and equipment (2024: RMB14,902,000) were pledged as collateral for the Group's bank borrowings (Note 33).

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19. Intangible assets

	Goodwill	Sales network	Trademarks and patent rights	Software	Product development costs	Exclusive distribution rights and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025, net of accumulated amortisation and impairment	6,251,565	1,601,182	229,262	569,395	224,013	73,456	8,948,873
Additions	-	-	1,734	96,998	97,888	3	196,623
Transfers	-	-	16,950	162,659	(179,609)	-	-
Transfers from property, plant and equipment (Note 18)	-	-	-	52,300	-	-	52,300
Disposals	(7,995)	-	-	(11,297)	-	-	(19,292)
Amortisation (Note 10)	-	(178,737)	(39,768)	(223,074)	-	(12,928)	(454,507)
Impairment (Note 9)	(459,726)	(80,156)	(9,162)	-	-	-	(549,044)
At 31 December 2025, net of accumulated amortisation and impairment	5,783,844	1,342,289	199,106	646,981	142,292	60,531	8,174,953
At 31 December 2025:							
Cost	8,051,808	4,310,446	583,389	2,081,472	142,292	180,068	15,349,475
Accumulated amortisation and impairment	(2,267,964)	(2,968,157)	(384,373)	(1,434,491)	-	(119,537)	(7,174,522)
Net carrying amount	5,783,844	1,342,289	199,016	646,981	142,292	60,531	8,174,953

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. Intangible assets (continued)

	Goodwill	Sales network	Trademarks and patent rights	Software	Product development costs	Exclusive distribution rights and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024, net of accumulated amortisation and impairment	7,185,729	1,926,059	244,702	573,208	180,018	86,433	10,196,149
Additions	-	-	401	122,166	156,462	6	279,035
Acquisition of subsidiaries (Note 45)	-	525	-	-	-	-	525
Transfers	-	-	57,953	54,514	(112,467)	-	-
Transfers from property, plant and equipment (Note 18)	-	-	-	34,181	-	-	34,181
Disposals	(2,964)	-	-	(10,276)	-	-	(13,240)
Amortisation (Note 10)	-	(190,586)	(33,846)	(204,398)	-	(12,983)	(441,813)
Impairment (Note 9)	(931,200)	(134,816)	(39,948)	-	-	-	(1,105,964)
At 31 December 2024, net of accumulated amortisation and impairment	6,251,565	1,601,182	229,262	569,395	224,013	73,456	8,948,873
At 31 December 2024:							
Cost	8,064,206	4,320,848	564,705	1,809,936	224,013	180,065	15,163,773
Accumulated amortisation and impairment	(1,812,641)	(2,719,666)	(335,443)	(1,240,541)	-	(106,609)	(6,214,900)
Net carrying amount	6,251,565	1,601,182	229,262	569,395	224,013	73,456	8,948,873

Amortisation expenses charged to the consolidated statement of profit or loss are as follows:

	2025 RMB'000	2024 RMB'000
Selling and distribution expenses	218,166	221,579
Administrative expenses	236,341	220,234
	454,507	441,813

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. Intangible assets (continued)

Impairment tests for goodwill:

Goodwill is allocated to the Group's cash-generating units ("CGUs"), identified by the operating segment, as follows:

2025	Opening RMB'000	Additions RMB'000	Impairment RMB'000	Disposal of subsidiaries RMB'000	Closing RMB'000
Pharmaceutical distribution	3,451,312	–	(136,195)	–	3,315,117
Medical devices	1,048,687	–	(58,368)	(7,995)	982,324
Retail pharmacy	1,706,278	–	(265,163)	–	1,441,115
Other businesses	45,288	–	–	–	45,288
Total	6,251,565	–	(459,726)	(7,995)	5,783,844

2024	Opening RMB'000	Additions RMB'000	Impairment RMB'000	Disposal of subsidiaries RMB'000	Closing RMB'000
Pharmaceutical distribution	3,764,626	–	(313,314)	–	3,451,312
Medical devices	1,088,780	–	(37,129)	(2,964)	1,048,687
Retail pharmacy	2,287,035	–	(580,757)	–	1,706,278
Other businesses	45,288	–	–	–	45,288
Total	7,185,729	–	(931,200)	(2,964)	6,251,565

The recoverable amount of a CGU is determined based on the higher of value-in-use and fair value less costs of disposal. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long-term average growth rates of the businesses in which the CGUs operate.

19. Intangible assets (continued)

Impairment tests for goodwill: (continued)

The key assumptions, long-term growth rates and discount rates used for value-in-use calculations of top 5 significant CGUs in 2025 are as follows:

	Retail pharmacy CGU1	CGU2	Pharmaceutical distribution		CGU5
			CGU3	CGU4	
Net goodwill (RMB'000)	753,650	1,081,882	191,420	184,055	143,835
Revenue growth rates within the budget period	-4.05%-3.46%	2.21%-3.08%	5.00%	8.48%-10.48%	6.58%-6.65%
Gross margin rate	29.22%-31.54%	6.40%-6.70%	6.43%	4.02%-4.20%	5.64%-6.17%
Growth rates to extrapolate cash flows beyond the budget period	2.00%	2.00%	2.00%	2.00%	2.00%
Pre-tax discount rate	13.38%	14.50%	14.50%	14.50%	14.40%

Management determined the budgeted gross margin and growth rates based on past performance of the CGUs and expectations for market development. The discount rates used are before tax after reflecting specific risks of the relevant businesses.

During the reporting period, by comparing the carrying value of the CGUs containing the goodwill with those recoverable amounts, the Group provided goodwill impairment amounting to RMB459,726,000 and intangible assets impairment amounting to RMB89,318,000 related to several CGUs in Pharmaceutical distribution segment, Medical devices distribution segment, Retail pharmacy segment and other business segment, were recognised in the consolidated statement of profit or loss as other expenses.

20. Subsidiaries

The principal subsidiaries of the Company are set out in Note 47.

Material non-controlling interests

The total non-controlling interests as at 31 December 2025 amounted to RMB50,206,358,000 (31 December 2024: RMB47,803,507,000). Set out below is the summarised non-controlling interest of subsidiaries that are material to the Group, including China National Medicines Corporation Ltd. ("**National Medicines**"), China National Accord Medicines Co., Ltd. ("**Sinopharm Accord**") and China National Scientific Instruments and Materials Co., Ltd ("**Scientific Instruments**").

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For the year ended 31 December 2025

20. Subsidiaries (continued)

Material non-controlling interests (continued)

	National Medicines		Sinopharm Accord		Scientific Instruments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Non-controlling shareholding ratio	45.28%	45.28%	43.94%	43.94%	40.00%	40.00%
Total Non-controlling Interest	10,160,553	9,602,552	11,191,739	10,849,862	10,428,350	10,237,798
Total current net assets	10,160,553	9,602,552	11,191,739	10,849,862	10,428,350	10,237,798

The non-controlling interest in respect of each of the other subsidiaries is not material.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information of the aforementioned subsidiaries that have non-controlling interests that are material to the Group.

Summarised statement of financial position

	National Medicines		Sinopharm Accord		Scientific Instruments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Current						
Assets	31,991,463	30,356,823	40,195,754	37,576,396	54,503,230	58,483,978
Liabilities	(15,402,139)	(14,855,742)	(26,105,143)	(24,802,407)	(42,669,506)	(47,386,033)
Total current net assets	16,589,324	15,501,081	14,090,611	12,773,989	11,833,724	11,097,945
Non-current						
Assets	4,693,561	4,571,456	8,900,518	9,979,465	5,653,133	6,187,392
Liabilities	(974,661)	(1,097,494)	(1,366,644)	(1,998,054)	(1,120,735)	(1,345,000)
Total non-current net assets	3,718,900	3,473,962	7,533,874	7,981,411	4,532,398	4,842,392
Net assets	20,308,224	18,975,043	21,624,485	20,755,400	16,366,122	15,940,337

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20. Subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised statement of profit or loss

	National Medicines		Sinopharm Accord		Scientific Instruments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Revenue	52,468,281	50,597,450	73,415,858	74,378,494	76,075,290	77,778,776
Profit before income tax	2,600,143	2,653,612	1,509,020	575,469	1,270,586	1,243,312
Income tax expense	(510,739)	(523,832)	(380,671)	(338,466)	(461,757)	(406,379)
Post-tax profit	2,089,404	2,129,780	1,128,349	237,003	808,829	836,933
Other comprehensive income/(loss)	23,638	(3,461)	1,971	(15,541)	(1,125)	(14,405)
Total comprehensive income	2,113,042	2,126,319	1,130,320	221,462	807,704	822,528
Total comprehensive income/(loss) allocated to non-controlling interests	1,007,571	1,033,744	492,861	(133,497)	517,810	(591,241)
Dividends paid to non-controlling interests	300,873	355,199	180,319	233,750	296,388	369,955

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20. Subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised cash flows

	National Medicines		Sinopharm Accord		Scientific Instruments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Cash flows generated from operating activities						
Cash generated from operations	2,685,706	2,239,452	2,103,890	3,759,347	1,299,573	(852,663)
Income tax paid	(680,188)	(580,333)	(465,301)	(487,879)	(599,013)	(641,935)
Net cash generated from/(used in) operating activities	2,005,518	1,659,119	1,638,589	3,271,468	700,560	(1,494,598)
Net cash used in investing activities	(17,389)	(2,583,710)	(102,925)	(150,686)	(63,251)	(107,591)
Net cash generated from/(used in) financing activities	(1,387,477)	(1,582,333)	(1,362,226)	(1,831,235)	(1,212,296)	(1,855,905)
Net increase/(decrease) in cash and cash equivalents	600,652	(2,506,924)	173,438	1,289,547	(574,987)	(3,458,094)
Cash and cash equivalents at beginning of year	8,291,394	10,798,318	7,123,645	5,835,294	6,269,574	9,725,352
Effect of foreign exchange rate changes, net	-	-	(74)	(1,196)	(6,241)	2,316
Cash and cash equivalents at end of year	8,892,046	8,291,394	7,297,009	7,123,645	5,688,346	6,269,574

The information above is before inter-company eliminations.

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21. Investments in associates

	2025 RMB'000	2024 RMB'000
At 1 January	10,145,325	9,687,954
Additions	8,775	13,473
Share of results	1,230,080	1,196,478
Unrealised gains on transactions with an associate	3,856	35,003
Share of other comprehensive (loss)/income	(1,920)	1,938
Share of changes in equity other than comprehensive income and distributions received from associates	7,378	(3,819)
Dividends declared by associates attributable to the Group	(736,323)	(707,627)
Disposal of investments in associates	(70,220)	(75,940)
Impairment (Note 9)	–	(2,135)
At 31 December	10,586,951	10,145,325

The Group's receivable and payable balances with the associates are disclosed in Note 46 to the financial statements.

Particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of equity interest attributable to the Group		Principal activity
			2025(i)	2024(i)	
Shanghai Modern Pharmaceutical Co., Ltd. (i) (上海現代製藥股份有限公司)	Ordinary shares of RMB1 each	PRC/Mainland China	13.88%	13.88%	Pharmaceutical manufacturing
Yichang Humanwell Pharmaceutical Co., Ltd. (宜昌人福藥業有限責任公司)	Ordinary shares of RMB1 each	PRC/Mainland China	20.00%	20.00%	Pharmaceutical manufacturing

- (i) The Group's investment in this associate is accounted for under the equity method of accounting because the Group has significant influence over the associate by way of representation on the board of directors and participation in the policy-making process, despite the fact that the percentage of the Group's equity interest in it was lower than 20% for the year ended 31 December 2025 and the year ended 31 December 2024.

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21. Investments in associates (continued)

The following table illustrates the summarised financial information of Shanghai Modern Pharmaceutical Co., Ltd. extracted from its financial statements, reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	11,253,032	11,684,104
Non-current assets	7,973,815	8,271,493
Current liabilities	(3,134,025)	(4,343,611)
Non-current liabilities	(248,098)	(290,022)
Non-controlling interests	(2,065,882)	(2,118,040)
Net assets	13,778,842	13,203,924
Market value of listed shares	13,545,844	16,013,602
Proportion of the Group's ownership	13.88%	13.88%
Carrying amount of the investment	1,912,509	1,832,700
Revenue	9,363,074	10,937,525
Profit for the year	1,142,166	1,332,080
Other comprehensive income	(197)	175
Dividend received	55,863	37,242

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21. Investments in associates (continued)

The following table illustrates the summarised financial information of Yichang Humanwell Pharmaceutical Co., Ltd. extracted from its financial statements, reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	7,091,192	6,088,740
Non-current assets	6,135,075	5,963,931
Current liabilities	(1,632,780)	(1,949,163)
Non-current liabilities	(546,798)	(447,008)
Non-controlling interests	(59,452)	(58,961)
Other Adjustment	(37,074)	(54,676)
Net assets	10,950,163	9,542,863
Proportion of the Group's ownership	20.00%	20.00%
Carrying amount of the investment	2,190,033	1,908,573
Revenue	8,810,467	8,701,780
Profit for the year	2,761,706	2,703,197
Dividend received	271,499	243,164

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' profit for the year	549,857	536,739
Share of the associates' other comprehensive income	(1,893)	1,914
Share of the associates' total comprehensive income	547,964	538,652
Aggregate carrying amount of the Group's investments in the associates	6,486,545	6,404,052

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22. Equity investments designated at fair value through other comprehensive income

	2025 RMB'000	2024 RMB'000
Listed equity investment, at fair value		
Jiangsu Lianhuan Pharmaceutical Group Co., Ltd.	68,700	37,183
Unlisted equity investments, at fair value		
Shanghai Fuxin Chuanghong Fund Investment Co., Ltd.	5,130	7,203
Shanghai Guoren Pharmacy Co., Ltd.	283	283
Suzhou Liuliu Vision Technology Co., Ltd.	4,755	4,755
Zhejiang Wahaha Industrial Co., Ltd.	300	300
Sinopharm (Shanghai) E-commerce Co., Ltd.	471	471
Shenzhen Zhonglian Guangshen Pharmaceutical Group Co., Ltd.	293	293
Wuhan Gaoke Medical Device Enterprise Incubation Co., Ltd.	150	150
CCB TRUST CO., LTD.	620	–
Tianjin Bogang No.11 Enterprise Management Partnership (Limited Partnership)	219	–
	12,221	13,455
	80,921	50,638

- (i) The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.
- (ii) During the year ended 31 December 2025, the Group received dividends in an aggregate amount of RMB399,000 (2024: RMB563,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. Financial assets at fair value through profit or loss

	2025 RMB'000	2024 RMB'000
Listed equity investments, at fair value	129	158
Unlisted equity investments, at fair value	377,383	379,853
Investments in funds, at fair value	239,779	295,795
	617,291	675,806
Less: Current portion	(129)	(158)
	617,162	675,648

24. Finance lease receivables

	2025 RMB'000	2024 RMB'000
Finance lease receivables	141,470	154,639
Less: Unearned finance income	(19,703)	(24,751)
	121,767	129,888
Less: Expected credit losses	(12,436)	(12,436)
Less: Current portion	(14,366)	(5,751)
	94,965	111,701

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For the year ended 31 December 2025

25. Financial instruments by category

At 31 December 2025

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit and loss RMB'000	Equity investments at fair value through other comprehensive income RMB'000	Notes receivable held both to collect cash flows and to sell RMB'000	Total RMB'000
Financial assets included in other non-current assets	1,846,950	-	-	-	1,846,950
Equity investments designated at fair value through other comprehensive income	-	-	80,921	-	80,921
Financial assets at fair value through profit and loss (Note 23)	-	617,291	-	-	617,291
Finance lease receivables (Note 24)	109,331	-	-	-	109,331
Trade and notes receivable (Note 29)	192,469,327	-	-	13,152,983	205,622,310
Financial assets included in prepayments, other receivables and other assets	7,708,923	-	-	-	7,708,923
Pledged deposits, restricted cash and bank deposits with an initial term of over three months (Note 32)	12,764,286	-	-	-	12,764,286
Cash and cash equivalents (Note 32)	48,796,132	-	-	-	48,796,132
	263,694,949	617,291	80,921	13,152,983	277,546,144



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25. Financial instruments by category (continued)

At 31 December 2025 (continued)

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings (Note 33)	66,966,648
Trade and notes payable (Note 34)	150,248,418
Dividends payable	257,070
Lease liabilities (Note 16 (b))	3,993,775
Financial liabilities included in accruals and other payables	20,264,826
	241,730,737
	Financial liabilities at fair value through profit or loss RMB'000
Financial liabilities included in other non-current liabilities (Note 38)	-
Financial liabilities included in accruals and other payables (Note 36)	54,910
	54,910

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25. Financial instruments by category (continued)

At 31 December 2024

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit and loss RMB'000	Equity investments at fair value through other comprehensive income RMB'000	Notes receivable held both to collect cash flows and to sell RMB'000	Total RMB'000
Financial assets included in other non-current assets	2,167,031	-	-	-	2,167,031
Equity investments designated at fair value through other comprehensive income	-	-	50,638	-	50,638
Financial assets at fair value through profit and loss (Note 23)	-	675,806	-	-	675,806
Finance lease receivables (Note 24)	117,452	-	-	-	117,452
Trade and notes receivable (Note 29)	187,473,247	-	-	12,781,306	200,254,553
Financial assets included in prepayments, other receivables and other assets	8,461,995	-	-	-	8,461,995
Pledged deposits, restricted cash and bank deposits with an initial term of over three months (Note 32)	12,752,736	-	-	-	12,752,736
Cash and cash equivalents (Note 32)	54,313,359	-	-	-	54,313,359
	265,285,820	675,806	50,638	12,781,306	278,793,570

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25. Financial instruments by category (continued)

At 31 December 2024 (continued)

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings (Note 33)	71,366,279
Trade and notes payable (Note 34)	151,109,247
Dividends payable	238,557
Lease liabilities (Note 16 (b))	5,019,855
Financial liabilities included in accruals and other payables	22,558,312
	250,292,250
	Financial liabilities at fair value through profit or loss RMB'000
Financial liabilities included in other non-current liabilities (Note 38)	39,210
Financial liabilities included in accruals and other payables (Note 36)	54,910
	94,120

26. Deferred income tax

	2025 RMB'000	2024 RMB'000
Deferred tax assets	2,849,179	2,408,387
Deferred tax liabilities	(565,223)	(638,754)
	2,283,956	1,769,633

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For the year ended 31 December 2025

26. Deferred income tax (continued)

The movements in deferred tax assets and liabilities are as follows:

Deferred tax assets

	Employee benefit obligations	Impairment provision for assets	Unrealised profits	Tax losses	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	178,032	1,034,217	39,841	155,962	1,180,178	654,638	3,242,868
Acquisition of subsidiaries (Note 45)	-	-	-	-	-	2	2
(Charged)/credited to the consolidated statement of profit or loss	(29,225)	339,111	16,499	41,815	(56,952)	31,245	342,493
Credited to other comprehensive income	14,709	-	-	-	-	-	14,709
Disposal of subsidiaries	-	-	-	-	-	(29)	(29)
At 31 December 2024	163,516	1,373,328	56,340	197,777	1,123,226	685,856	3,600,043
(Charged)/credited to the consolidated statement of profit or loss	(4,887)	219,266	15,524	44,713	(184,099)	140,314	230,831
Credited to other comprehensive income	(5,601)	-	-	-	-	-	(5,601)
Disposal of subsidiaries	-	-	-	-	-	4,714	4,714
At 31 December 2025	153,028	1,592,594	71,864	242,490	939,127	830,884	3,829,987

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26. Deferred income tax (continued)

Deferred tax liabilities

	Fair value adjustments on assets relating to business combinations RMB'000	Fair value gains on equity investments at fair value through profit and loss RMB'000	Fair value gains on equity investments at fair value through other comprehensive income RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	694,573	3,427	5,831	1,133,134	230,603	2,067,568
(Credited)/charged to the consolidated statement of profit or loss	(186,827)	16,020	-	(47,159)	(18,038)	(236,004)
Credited to other comprehensive income	-	-	(1,154)	-	-	(1,154)
At 31 December 2024	507,746	19,447	4,677	1,085,975	212,565	1,830,410
(Credited)/charged to the consolidated statement of profit or loss	5,771	(6,736)	3,448	(195,438)	(83,545)	(276,500)
Credited to other comprehensive income	-	-	(7,879)	-	-	(7,879)
At 31 December 2025	513,517	12,711	246	890,537	129,020	1,546,031

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. Deferred income tax (continued)

Deferred tax liabilities (continued)

The net balances of deferred tax assets and liabilities after offsetting are as follows:

	31 December 2025		31 December 2024	
	Offsetting amount RMB'000	Amount after offset RMB'000	Offsetting amount RMB'000	Amount after offset RMB'000
Deferred tax assets	(980,808)	2,849,179	(1,191,656)	2,408,387
Deferred tax liabilities	980,808	565,223	1,191,656	638,754

Deductible temporary difference and deductible losses of the Group that were not recognised as deferred tax assets are analysed as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Deductible temporary difference	166,508	91,846
Deductible losses	1,135,553	880,462
	1,302,061	972,308

The due dates for deductible losses that were not recognised as deferred tax assets are distributed as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	104,184	80,108
1 to 2 years	130,313	80,020
2 to 3 years	326,282	125,549
3 to 4 years	195,426	278,166
4 to 5 years	341,465	295,312
More than 5 years	37,883	21,307
	1,135,553	880,462

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27. Other non-current assets

	2025 RMB'000	2024 RMB'000
Long-term deposits	1,329,488	1,529,617
Contract assets	200,904	246,899
Instalment sales	600,834	797,615
Others	504,656	475,211
	2,635,882	3,049,342
Expected credit losses	(92,683)	(54,244)
	2,543,199	2,995,098

The movements in the loss allowance for expected credit losses of non-current assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	54,244	110,092
Expected credit losses, net (Note 8)	30,641	(4,182)
Transfer from/(to) other receivables and other assets (Note 31)	7,798	(51,666)
At end of year	92,683	54,244

As at 31 December 2025 and 31 December 2024 the other-non current assets were in the stage 1.

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For the year ended 31 December 2025

28. Inventories

	2025 RMB'000	2024 RMB'000
Raw materials	198,127	212,879
Work in progress	27,564	34,601
Finished goods and trading merchandise	63,481,073	62,446,911
	63,706,764	62,694,391
Less: Provision for impairment	(365,430)	(341,579)
	63,341,334	62,352,812

The cost of inventories included in cost of sales amounted to RMB532,082,634,000 (2024: RMB538,925,247,000) (Note 10).

Movements in provision for impairment of inventories are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	341,579	294,515
Provision for the year (Note 10)	100,218	77,771
Write-off for the year	(76,367)	(30,707)
At 31 December	365,430	341,579

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29. Trade and notes receivable

	2025 RMB'000	2024 RMB'000
Trade receivables	194,613,010	187,635,430
Notes receivable held both to collect cash flows and to sell	13,152,983	12,781,306
Notes receivable	3,622,503	4,830,839
	211,388,496	205,247,575
Less: Expected credit losses	(5,766,186)	(4,993,022)
	205,622,310	200,254,553

The fair value of trade and notes receivable approximates to their carrying amount.

Retail sales of pharmacy stores are generally made in cash or by debit or credit cards. For all other businesses, like pharmaceutical distribution, medical devices distribution and production and sales of pharmaceutical manufacturing businesses etc., sales are made on credit terms generally ranging from 30 to 210 days. The aging analysis of trade receivables, based on the invoice date and net of expected credit losses, as at the end of the reporting period, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	175,264,021	169,957,622
1 to 2 years	9,623,396	10,185,212
Over 2 years	4,024,063	2,616,934
	188,911,480	182,759,768

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit losses for trade and notes receivable. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing except for individually provided, where applicable. See Notes 3(2)(b) and 4(i) for further information about expected credit losses.

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29. Trade and notes receivable (continued)

The movements in the loss allowance for expected credit losses of trade and notes receivable are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	4,993,022	3,696,174
Expected credit losses, net (Note 8)	828,855	1,312,770
Disposal of subsidiaries	(18,727)	(2,986)
Other decrease for the year	(27)	(165)
Amount written off as uncollectible	(36,937)	(12,771)
At end of year	5,766,186	4,993,022

The maximum exposure to credit risk as at 31 December 2025 was the carrying value of each category of receivables mentioned above and in Note 31.

As at 31 December 2025, notes receivable of RMB265,288,000 (2024: RMB316,771,000) and trade receivables of RMB1,748,216,000 (2024: RMB1,555,384,000) were pledged as collateral for the Group's bank borrowings.

As at 31 December 2025, notes receivable of RMB132,598,000 (2024: RMB139,405,000) and trade receivables of RMBNil (2024: RMB202,760,000) were pledged as collateral for the Group's notes payable.

As at 31 December 2025, outstanding trade receivables of RMB28,671,075,000 (2024: RMB41,232,891,000) were derecognized under the trade receivables factoring programs without recourse. The aging of these derecognized trade receivables was basically within one year. As at 31 December 2025, the collection of such trade receivables on behalf of banks amounting to RMB3,683,008,000 (2024: RMB4,494,390,000) and the collection of such trade receivables on behalf of related parties amounting to RMB818,700,000 (2024: RMB1,266,078,000) was recorded in other payables (Note 36). During the year of 2025, the losses on derecognition of trade and notes receivable was RMB1,042,793,000 (2024: RMB1,582,079,000).

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30. Contract assets

	2025 RMB'000	2024 RMB'000
Contract asset arising from sale of goods	1,317,164	1,550,061
Less: Expected credit losses	(101,084)	(84,845)
Less: Contract assets listed in other non-current assets	(200,904)	(246,899)
Contract assets, net	1,015,176	1,218,317

A contract asset represents the Group's right to consideration in exchange for sales of goods that the Group has transferred to a customer that is not yet unconditional. The contract assets are transferred to prepayments, trade and other receivables when the rights become unconditional other than passage of time.

The movements in the loss allowance for expected credit losses of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	84,845	74,523
Expected credit losses (Note 8)	16,239	10,322
At end of year	101,084	84,845

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for contract assets. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

The expected timing of recovery or settlement for contract assets as at 31 December 2025 was mainly within one year.

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31. Prepayments, other receivables and other assets

	2025 RMB'000	2024 RMB'000
Prepayments	5,865,348	6,709,875
Other current assets	1,604,168	1,287,806
Deposits	2,757,639	3,172,132
Staff advances	13,662	41,613
Amounts due from related parties (Note 46)		
– other receivables	58,690	53,779
– prepayments	63,688	90,209
Purchase rebate	988,686	1,252,450
Other receivables	4,787,638	4,733,307
	16,139,519	17,341,171
Less: Expected credit losses	(897,391)	(791,286)
	15,242,128	16,549,885

The movements in the loss allowance for expected credit losses of other receivables and other assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	791,286	695,113
Expected credit losses (Note 8)	126,608	62,437
Transfer (to)/from other non-current assets (Note 27)	(7,798)	51,666
Amount written off as uncollectible	(30,329)	(17,930)
Others(i)	17,624	–
At end of year	897,391	791,286

(i) Increase in previously eliminated loss allowance arising from changes in the scope of consolidation.

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31. Prepayments, other receivables and other assets (continued)

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2025 and 31 December 2024, other receivables in the stage 1 mainly consisted of deposits and other receivables, and receivables in the stage 3 was related to significant deterioration in the operating conditions of the counterparty company or involvement in multiple lawsuits.

32. Pledged deposits, restricted cash and bank deposits with an initial term of over three months

	2025 RMB'000	2024 RMB'000
Pledged deposits, restricted cash and bank deposits with an initial term of over three months		
Pledged deposits	8,784,547	8,872,417
Restricted cash	1,354,378	1,328,374
Bank deposits with an initial term of over three months	2,625,361	2,551,945
	12,764,286	12,752,736
Cash and cash equivalents		
– Cash on hand	4,313	6,867
– Cash in banks	46,375,393	51,763,401
– Cash in other financial institutions (Note 46)	2,416,426	2,543,091
	48,796,132	54,313,359
Pledged deposits, restricted cash and bank deposits with an initial term of over three months, and cash and cash equivalents		
Denominated in		
– RMB	61,131,764	66,719,009
– USD	320,575	273,821
– EUR	42,290	3,992
– HKD	62,394	63,817
– Others	3,395	5,456
	61,560,418	67,066,095

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32. Pledged deposits, restricted cash and bank deposits with an initial term of over three months (continued)

Bank deposits are pledged as collateral for the following:

	2025 RMB'000	2024 RMB'000
Bank acceptance notes	8,284,711	8,435,950
Letters of credit	181,338	95,233
Letters of guarantee	183,891	231,821
Others	134,607	109,413
	8,784,547	8,872,417

The maximum exposure to credit risk as at 31 December 2025 and 2024 approximated to the carrying values of pledged deposits, restricted cash, bank deposits with an initial term of over three months, and cash and cash equivalents.

The effective interest rate of bank deposits in banks and other financial institutions is as follows:

	2025	2024
Weighted average effective interest rate (per annum)	0.69%	0.76%

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33. Interest-bearing bank and other borrowings

	2025 RMB'000	2024 RMB'000
Non-current		
Unsecured bank borrowings	432,770	5,523,824
Unsecured borrowings from other financial institutions and related parties	215,137	116,066
Bonds	2,997,577	2,997,341
	3,645,484	8,637,231
Current		
Mortgaged bank borrowings	–	10,000
Pledged bank borrowings	1,058,073	1,503,323
Guaranteed bank borrowings	–	10,012
Unsecured bank borrowings	44,224,500	44,705,849
Bank loans under supplier finance arrangements	3,556,085	4,350,638
Unsecured borrowings from other financial institutions and related parties	13,482,186	11,230,499
Secured borrowings from other financial institutions and related parties	952,859	368,832
Bonds	47,461	549,895
	63,321,164	62,729,048
Total borrowings	66,966,648	71,366,279
The carrying amounts of the Group's borrowings are denominated in the following currencies:		
– RMB	66,966,648	71,366,279
	66,966,648	71,366,279

As at 31 December 2025, the Group had bank loans of RMB3,556,085,000 entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in advance of the original due dates. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 120-360 days after settlement by the banks with interest ranges from 2.11%-3.00% per annum. Further information on the Group's supplier finance arrangements is set out in note 41e.

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33. Interest-bearing bank and other borrowings (continued)

Information on the issuance of the bonds by the Company is as follows:

	Issue date	Period	Nominal Value RMB'000	Fixed Interest Rate
Corporate Bond	23 May 2024	5 Years	3,000,000	2.48%
Super & Short-term Commercial Paper	13 February 2023	180 days	3,000,000	2.27%
Super & Short-term Commercial Paper	16 March 2023	180 days	3,000,000	2.21%
Super & Short-term Commercial Paper	24 July 2023	270 days	2,000,000	2.37%
Super & Short-term Commercial Paper	10 August 2023	140 days	2,000,000	2.15%
Super & Short-term Commercial Paper	8 September 2023	111 days	3,000,000	2.20%
Super & Short-term Commercial Paper	8 March 2024	270 days	3,000,000	2.10%
Super & Short-term Commercial Paper	24 April 2024	247 days	3,000,000	1.82%
Super & Short-term Commercial Paper	12 September 2024	270 days	500,000	2.10%
Super & Short-term Commercial Paper	15 January 2025	270 days	800,000	1.85%
Super & Short-term Commercial Paper	8 August 2025	141 days	3,000,000	1.51%

On 23 May 2024, the Company completed the issuance of the first tranche of the corporate bonds with an aggregate nominal value of RMB3,000,000,000. The corporate bonds will expire on 23 May 2029, for a period of five years commencing from the issue date of 23 May 2024. The annual interest rate of the corporate bonds is fixed at 2.48%. Interest is paid on an annual basis.

The proceed from the issuance of the above bond is used to supplement the Group's working capital and repaying bank borrowings and debentures.

At the end of respective reporting periods, borrowings were repayable as follows:

	Borrowings from banks or other financial institutions		Bonds	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Within 1 year	63,273,703	62,179,153	47,461	549,895
Between 1 and 2 years	647,907	5,631,991	–	–
Between 2 and 5 years	–	7,900	2,997,577	2,997,341
	63,921,610	67,819,044	3,045,038	3,547,236

33. Interest-bearing bank and other borrowings (continued)

All of the Group's borrowings from banks or other financial institutions are at floating rates as follows:

	2025	2024
Weighted average effective interest rate (per annum)	2.50%	2.62%

The collateral for the Group's secured bank borrowings is as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment (Note 18)	–	14,902
Notes receivable (Note 29)	265,288	316,771
Trade receivables (Note 29)	1,748,216	1,555,384
	2,013,504	1,887,057

34. Trade and notes payable

	2025 RMB'000	2024 RMB'000
Trade payables	112,627,898	112,450,243
Notes payable	29,321,854	30,691,243
Trade payables under supplier finance arrangements	8,298,666	7,967,761
	150,248,418	151,109,247

The trade and notes payable are non-interest-bearing and are normally settled on 90-day terms. The fair value of trade payables approximates to their carrying amount.

As at 31 December 2025, the Group had approximately RMB8,298,666,000 (2024: RMB7,967,761,000) in notes payable under supplier financing arrangements. The Group has entered into certain supplier financing arrangements with banks. Under these arrangements, the banks pay the Group's outstanding amounts to suppliers by the original due dates. The Group's obligations towards a supplier legally terminate upon reaching a settlement with the supplier. The Group pays discount interest to the bank. These arrangements extend the Group's payment terms and may extend to 30-360 days after the original due date of the respective invoice. The relevant supplier financing rates are 1.65%-3.3%.

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34. Trade and notes payable (continued)

An aging analysis of the trade and notes payable as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	98,534,981	103,692,249
Between 3 and 6 months	30,022,663	26,334,770
Between 6 months and 1 year	11,923,340	12,135,380
Between 1 and 2 years	5,878,396	6,060,875
Over 2 years	3,889,038	2,885,973
	150,248,418	151,109,247

The Group's trade and notes payable are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	149,421,629	150,965,249
USD	822,205	136,248
EUR	-	1,169
NZD	2,181	4,497
JPY	2,403	2,084
	150,248,418	151,109,247

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35. Contract Liabilities

	2025 RMB'000	2024 RMB'000
Non-current		
– Amounts received in advance	74,058	46,370
– Loyalty program	2,026	8,406
Current		
– Amounts received in advance	5,984,158	6,828,857
	6,060,242	6,883,633

36. Accruals and other payables

	2025 RMB'000	2024 RMB'000
Accrual of operating expenses	3,738,967	3,676,887
Collection of trade receivables on behalf of financial institutions under factoring programs (Note 29)	3,683,008	4,494,390
Collection of trade receivables on behalf of related parties under factoring programs (Notes 29 and 46)	818,700	1,266,078
Salary and welfare payable	2,014,552	2,518,784
Other deposits	4,903,621	6,064,095
Taxes payable other than income tax	1,300,426	1,129,997
Interest payable due to third parties	464,669	721,670
Interest payable due to related parties (Note 46)	27,940	75,848
Other payables due to related parties (Note 46)	87,307	50,690
Payables arising from acquisition of subsidiaries and contingent consideration	174,218	176,362
Others	6,790,385	6,087,202
	24,003,793	26,262,003

The fair value of accruals and other payables approximates to their carrying amount.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. Post-employment benefit obligations

The table below shows the Group's post-employment amounts and activities included in the financial statements:

	2025 RMB'000	2024 RMB'000
Obligations for post-employment benefits in the consolidated statement of financial position	364,902	412,884
Charge in the consolidated statement of profit or loss	9,278	16,912
Remeasurement gains recognised in other comprehensive income (Note 13)	(22,871)	58,966
Cumulative remeasurement losses recognised in other comprehensive income	219,126	241,997

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	2025 RMB'000	2024 RMB'000
Present value of funded obligations	18,659	33,222
Fair value of plan assets	(132,966)	(121,591)
Funded status	(114,307)	(88,369)
Restrictions on asset recognised	479,209	501,253
Net liability arising from defined benefit obligation	364,902	412,884

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. Post-employment benefit obligations (continued)

The movements in the present value of the defined benefit obligations in the current year were as follows:

	Present value of obligation RMB'000	Fair value of plan assets RMB'000	Total RMB'000
At 1 January 2025	534,475	(121,591)	412,884
Current service cost	4,326	–	4,326
Past service cost	(1,970)	–	(1,970)
Interest expense (Note 12)	9,050	(2,128)	6,922
	11,406	(2,128)	9,278
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	–	(9,306)	(9,306)
– Gains from change in financial assumptions	(13,565)	–	(13,565)
	(13,565)	(9,306)	(22,871)
Contributions:			
– Employers	–	(1,718)	(1,718)
Payments:			
– Benefit payments	(34,448)	1,777	(32,671)
At 31 December 2025	497,868	(132,966)	364,902

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. Post-employment benefit obligations (continued)

	Present value of obligation RMB'000	Fair value of plan assets RMB'000	Total RMB'000
At 1 January 2024	485,426	(118,914)	366,512
Current service cost	3,944	–	3,944
Past service cost	3,294	–	3,294
Interest expense (Note 12)	12,489	(2,815)	9,674
	19,727	(2,815)	16,912
Remeasurements:			
– Return on plan assets, excluding amounts included in interest income	–	468	468
– Gains from change in financial assumptions	58,498	–	58,498
	58,498	468	58,966
Contributions:			
– Employers	–	(2,142)	(2,142)
Payments:			
– Benefit payments	(29,176)	1,812	(27,364)
At 31 December 2024	534,475	(121,591)	412,884

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2025	2024
Discount rate	2.00%	1.75%
Pension growth rate	5.00%	5.00%

37. Post-employment benefit obligations (continued)

Mortality: Average life expectancy of residents in Mainland China

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	Impact on defined benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 2.82%	Increase by 2.98%
Pension growth rate	0.50%	Increase by 1.30%	Decrease by 1.15%

The Group engaged an independent actuary, Towers Watson (Shenzhen) Consulting Co., Ltd., to estimate the present value of its above retirement benefit plan (the plan is funded by the Group) obligations using the actuarial method based on the expected cumulative welfare unit method.

As at 31 December 2025, fair value of the plan asset was RMB132,966,000 (31 December 2024: RMB121,591,000). As at 31 December 2025, obligations under these defined benefit plans are 27.75% (31 December 2024: 23.48%) covered by the plan assets.

No material surplus or deficiency was noted for the above mentioned plan assets.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, such change is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been used for calculating the defined benefit obligations recognised in the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Expected maturity analysis of undiscounted post-employments benefits:

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2025				
Post-employment benefits	35,720	119,547	519,130	674,397

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38. Other non-current liabilities

	2025 RMB'000	2024 RMB'000
Medical reserve funds		
– general (i)	1,406,453	1,782,124
– for H1N1 vaccines	488,024	488,024
Government grants for construction of logistics centres (ii)	77,171	73,954
Other government grants	264,069	285,125
Payables for acquisition of subsidiaries	–	39,210
Others	93,390	96,992
	2,329,107	2,765,429

- (i) Certain medical reserve funds were mainly received by CNPGC from the PRC government for the State reserve requirements of medical products (including medicines) for serious disasters, epidemics and other emergencies. In accordance with a responsibility letter dated 4 January 2006 signed between CNPGC and the Company, CNPGC has re-allocated the funds in relation to medicines to the Group. The Group received general medical reserve funds of RMB102,669,000 (2024: RMB178,917,000) during the year ended 31 December 2025 from CNPGC.

The Group will have to sell pharmaceutical products to specific customers at cost when there are serious disasters, epidemic or other emergencies, and the relevant trade receivables from certain of these customers will be offset with the balance of the fund upon approval from CNPGC and the relevant PRC government authorities. RMB100,791,000 was settled with the government during the year ended 31 December 2025 (2024: RMB196,872,000). The Group is required to maintain certain inventories at a level of not less than 70% of the general reserve funds. The medical reserve funds are required to be utilised only for the uses as mentioned above.

- (ii) Certain of the Group's subsidiaries received funds from local governments as subsidies for construction of logistics centres. As at 31 December 2025, the directors expected that the construction will not be completed within one year and therefore, the balance was recorded as other non-current liability.

39. Share capital

	Number of shares RMB'000	Domestic shares with par value of RMB1 per share RMB'000	H shares with par value of RMB1 per share RMB'000	Total RMB'000
At 1 January 2025 and at 31 December 2025	3,120,656	1,778,845	1,341,811	3,120,656

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. Reserves

	Notes	Share premium RMB'000	Statutory reserves RMB'000	Revaluation of equity investments designated at fair value through other comprehensive income RMB'000	Other reserves Note (c) RMB'000	Retained earnings Note (b) RMB'000	Total RMB'000
At 1 January 2025		24,641,485	1,787,155	18,977	(4,425,521)	53,744,881	75,766,977
Profit for the year		-	-	-	-	7,155,094	7,155,094
Changes in fair value of equity investments at fair value through other comprehensive income							
- gross		-	-	20,813	-	-	20,813
- tax		-	-	(7,879)	-	-	(7,879)
Remeasurement on post-employment benefit obligations							
- gross		-	-	-	19,938	-	19,938
- tax		-	-	-	(5,090)	-	(5,090)
Exchange differences on translation of foreign operations		-	-	-	(5,828)	-	(5,828)
Share of other comprehensive income of associates		-	-	-	(1,910)	-	(1,910)
Dividend declared		-	-	-	-	(2,121,962)	(2,121,962)
Share of changes in equity other than comprehensive income and distributions received from associates		-	-	-	7,378	-	7,378
Others		-	-	-	9,035	-	9,035
At 31 December 2025		24,641,485	1,787,155	31,911	(4,401,998)	58,778,013	80,836,566

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. Reserves (continued)

	Notes	Share premium RMB'000	Statutory reserves RMB'000	Revaluation of equity investments designated at fair value through other comprehensive income RMB'000	Other reserves Note (c) RMB'000	Retained earnings Note (b) RMB'000	Total RMB'000
At 1 January 2024		24,641,485	1,787,155	20,871	(4,394,172)	49,410,060	71,465,399
Profit for the year		-	-	-	-	7,049,683	7,049,683
Changes in fair value of equity investments at fair value through other comprehensive income							
- gross		-	-	(2,525)	-	-	(2,525)
- tax		-	-	631	-	-	631
Remeasurement on post-employment benefit obligations							
- gross		-	-	-	(49,808)	-	(49,808)
- tax		-	-	-	12,391	-	12,391
Exchange differences on translation of foreign operations		-	-	-	5,941	-	5,941
Share of other comprehensive income of associates		-	-	-	3,118	-	3,118
Dividend declared		-	-	-	-	(2,714,862)	(2,714,862)
Effects of transactions with non-controlling interests	44	-	-	-	2,956	-	2,956
Share of changes in equity other than comprehensive income and distributions received from associates		-	-	-	(4,684)	-	(4,684)
Others		-	-	-	(1,263)	-	(1,263)
At 31 December 2024		24,641,485	1,787,155	18,977	(4,425,521)	53,744,881	75,766,977

40. Reserves (continued)

- (a) PRC laws and regulations require companies registered in the PRC to maintain certain statutory reserves, which are to be appropriated from the retained earnings (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before distributing retained earnings to their shareholders. Statutory reserves are created for specific purposes. In accordance with the Company Law, PRC companies are required to appropriate 10% of the net profits to statutory surplus reserves. A company may discontinue the appropriation when the balance of its statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the companies or to increase capital of the companies. In addition, a company may make further contribution to a discretionary surplus reserve based on a resolution of the board of directors.
- (b) Retained earnings as at 31 December 2025 included the proposed final dividend of RMB2,153,253,000 (2024: RMB2,122,046,000).
- (c) Other reserves mainly represent reserves for transactions with non-controlling interests, remeasurement on post-employment benefit obligations and equity-settled share incentive scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. Notes to the consolidated statement of cash flows

(a) Cash generated from operations

	2025 RMB'000	2024 RMB'000
Profit before income tax	14,799,627	14,000,899
Adjustments for:		
– Share of profits and losses of associates (Note 21)	(1,230,080)	(1,196,478)
– Share of profits and losses of joint ventures	(2,827)	(2,918)
– Asset impairment	1,678,328	2,564,700
– Depreciation of property, plant and equipment and investment properties	1,802,757	1,914,065
– Amortisation of intangible assets (Note 10)	454,507	441,813
– Depreciation of right-of-use assets (Note 10)	2,031,791	2,377,814
– Gain on disposal of investment properties, property, plant and equipment and intangible assets (Note 9)	6,724	187
– Gain on disposal of right-of-use assets (Note 9)	(24,158)	(74,591)
– Write-back of certain liabilities (Note 9)	(120,807)	(108,082)
– Loss on disposal of financial assets measured at amortised cost and finance costs	2,243,052	2,500,299
– Gain on disposal of subsidiaries and fair value remeasurement of existing equity in the subsidiary (Notes 9 and 43)	(3,095)	(5,509)
– Loss on disposal of an investment accounted for the equity method (Note 9)	(10,767)	(9,400)
– Loss/(gain) on disposal of FVTPL (Note 9)	6,239	(3,591)
– Fair value gains/(loss) on financial assets at fair value through profit or loss (Note 9)	9,733	78,326
– Dividend from financial assets at fair value through profit or loss (Note 9)	(9,536)	(3,843)
– Dividend from financial assets at fair value through other comprehensive income (Note 9)	(399)	(563)
	21,631,089	22,473,128
– Restricted cash	61,866	12,752,736
– Inventories	(1,105,584)	(2,040,068)
– Trade and notes receivable	(7,961,606)	(17,494,833)
– Contract assets	186,902	125,880
– Prepayments, other receivables and other assets	1,292,883	596,233
– Trade and notes payable	7,479,808	6,218,470
– Contract liabilities	(844,699)	553,419
– Accruals, other payables and other liabilities	(1,861,180)	(7,182,539)
Cash generated from operations	18,879,479	16,002,426

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. Notes to the consolidated statement of cash flows (continued)

(b) Major non-cash investing and financing transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,540,709,000 and RMB1,556,405,000 respectively, in respect of lease arrangements for plant and equipment (2024: RMB2,689,435,000 and RMB2,314,127,000).

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	48,796,132	54,313,359
Liquid investments (i)	129	158
Interest-bearing bank and other borrowings	(66,966,648)	(71,366,279)
Lease liabilities	(3,993,775)	(5,019,855)
Net debt	(22,164,162)	(22,072,617)

	Borrowings RMB'000	Leases RMB'000	Sub-total RMB'000	Cash RMB'000	Liquid investments (i) RMB'000	Total RMB'000
Net debt as at 1 January 2025	(71,366,279)	(5,019,855)	(76,386,134)	54,313,359	158	(22,072,617)
Financing activities	107,974,824	2,161,622	110,136,446	(5,512,328)	-	104,624,118
New leases	-	(1,556,405)	(1,556,405)	-	-	(1,556,405)
Foreign exchange adjustments	-	-	-	(4,899)	-	(4,899)
Changes in fair values	-	-	-	-	(29)	(29)
Interest expense	(2,117,696)	(175,475)	(2,293,171)	-	-	(2,293,171)
Changes from operating, investing and non-cash activities	(101,457,497)	596,338	(100,861,159)	-	-	(100,861,159)
Net debt as at 31 December 2025	(66,966,648)	(3,993,775)	(70,960,423)	48,796,132	129	(22,164,162)

(i) Liquid investments comprise current investments that are traded in an active market, being the Group's financial assets held at fair value through profit or loss.

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For the year ended 31 December 2025

41. Notes to the consolidated statement of cash flows (continued)

(d) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	490,015	497,233
Within investing activities	13,138	229,653
Within financing activities	2,161,622	2,428,346
	2,664,775	3,155,232

(e) Information of supplier finance arrangements

The details of the Group's supplier finance arrangements are set out in note 33 and 34.

	2025 RMB'000	2024 RMB'000
Carrying amount of the financial liabilities that are subject to supplier finance arrangements		
Presented as part of "trade and other payables" (note 34)		
– Of which suppliers have already received payment from the finance provider	8,298,666	7,967,761
Presented as part of "borrowings" (note 33)		
– Of which suppliers have already received payment from the finance provider	3,556,085	4,350,638

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. Notes to the consolidated statement of cash flows (continued)

(e) Information of supplier finance arrangements (continued)

	2025 Days	2024 Days
Range of payment due dates		
For liabilities presented as part of "Trade and notes payables		
– Liabilities that are part of supplier finance arrangements	30-360	30-360
– Comparable trade and notes payables that are not part of supplier finance arrangements	0-180	0-180
For liabilities presented as part of "Interest-bearing bank and other borrowings" (note 33)		
– Liabilities that are part of supplier finance arrangements	120-360	120-360
– Comparable trade and notes payables that are not part of supplier finance arrangements	30-180	30-180

There were no other material non-cash changes in these liabilities.

42. Commitments

(a) Capital commitments

Capital expenditures at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	123,016	155,286
Fund investment: (i)	–	75,000
Others	14,971	27,912
	137,987	258,198

42. Commitments (continued)

(a) Capital commitments (continued)

- (i) On 19 December 2025, the board of directors of the Company passed a resolution to in relation to the entry of invest Gongqingcheng Qixin Equity Investment Partnership (Limited Partnership), which is of fund business into its exit period and the matters concerning the distribution of the Fund's unutilised capital contributions. The investment term of the Fund has expired, and the Group is released from its original investment commitments in respect of the Fund.

In addition, the Group had no commitment provided to joint ventures (including the Group's share of commitments made jointly with other joint venturers).

- (b) The Group has various lease contracts that have not yet commenced as at 31 December 2025. The future lease payments for these non-cancellable lease contracts are RMB26,561,000 (2024: RMB37,716,000) due within one year, RMB17,975,000 (2024: RMB28,675,000) due in the first to second years, RMB11,947,000 (2024: RMB14,499,000) due in the second to third years, inclusive and RMB5,071,000 (2024: RMB5,254,000) due after three years.

43. Disposal of subsidiaries

During the year, the Group disposed of the entities below:

- Sinopharm Group Hunan Traditional Chinese Medicine Co., Ltd.
- Sinopharm Group (Shandong) Biotechnology Co., Ltd.
- Sinopharm Group Sichuan Orthopedic Medical Devices Co., Ltd.
- Sinopharm Lerentang Zhangjiakou Pharmaceutical Distribution Co., Ltd.
- Jiangxi Aikeqi Medical Devices Co., Ltd.
- Sinopharm Group (Qingdao Jimo) Co., Ltd
- Shenyang Lizhu Qianxin Medical Equipment Co., Ltd.
- Sinopharm Group Professional Pharmacy (Oriental) Co., Ltd.
- Sinopharm Device Yixiang Life Sciences (Jilin) Co., Ltd
- Sinopharm Group Wuhan Huitong Pharmaceutical Co., Ltd
- Ningkangge Hai (Shanghai) International Logistics Co., Ltd.
- Qi'an (Zhuhai) Medical Technology Co., Ltd
- Sinopharm Device Anhui Medical Technology Co., Ltd
- Sinopharm Device Xinjiang Medical Technology Co., Ltd

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. Disposal of subsidiaries (continued)

Details of the net assets disposed of are as follows:

	At date of disposal
	RMB'000
Net assets disposed of:	
Cash and cash equivalents	114,964
Trade and notes receivable	193,819
Contract assets	1,266
Prepayments, other receivables and other assets	118,031
Inventories	16,844
Property, plant and equipment	856
Right-of-use assets	1,022
Intangible assets	19
Deferred tax assets	4,714
Other non-current assets	1,536
Trade and notes payable	(106,361)
Contract liabilities	(9,086)
Accruals and other payables	(70,017)
Lease liabilities	(100)
Net assets	267,507
Non-controlling interests	(96,722)
Net assets attributable to the Company excluding goodwill	170,785
Goodwill	7,995
Gain on disposal of subsidiaries (Note 9)	(3,095)
Satisfied by:	
Cash	181,875

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	At date of disposal
	RMB'000
Cash consideration	181,875
Cash and cash equivalents in the subsidiaries deemed disposed of	(114,964)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	66,911

44. Transactions with non-controlling interests

(a) No transactions with non-controlling interests

During the reporting period, the Group did not enter into any transactions with non-controlling interests, including the acquisition of additional interests in subsidiaries or the disposal of interests in subsidiaries.

(b) Acquisition of additional interests in subsidiaries

During the year ended 31 December 2024, the Group acquired the following additional equity interests in the subsidiaries from the non-controlling interests:

Subsidiaries	Equity interests acquired	Cash consideration RMB'000
Sinopharm Holding Jinan Co., Ltd.	15.00%	3,319
Sinopharm Holding Anshan Co., Ltd.	5.00%	42
Sinopharm Holding Yunnan Pharmacy Co., Ltd.	21.00%	–
		3,361

The effect of changes in the equity interests of these subsidiaries on the total equity attributable to owners of the parent during the period is summarised as follows:

	Effect on the total equity RMB'000
Carrying amount of non-controlling interests acquired	(199)
Consideration payable to non-controlling interests	3,361
	3,560

(c) Disposal of interests in subsidiaries without loss of control

During the year ended 31 December 2024, the group disposed of 7% of the equity interest of Sinopharm Holding Chongqing Co., Ltd. ("Sinopharm Holding Chongqing"), its non-wholly owned subsidiary, to a non-controlling interest at a consideration of RMB1,100,000. After the disposal, the group's equity interest decreased to 60% and the non-controlling interests in Sinopharm Holding Chongqing increased by 7% accordingly. The carrying amount decreased by RMB5,516,000. The Group recognised an increase of RMB6,516,000 in equity attributable to equity holders of the parent company.

44. Transactions with non-controlling interests (continued)

(d) Effects of transactions with non-controlling interests on the equity attributable to owners of the parent for the twelve months ended 31 December 2024

	Effect on the total equity
	RMB'000
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Changes in equity attributable to owners of the parent arising from:	
– Acquisition of additional interests in subsidiaries	3,560
– Disposal of interests in subsidiaries without loss of control	(6,516)
<hr/>	
Net effect for transactions with non-controlling interests on equity attributable to owners of the parent	(2,956)
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45. Business combinations

No business combinations for the reporting period

During the year ended 31 December 2025, there is no business combinations.

Business combinations not under common control

Acquisitions during the year ended 31 December 2024 are as follows:

The Group acquired equity interests from third parties in certain subsidiaries which are mainly engaged in the distribution of medicines and pharmaceutical products and operations of pharmaceutical chain stores in order to expand the market share of the Group. The subsidiaries acquired by the Group during the year are as follows:

Subsidiaries acquired from third parties	Month of acquisition	Acquired interests
Sinopharm Holding Zhejiang Supply Chain Co., Ltd.	February, 2024	100.00%

The effect of the above acquisitions is summarised as follows:

	RMB'000
Purchase consideration	
– Contingent consideration (i)	890
– Cash paid	95,587
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Total purchase consideration	96,477
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Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

45. Business combinations (continued)

Business combinations not under common control (continued)

The details of the assets and liabilities acquired and cash flows relating to these acquisitions are summarised as follows:

	Fair value at acquisition date
	RMB'000
Cash and cash equivalents	550
Property, plant and equipment (Note 18)	80,033
Intangible assets (Note 19)	
– Sales network	525
Right-of-use assets (Note 16)	11,966
Trade and other receivables	7,756
Trade and other payables	(4,353)
	<hr/>
Total Identifiable net assets at fair value	96,477
	<hr/>
Total purchase consideration	96,477
Less: contingent consideration (i)	(890)
	<hr/>
Cash consideration paid during the year	95,587
	<hr/>
Cash and cash equivalents in subsidiaries acquired	(550)
Cash inflow on acquisition	95,037
	<hr/>

45. Business combinations (continued)

Business combinations not under common control (continued)

(i) Contingent consideration

Based on certain conditions stipulated by the agreements on acquisition, the Group is required to pay contingent consideration based on the achievement of profit target of the acquirees. The maximum undiscounted contingent consideration payable is RMB890,000.

Based on the projected profit performance of the acquirees, the fair value of the contingent consideration arrangement was estimated to be RMB890,000. As at 31 December 2024, there was no adjustment to the contingent consideration arrangement.

(ii) The revenue and net profit of these newly acquired subsidiaries from the respective acquisition dates to 31 December 2024 are summarised as follows:

	From acquisition dates to 31 December 2024
	RMB'000
Revenue	6,812
Net profit	720

(iii) The revenue and net profit of these newly acquired subsidiaries from 1 January 2024 to 31 December 2024 are summarised as follows:

	From 1 January 2024 to 31 December 2024
	RMB'000
Revenue	7,617
Net profit	931

46. Significant related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The PRC government indirectly owns 100% of CNPGC which is the ultimate holding company of the Company. The Group's significant transactions with the PRC government and other entities controlled, jointly controlled or significantly influenced by the PRC government are a large portion of its sales of goods, purchases of goods, medical reserve funds, borrowings, interest fees paid, bill receivable discount, key management compensation and guarantees provided to related parties. The Group's significant balances with the PRC government and other entities controlled, jointly controlled or significantly influenced by the PRC government are a large portion of its trade receivables, prepayments and other receivables, trade payables and other payables, borrowings, other non-current liabilities, and cash and cash equivalents.

Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharmaceutical") and Beijing Natong Technology Group Co., Ltd. ("Natong Group") are the non-controlling shareholders of the Group and its important subsidiaries respectively.

Beside other PRC government-related entities, the Company's directors and the Group's management consider the following entities are principal related parties of the Group with which the Group had transactions during the year.

Name of related party	Nature of relationship
China Pharmaceutical Group Co.,Ltd	The ultimate holding company of the Company
Sinopharm Dongfeng General Hospital	Controlled by CNPGC
Xinxiang Central Hospital	Controlled by CNPGC
Sinopharm Tongmei General Hospital	Controlled by CNPGC
Sinopharm Gezhouba Central Hospital	Controlled by CNPGC
Sichuan Tiancheng Pharmaceutical Co., Ltd.	Controlled by CNPGC
Xinxiang City Second People's Hospital	Controlled by CNPGC
Chengdu Western Medical Operation Co., Ltd.	Controlled by CNPGC
Chongqing Southwest Aluminum Hospital	Controlled by CNPGC
China National Pharmaceutical Changhang (Shanghai) Medical and Health Industry Co., Ltd.	Controlled by CNPGC
Chongqing Tongjunge Co., Ltd.	Controlled by CNPGC
National Pharmaceutical North Hospital	Controlled by CNPGC
Sinopharm Dongfeng Maojian Hospital	Controlled by CNPGC
SINOPHARM CREC CENTRAL HOSPITAL	Controlled by CNPGC
Sinopharm Tongmei Community Management Center	Controlled by CNPGC
Sinopharm Hanjiang Hospital	Controlled by CNPGC
Sinopharm Harbin Hospital Management Co., Ltd.	Controlled by CNPGC
Lanzhou Biotechnology Development Co., Ltd.	Controlled by CNPGC
Chengdu Rongsheng Pharmaceuticals Co., Ltd.	Controlled by CNPGC

46. Significant related party transactions (continued)

Name of related party	Nature of relationship
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Guizhou Tongjitang Pharmaceutical Co., Ltd	Controlled by CNPGC
Southwest Pharmaceutical Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Industry Co., Ltd.	Controlled by CNPGC
Sinopharm Vanda Pharmaceutical Co., Ltd	Controlled by CNPGC
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	Controlled by CNPGC
Anhui Jingfang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Rongsheng Pharmaceutical Co., Ltd	Controlled by CNPGC
Shydec Pharmaceutical Marketing Co., Ltd.	Controlled by CNPGC
Taiji Group Chongqing Tongjunge Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Holding A-Think Pharmaceutical Co., Ltd.	Controlled by CNPGC
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Beijing Sainuoqiang Pharmaceutical Foreign Trade Co., Ltd.	Controlled by CNPGC
Taiji Group Chongqing No.2 Traditional Chinese Medicine Factory Co., Ltd.	Controlled by CNPGC
Tai Chi Group Sichuan Mianyang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Foshan Winteam Pharmaceutical Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Group Corporation Chuankang Pharmaceutical Co.,Ltd.	Controlled by CNPGC
Sinopharm Group Lanzhou Biologics Co., Ltd	Controlled by CNPGC
Chengdu Institute of Biological Products	Controlled by CNPGC
Wuhan Zhongsheng Yujin Biological Medicine Co., Ltd.	Controlled by CNPGC
Sinopharm Group Finance Co., Ltd.	Controlled by CNPGC
Sinopac Puxin Commercial Factoring Co., Ltd.	Controlled by CNPGC
Sinopharm Dongfeng Huaguo Hospital	Controlled by CNPGC
China Pharmaceutical Zhongyuan (Henan) Medical Insurance Co., Ltd	Controlled by CNPGC
Shanghai Institute of Bio-products Co., Ltd.	Controlled by CNPGC
Sinopharm Huazhong (Hubei) Medical Health Co., Ltd	Controlled by CNPGC
Wuhan Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm Tongmei Second Hospital	Controlled by CNPGC
Xinxiang Hospital of Traditional Chinese Medicine	Controlled by CNPGC
Sinopharm First Machinery Hospital	Controlled by CNPGC
Sinopharm (Xi'an) Medical Health Industry Co., Ltd.	Controlled by CNPGC
Beijing Zhongfu Fusheng Enterprise Development Management Co., Ltd.	Controlled by CNPGC
China National Pharmaceutical Foreign Trade Co., Ltd.	Controlled by CNPGC
Sinopharm Yicai Supply Chain Technology (Beijing) Co., Ltd.	Controlled by CNPGC
Tai Chi Group Co., Ltd.	Controlled by CNPGC
Taiji Group Chongqing Tongjunge Medicine Wholesale Co., Ltd.	Controlled by CNPGC
Chongqing Fuling Pharmaceutical Corporation	Controlled by CNPGC
Shanghai GeneoDx Biotech Co., Ltd.	Controlled by CNPGC
Zhejiang Dongfang Pharmaceutical Co.,Ltd.	Controlled by CNPGC

46. Significant related party transactions (continued)

Name of related party	Nature of relationship
JIANGYIN TIANJIANG PHARMACEUTICAL CO., Ltd	Controlled by CNPGC
Zhejiang Yinuo Pharmaceutical Co., Ltd.	Controlled by CNPGC
SHANGHAI XIANDAI HASEN (SHANGQIU) PHARMACEUTICAL CO.,Ltd.	Controlled by CNPGC
Shanghai Modern Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Group Wuhan Biologics Co., Ltd.	Controlled by CNPGC
Guang Dong Global Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Guizhou Plasma-derived Biotherapies Co.,Ltd.	Controlled by CNPGC
Guizhou Tongjitang Chinese Herb Slices Co.,Ltd.	Controlled by CNPGC
Sinopharm Group Luya (Shandong) Pharmaceutical Co., Ltd.	Controlled by CNPGC
Chongqing Taiji Industry (Group) Co., Ltd.	Controlled by CNPGC
Sinopharm Group Xinjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Shandong Yifang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Sinopharm Datong Coal Mine Medical and Health Industry Co., Ltd.	Controlled by CNPGC
Shanghai Institute of Pharmaceutical Industry	Controlled by CNPGC
China National Pharmaceutical Digital Technology (Beijing) Co., Ltd.	Controlled by CNPGC
Sinopharm North (Inner Mongolia) Medical and Health Industry Co., Ltd.	Controlled by CNPGC
Shanghai Modern Pharmaceutical Preparation Engineering Research Center Co., Ltd.	Controlled by CNPGC
Sinopharm Gezhouba (Yichang) Hospital Management Co., Ltd.	Controlled by CNPGC
China State Institute of Pharmaceutical Industry	Controlled by CNPGC
Chongqing China Medicine Group United Engineering Company	Controlled by CNPGC
Sinopharm Foreign Trade (Hong Kong) Limited	Controlled by CNPGC
Lanzhou Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Sinopharm International Supply Chain Management (Beijing) Co., Ltd.	Controlled by CNPGC
China National Corp. of Traditional and Herbal Medicine	Controlled by CNPGC
Changchun Keygen Biological Products Co., Ltd.	Controlled by CNPGC
Taiji Group Sichuan Deyang Dazhong Pharmaceutical Co., Ltd.	Controlled by CNPGC
Beijing Institute of Biological Products Co., Ltd	Controlled by CNPGC
Sinopharm International Hong Kong Co., Ltd	Controlled by CNPGC
Shanghai Techwell Biopharmaceutical Co., Ltd.	Controlled by CNPGC
Hunan Yifang Tianjiang Pharmaceutical Co., Ltd.	Controlled by CNPGC
Changchun Institute of Biological Products Co., Ltd.	Controlled by CNPGC
Guoyao Medical Jia'an (Henan) Health Technology Co., Ltd.	Controlled by CNPGC
Foshan Nanhai District Medicine Group Medicinal Materials Co.,Ltd.	Controlled by CNPGC
Wuxi Huihua Pharmaceutical Chain Store Co., Ltd.	Associate
Sichuan Yibin Wuliang Pharmaceutical Co., Ltd.	Associate
Guoyao Zhongbang Huangshi Pharmaceutical Co., Ltd.	Associate
East Hubei Medical Care Group Co. Ltd.	Associate
Shanghai Beiyi Guoda Raw Material For Medicine Medicine Co., Ltd.	Associate
Shanghai Pharmaceutical & Haemo-tech Investment Co., Ltd.	Associate
Pingdingshan No.5 People's Hospital	Associate
Yichang Humanwell Pharmaceutical Co., Ltd.	Associate

46. Significant related party transactions (continued)

Name of related party	Nature of relationship
Shenzhen Main Luck Pharmaceutical Co., Ltd.	Associate
Shenzhen Wan Wei Pharmaceutical Trade Co., Ltd.	Associate
Sinopharm Holding (China) Finance Leasing Co., Ltd.	Associate
Jienuo Shijiazhuang Medical Disinfection Supply Center Co., Ltd.	Associate
Guoling JINDA Medical Technology (Shanghai) Co., Ltd.	Associate
Sinopharm Holding Chuangfu Medical Technology (Anhui) Co., Ltd.	Associate
Sinopharm Kangchuangfu Medical Technology (Shanghai) Co., Ltd.	Associate
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Company Ltd.	Associate
Xilingol League Kangjie Hospital Management Co., Ltd.	Associate
Sinopharm Ronghui (Shanghai) Commercial Factoring Co., Ltd.	Associate
Fresenius Kabi Huarui Pharmaceutical Co., Ltd.	Associate of CNPGC
China Otsuka Pharmaceutical Co., Ltd.	Associate of CNPGC
China National Pharmaceutical Group Shanxi Rfl Pharmaceutical Co., Ltd.	Associate of CNPGC
Fuzhou Maixin Biotech Development Co., Ltd.	Associate of CNPGC
Beijing Jiuqiang Biotechnology Co., Ltd.	Associate of CNPGC
Foshan Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Chancheng Central Hospital of Foshan City	Subsidiary of Fosun Pharmaceutical
Xuzhou Xingchen Women and Children's Hospital Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Shanghai Henlius Biologics Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Fosun Yaohong (Jiangsu) Pharmaceutical Technology Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Fosun Wanbang (Jiangsu) Health Development Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Chongqing Yaoyou Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Fosun Yaohong (Tibet) Pharmaceutical Technology Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Shanghai Fosun Ruilin Biotechnology Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Hunan Dongting Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Shanghai Henlius Pharmaceutical Trading Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Daiichi Sankyo PHARMACEUTICAL (Beijing) Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Fosun Kite Biotechnology Co., Ltd.	Subsidiary of Fosun Pharmaceutical

46. Significant related party transactions (continued)

Name of related party	Nature of relationship
Fosun Yaohong (Chongqing) Pharmaceutical Technology Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Jiangxi Erye Pharmaceutical Marketing Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Shanghai Zhaohui Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Jinzhou Aohong Pharmaceuticals Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Tibet Yaopharma Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Shanghai Chemo Wanbang Biopharma Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Jiangxi Skyway Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
JIANGSU WANBANG BIOPHARMACEUTICALS	Subsidiary of Fosun Pharmaceutical
Shenyang Red Flag Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Jiangsu Wanbang Pharmaceutical Marketing Ltd.	Subsidiary of Fosun Pharmaceutical
Shandong Skyway Pharmaceutical Sales Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Sichuan Hexin Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Jisimei (Wuhan) Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
ANHUI PROVINCIAL CANCER HOSPITAL	Subsidiary of Fosun Pharmaceutical
Fosun Yalifeng (Dalian) Biopharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Jiangsu Fosun Pharmaceutical Sales Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Suzhou Erye Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Shenyang Hongqi Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Liaoning Xinxing Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical
Shandong Erye Pharmaceutical Co., Ltd.	Subsidiary of Fosun Pharmaceutical

46. Significant related party transactions (continued)

Name of related party	Nature of relationship
Beijing Weide Medical Instrument Co., Ltd.	Subsidiary of Natong Group
Tianjin Weilian Medical Instrument Co., Ltd.	Subsidiary of Natong Group
Sichuan Naton Medical Instrument Co., Ltd.	Subsidiary of Natong Group
Beijing Naton Sports Medicine Technology Co., Ltd.	Subsidiary of Natong Group
Inner Mongolia Delian Medical Devices Co., Ltd.	Subsidiary of Natong Group
Chongqing Shize Medical Equipment Co., Ltd.	Subsidiary of Natong Group
Tianjin Yining Medical Equipment Co., Ltd.	Subsidiary of Natong Group
Beijing Naton Medical Institute Co.,Ltd.	Subsidiary of Natong Group

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For the year ended 31 December 2025

46. Significant related party transactions (continued)

(a) Significant transactions with related parties except for other PRC government-related entities

	2025 RMB'000	2024 RMB'000
Sales of goods (i)		
Subsidiary of Natong Group	2,453	2,272
Associates	1,160,427	1,121,874
Companies controlled by CNPGC	1,733,561	1,918,166
Associates of CNPGC	2,037	107
Fosun Pharmaceutical and its subsidiary	410,106	442,113
Purchases of goods (ii)		
Subsidiary of Natong Group	(3,751)	348,337
Associates	5,394,997	5,168,412
Companies controlled by CNPGC	4,512,871	5,966,220
Associates of CNPGC	1,950,890	1,742,190
Fosun Pharmaceutical and its subsidiary	5,952,192	5,933,084
Borrowings (iii)		
Associates	(70,236)	87,669
Companies controlled by CNPGC	2,818,976	4,975,913
Interest fee paid for other financial services (iv)		
Associates	24,005	44,501
Companies controlled by CNPGC	418,828	445,224
Bill receivable discount (v)		
Companies controlled by CNPGC	1,710,678	211,158
Trade receivable factoring (vi)		
Associates	1,531,942	3,478,633
Companies controlled by CNPGC	3,976,865	8,228,563

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For the year ended 31 December 2025

46. Significant related party transactions (continued)

(a) Significant transactions with related parties except for other PRC government-related entities (continued)

(i) Significant sales of goods to related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Sales of goods		
Wuxi Huihua Pharmaceutical Chain Store Co., Ltd.	662,866	592,794
Sinopharm Dongfeng General Hospital	225,210	1,338
Xinxiang Central Hospital	214,687	236,756
Foshan Pharmaceutical Co., Ltd.	211,424	214,046
Sinopharm Tongmei General Hospital	169,278	164,038
Sichuan Yibin Wuliang Pharmaceutical Co., Ltd.	134,083	122,788
Sinopharm Zhongbang Huangshi Pharmaceutical Co., Ltd.	131,170	102,766
Sinopharm Gezhouba Central Hospital	100,759	127,388
East Hubei Medical Care Group Co., Ltd.	87,684	70,510
Shanghai Beiyi Guoda Raw Material For Medicine Medicine Co., Ltd.	77,581	78,159
Sichuan Tiancheng Pharmaceutical Co., Ltd.	72,580	62,498
Xinxiang City Second People's Hospital	48,096	54,587
Chengdu Rongsheng Pharmaceutical Co., Ltd.	47,915	17,298
Beijing Institute of Biological Products Co., Ltd.	47,230	58,745
Wuhan Institute of Biological Products Co., Ltd.	46,991	45,253
Chengdu Western Medical Operation Co., Ltd.	45,972	48,512
Sinopharm Chongqing Southwest Aluminum Hospital	43,713	44,221
Chancheng Central Hospital of Foshan City	38,226	32,243
China National Pharmaceutical Changhang (Shanghai) Medical and Health Industry Co., Ltd.	37,288	30,008
Chongqing Tongjunge Co., Ltd.	36,686	24,707
National Pharmaceutical North Hospital	36,127	43,953
Sinopharm Dongfeng Maojian Hospital	32,788	–
SINOPHARM CREC CENTRAL HOSPITAL	31,769	26,572
Sinopharm Tongmei Community Management Center	29,672	33,559
Shanghai Institute of Bio-products Co., Ltd.	28,953	58,295
Shanghai Pharmaceutical & Haemo-tech Investment Co., Ltd.	25,134	37,278
Pingdingshan No.5 People's Hospital	24,018	20,479
Taiji Group Sichuan Deyang Dazhong Pharmaceutical Co., Ltd.	22,347	15,857
Sinopharm Hanjiang Hospital	20,785	–
Sinopharm Huazhong (Hubei) Medical Health Co., Ltd	12,927	336,147
Xuzhou Xingchen Women and Children's Hospital Co., Ltd.	12,108	24,187
Lanzhou Institute of Biological Products Co., Ltd.	11,674	29,666
Sinopharm Harbin Hospital Management Co., Ltd.	1,620	31,518
Guizhou Tongjitang Pharmaceutical Co., Ltd.	–	26,671

46. Significant related party transactions (continued)**(a) Significant transactions with related parties except for other PRC government-related entities (continued)****(ii) Significant purchases of goods from related parties were listed as follows:**

	2025 RMB'000	2024 RMB'000
Purchases of goods		
Yichang Humanwell Pharmaceutical Co., Ltd.	4,574,095	4,225,139
Shanghai Henlius Biologics Co., Ltd.	1,878,861	2,125,499
Fresenius Kabi Huarui Pharmaceutical Co., Ltd.	1,599,861	1,432,740
Lanzhou Biotechnology Development Co., Ltd.	1,190,529	1,251,228
Fosun Yaohong (Jiangsu) Pharmaceutical Technology Co., Ltd.	1,169,538	1,086,819
Chengdu Rongsheng Pharmaceuticals Co., Ltd.	566,960	827,655
Jiangsu Wanbang Pharmaceutical Marketing Ltd.	491,858	809,849
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Company Ltd.	467,996	590,060
Chongqing Yaoyou Pharmaceutical Co., Ltd.	395,043	456,768
Fosun Yaohong (Tibet) Pharmaceutical Technology Co., Ltd.	384,430	150,401
Shanghai Fosun Ruilin Biotechnology Co., Ltd.	365,485	–
Foshan Winteam Pharmaceutical Co., Ltd.	344,807	345,400
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	341,233	445,019
Guizhou Tongjitang Pharmaceutical Co., Ltd.	299,251	338,263
Shenzhen Main Luck Pharmaceutical Co., Ltd.	266,080	245,008
China Otsuka Pharmaceutical Co., Ltd.	264,194	293,233
Southwest Pharmaceutical Co., Ltd.	243,368	714,466
China National Pharmaceutical Industry Co., Ltd.	208,179	234,199
Sinopharm Group Wuhan Biologics Co., Ltd.	197,230	198,816
Hunan Dongting Pharmaceutical Co., Ltd.	158,641	162,530
Shanghai Henlius Pharmaceutical Trading Co., Ltd.	154,227	19,293
Daiichi Sankyo PHARMACEUTICAL (Beijing) Co., Ltd.	141,936	170,912
Fosun Kite Biotechnology Co., Ltd.	130,176	61,921
Sinopharm Vanda Pharmaceutical Co., Ltd.	128,617	147,525
Fosun Yaohong (Chongqing) Pharmaceutical Technology Co., Ltd.	118,785	136,420
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	109,051	168,630
Jiangxi Erye Pharmaceutical Marketing Co., Ltd.	97,191	70,399
Shanghai Zhaohui Pharmaceutical Co., Ltd.	93,720	247,134
Chongqing Taiji Industry (Group) Co., Ltd.	86,600	57,911
Anhui Jingfang Pharmaceutical Co., Ltd.	84,894	89,474
Sinopharm Rongsheng Pharmaceutical Co., Ltd.	81,446	112,676

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For the year ended 31 December 2025

46. Significant related party transactions (continued)

(a) Significant transactions with related parties except for other PRC government-related entities (continued)

(ii) Significant purchases of goods from related parties were listed as follows: (continued)

	2025 RMB'000	2024 RMB'000
Jinzhou Aohong Pharmaceuticals Co., Ltd.	76,544	155,578
Shanghai Shyndec Pharmaceutical Marketing Co., Ltd.	70,290	145,591
Taiji Group Chongqing Tongjunge Pharmaceutical Co., Ltd.	66,338	181,519
Shenzhen Wan Wei Pharmaceutical Trade Co., Ltd.	65,350	62,918
China National Pharmaceutical Group Shanxi Rfl Pharmaceutical Co., Ltd.	61,559	15,757
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	54,331	48,419
Tibet Yaopharma Pharmaceutical Co., Ltd.	50,344	75,670
Sinopharm Holding A-Think Pharmaceutical Co., Ltd.	41,401	61,934
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	36,935	23,793
Changchun Institute of Biological Products Co., Ltd.	36,833	31,188
Beijing Weide Medical Instrument Co., Ltd.	31,867	143,851
Shanghai Chemo Wanbang Biopharma Co.,Ltd.	28,920	30,398
Beijing Sainuoqiang Pharmaceutical Foreign Trade Co., Ltd.	26,635	–
JIANGSU WANBANG BIOPHARMACEUTICALS	26,020	37,880
Taiji Group Chongqing No.2 Traditional Chinese Medicine Factory Co., Ltd.	25,357	25,526
Shenyang Red Flag Pharmaceutical Co., Ltd.	21,353	23,521
Tai Chi Group Sichuan Mianyang Pharmaceutical Co., Ltd.	20,904	30,488
Sichuan Hexin Pharmaceutical Co., Ltd.	15,783	56,856
Sinopharm Group Lanzhou Biologics Co., Ltd.	15,395	35,119
Jisimei (Wuhan) Pharmaceutial Co., Ltd.	14,956	29,244
China National Pharmaceutical Group Corporation Chuankang Pharmaceutical Co.,Ltd.	7,317	45,718
Wuhan Zhongsheng Yujin Biological Medicine Co., Ltd.	1,950	30,689
Chengdu Institute of Biological Products	5,655	35,095
Shandong Skyway Pharmaceutical Sales Co., Ltd.	113	132,557
Tianjin Weilian Medical Instrument Co., Ltd.	(44,360)	141,859

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For the year ended 31 December 2025

46. Significant related party transactions (continued)

(a) Significant transactions with related parties except for other PRC government-related entities (continued)

(iii) Borrowings from related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Borrowings		
Sinopharm Group Finance Co., Ltd.	1,199,767	4,753,544
Sinopac Puxin Commercial Factoring Co., Ltd.	1,619,209	222,369
Sinopac Ronghui (Shanghai) Commercial Factoring Co., Ltd.	(70,236)	87,669

(iv) Interest fees paid to related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Interest fees		
Sinopharm Group Finance Co., Ltd.	375,915	368,246
Sinopac Puxin Commercial Factoring Co., Ltd.	42,913	76,978
Sinopac Ronghui (Shanghai) Commercial Factoring Co., Ltd.	19,373	42,201
Sinopharm Holding (China) Finance Leasing Co., Ltd.	4,632	2,300

(v) Bill receivable discount to a related party was listed as follows:

	2025 RMB'000	2024 RMB'000
Bill receivable discount		
Sinopharm Group Finance Co., Ltd.	1,710,678	211,158

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For the year ended 31 December 2025

46. Significant related party transactions (continued)

(a) Significant transactions with related parties except for other PRC government-related entities (continued)

(vi) Trade receivable factoring to the related party was listed as follows:

	2025 RMB'000	2024 RMB'000
Trade receivable factoring		
Sinopac Puxin Commercial Factoring Co., Ltd.	2,350,701	4,095,989
Sinopharm Group Finance Co., Ltd.	1,626,164	4,132,573
Sinopac Ronghui (Shanghai) Commercial Factoring Co., Ltd.	1,313,412	3,325,076
Sinopharm Holding (China) Finance Leasing Co., Ltd.	218,530	153,558

The above related party transaction was carried out on terms mutually agreed between the parties. In the opinion of the Company's directors and the Group's management, the transaction was conducted in the ordinary course of business of the Group.

The related party transactions included in items (i), (ii), (iv) and (vi) above also constitute continuing connected transactions as defined in Chapter 14 of the Listing Rules.

(b) Key management compensation

	2025 RMB'000	2024 RMB'000
Salaries and other short-term employee benefits	6,652	13,949

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities

	2025 RMB'000	2024 RMB'000
Cash in other financial institution (i)		
Companies controlled by CNPGC	2,416,426	2,543,091
Trade and notes receivable due from (ii)		
Subsidiary of Natong Group	433	491
Associates	280,231	249,242
Companies controlled by CNPGC	1,126,500	1,483,441
Fosun Pharmaceutical and its subsidiary	116,118	121,241
Other receivables due from (iii)		
Subsidiary of Natong Group	11,964	3,179
Associates	24,023	26,822
Companies controlled by CNPGC	15,328	17,652
Associates of CNPGC	390	1,048
Fosun Pharmaceutical and its subsidiary	6,985	5,077
Prepayments to (iv)		
Subsidiary of Natong Group	404	2,690
Associates	1,908	2,246
Companies controlled by CNPGC	37,835	49,074
Associates of CNPGC	6,347	5,080
Fosun Pharmaceutical and its subsidiary	17,194	31,118
Trade and notes payable due to (v)		
Subsidiary of Natong Group	13,400	88,439
Associates	2,984,337	2,135,326
Companies controlled by CNPGC	1,662,067	1,222,835
Associates of CNPGC	173,070	127,499
Fosun Pharmaceutical and its subsidiary	1,297,309	1,054,505
Other payables due to (vi)		
Ultimate holding company	3,882	3,875
Subsidiary of Natong Group	467	487
Associates	121,437	332,614
Companies controlled by CNPGC	791,198	986,537
Associates of CNPGC	23,126	979
Fosun Pharmaceutical and its subsidiary	5,924	675

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For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

	2025 RMB'000	2024 RMB'000
Contract liabilities (vii)		
Subsidiary of Natong Group	–	359
Associates	3,312	5,548
Companies controlled by CNPGC	46,417	77,289
Associates of CNPGC	3	2
Fosun Pharmaceutical and its subsidiary	65	221
Borrowing due to (viii)		
Associates	71,357	141,593
Companies controlled by CNPGC	14,356,817	11,537,841
Other non-current liabilities (ix)		
Ultimate holding company	980,064	1,045,773
Companies controlled by CNPGC	2,446	24,645

(i) Significant balance of cash in other financial institution with related parties was listed as follows:

	2025 RMB'000	2024 RMB'000
Cash in other financial institution		
Sinopharm Group Finance Co., Ltd.	2,416,426	2,543,091

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(ii) Significant balances of trade and notes receivable due from related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Trade and notes receivable due from		
Sinopharm Dongfeng General Hospital	187,760	208
Xinxiang Central Hospital	171,000	150,964
Sinopharm Tongmei General Hospital	104,335	72,229
Beijing Institute of Biological Products Co., Ltd.	83,589	143,065
Sinopharm Zhongbang Huangshi Pharmaceutical Co., Ltd.	79,746	97,221
Sinopharm Gezhouba Central Hospital	71,689	144,449
Foshan Pharmaceutical Co., Ltd.	56,711	48,213
Wuxi Huihua Pharmaceutical Chain Store Co., Ltd.	45,473	48,819
Xinxiang City Second People's Hospital	37,728	86,526
Sinopharm Dongfeng Maojian Hospital	34,451	–
East Hubei Medical Care Group Co. Ltd	29,979	62,774
Sichuan Yibin Wuliang Pharmaceutical Co., Ltd.	29,839	22,184
Sinopharm Hanjiang Hospital	27,314	–
Sinopharm Tongmei Community Management Center	22,206	21,454
Sinopharm Dongfeng Huaguo Hospital	20,654	–
Chongqing Southwest Aluminum Hospital	20,023	26,884
National Pharmaceutical North Hospital	16,830	27,003
China Pharmaceutical Zhongyuan (Henan) Medical Insurance Co., Ltd.	15,447	26,626
Pingdingshan No.5 People's Hospital	15,342	15,465
Shanghai Institute of Bio-products Co., Ltd.	15,112	39,768
SINOPHARM CREC CENTRAL HOSPITAL	14,541	6,667
Sinopharm Huazhong (Hubei) Medical Health Co., Ltd.	14,037	299,223
Chan Cheng Central Hospital of Foshan City	11,838	13,999
Wuhan Institute of Biological Products Co., Ltd.	11,796	35,694
ANHUI PROVINCIAL CANCER HOSPITAL	11,147	14,273
Sinopharm Tongmei Second Hospital	11,046	14,802
Shanghai Beiyi Guoda Raw Material For Medicine Medicine Co., Ltd.	10,715	9,596
Xinxiang Central Hospital	9,200	6,646
Sinopharm Datong Coal Mine Medical and Health Industry Co., Ltd.	9,167	14,323
Sinopharm First Machinery Hospital	7,355	11,596
Sichuan Tiancheng Pharmaceutical Co., Ltd.	7,841	10,289
Sinopharm (Xi'an) Medical Health Industry Co., Ltd.	5,776	10,204

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(iii) Significant balances of other receivables due from related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Other receivables due from		
Beijing Weide Medical Instrument Co., Ltd.	9,679	–
Sinopharm Holding (China) Finance Leasing Co., Ltd.	6,796	6,411
Jienuo Shijiazhuang Medical Disinfection Supply Center Co., Ltd.	6,369	6,372
Guoyao Zhongbang Huangshi Pharmaceutical Co., Ltd	4,831	5,309
Shanghai Henlius Biologics Co., Ltd.	3,234	2,841
Shanghai Fosun Ruilin Biotechnology Co., Ltd.	2,266	–
Sinopharm Huazhong (Hubei) Medical Health Co., Ltd.	2,231	2,565
Beijing Zhongfu Fusheng Enterprise Development Management Co., Ltd.	2,072	519
China National Pharmaceutical Foreign Trade Co., Ltd.	1,632	1,383
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	1,560	2,380
Southwest Pharmaceutical Co., Ltd.	1,461	202
Sichuan Naton Medical Instrument Co., Ltd.	1,396	1,396
Sinopac Ronghui (Shanghai) Commercial Factoring Co., Ltd.	1,304	2,944
Guoling JINDA Medical Technology (Shanghai) Co., Ltd.	1,205	2,392
Sinopharm Holding Chuangfu Medical Technology (Anhui) Co., Ltd.	1,204	–
Chongqing Taiji Industry (Group) Co., Ltd.	1,100	3,523
Shenzhen Main Luck Pharmaceutical Co., Ltd.	851	755
Foshan Winteam Pharmaceutical Co., Ltd.	615	510
Yichang Humanwell Pharmaceutical Co., Ltd.	593	180
Sinopharm Kang Chuangfu Medical Technology (Shanghai) Co., Ltd.	533	157
Sinopharm Yicai Supply Chain Technology (Beijing) Co., Ltd.	528	–
Tai Chi Group Co., Ltd.	526	1,300
Fosun Wanbang (Jiangsu) Health Development Co., Ltd.	523	1,277
Guang Dong Global Pharmaceutical Co., Ltd.	490	–
Taiji Group Chongqing Tongjunge Medicine Wholesale Co., Ltd.	450	650
Beijing Naton Sports Medicine Technology Co., Ltd.	334	334
Fosun Yaohong (Tibet) Pharmaceutical Technology Co., Ltd.	320	–
Sinopharm Tongmei General Hospital	312	547

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(iii) Significant balances of other receivables due from related parties were listed as follows: (continued)

	2025 RMB'000	2024 RMB'000
Fosun Yalifeng (Dalian) Biopharmaceutical Co., Ltd.	278	–
Taiji Group Chongqing Tongjunge Pharmaceutical Co., Ltd.	265	314
Zhejiang Dongfang Pharmaceutical Co.,Ltd.	230	295
China Otsuka Huarui Pharmaceutical Co., Ltd.	216	1,013
Shanghai Hutchison Pharmaceutical Sales Co., Ltd.	37	1,693
Tianjin Weilian Medical Instrument Co., Ltd.	–	1,132
Chongqing Fuling Pharmaceutical Corporation	–	1,000
Shanghai GeneoDx Biotech Co., Ltd.	–	515
Fosun Yaohong (Jiangsu) Pharmaceutical Technology Co., Ltd.	–	440
Shanghai Beiyi Guoda Raw Material For Medicine Medicine Co., Ltd.	–	338
JIANGYIN TIANJIANG PHARMACEUTICAL CO., LTD.	–	285

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(iv) Significant balances of prepayments to related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Prepayments to		
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	8,424	9,442
Shanghai zhaohui Pharmaceutical Co., Ltd.	7,958	14,683
Chengdu Rongsheng Pharmaceuticals Co., Ltd.	7,507	6,791
Taiji Group Chongqing Tongjunge Pharmaceutical Co., Ltd.	5,794	853
Fresenius Kabi Huarui Pharmaceutical Co., Ltd.	5,085	4,552
Changchun Institute of Biological Products Co., Ltd.	4,805	558
Southwest Pharmaceutical Co., Ltd.	3,001	6,050
Shanghai Henlius Biologics Co., Ltd.	2,232	–
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	1,972	314
Yichang Humanwell Pharmaceutical Co., Ltd.	1,840	1,680
Fosun Kite Biotechnology Co., Ltd.	1,700	6,000
Fosun Yaohong (Chongqing) Pharmaceutical Technology Co., Ltd.	1,616	58
Zhejiang Dongfang Pharmaceutical Co., Ltd.	1,278	56
Chongqing Yaoyou Pharmaceutical Co., Ltd.	1,035	3,734
Zhejiang Yinuo Pharmaceutical Co., Ltd.	985	985
China National Pharmaceutical Foreign Trade Co., Ltd.	840	449
China National Pharmaceutical Group Shanxi Rfl Pharmaceutical Co., Ltd.	701	34
Fosun Yaohong (Tibet) Pharmaceutical Technology Co., Ltd.	574	1,002
Sinopharm Rongsheng Pharmaceutical Co., Ltd.	572	1,110
China National Pharmaceutical Group Corporation Chuankang Pharmaceutical Co.,Ltd.	508	242
Suzhou Erye Pharmaceutical Co., Ltd.	432	306
Inner Mongolia Delian Medical Devices Co., Ltd.	345	–
China Otsuka Huarui Pharmaceutical Co., Ltd.	310	495
SHANGHAI XIANDAI HASEN (SHANGQIU) PHARMACEUTICAL CO.,LTD.	293	430
Shanghai Modern Pharmaceutical Co., Ltd.	289	25
Fosun Wanbang (Jiangsu) Health Development Co., Ltd.	283	808
Sinopharm Holding A-Think Pharmaceutical Co., Ltd.	255	824
Jinzhou Aohong Pharmaceuticals Co., Ltd.	236	1,686

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(iv) Significant balances of prepayments to related parties were listed as follows: (continued)

	2025 RMB'000	2024 RMB'000
Hunan Dongting Pharmaceutical Co., Ltd.	234	514
Shydec Pharmaceutical Marketing Co., Ltd.	89	3,564
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	50	451
Guang Dong Global Pharmaceutical Co., Ltd.	1	530
Sinopharm Group Wuhan Biologics Co., Ltd.	-	9,320
Chengdu Institute of Biological Products	-	3,030
Chongqing Shize Medical Equipment Co., Ltd.	-	2,610
Sinopharm Group Lanzhou Biologics Co., Ltd.	-	1,629
Sinopharm Guizhou Plasma-derived Biotherapies Co.,Ltd.	-	400
Jiangxi Erye Pharmaceutical Marketing Co., Ltd.	-	373

(v) Significant balances of trade and notes payable due to related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Trade and notes payable due to		
Yichang Humanwell Pharmaceutical Co., Ltd.	1,191,485	764,023
Jiangsu Fosun Pharmaceutical Sales Co., Ltd.	266,381	174,941
Shanghai Fosun Ruilin Biotechnology Co., Ltd.	265,250	-
Lanzhou Biotechnology Development Co., Ltd.	229,305	218,125
Jiangsu Wanbang Pharmaceutical Marketing Ltd.	136,138	41,740
Fresenius Kabi Huami Pharmaceutical Co., Ltd.	119,048	87,901
Shanghai Henlius Biologics Co., Ltd.	98,110	219,358
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Company Ltd.	97,307	79,479
Guizhou Tongjitang Pharmaceutical Co., Ltd.	83,384	53,340
Foshan Winteam Pharmaceutical Co., Ltd.	78,501	40,203
Shenzhen Main Luck Pharmaceutical Co., Ltd.	58,955	63,615
Sinopharm Group Wuhan Biologics Co., Ltd.	54,632	1,515
Chongqing Yaoyou Pharmaceutical Co., Ltd.	54,370	42,912
Chengdu Rongsheng Pharmaceuticals Co., Ltd.	50,441	2,991
Shanghai Henlius Pharmaceutical Trading Co., Ltd.	37,275	9,621

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(v) Significant balances of trade and notes payable due to related parties were listed as follows: (continued)

	2025 RMB'000	2024 RMB'000
Sinopharm Vanda Pharmaceutical Co., Ltd	36,986	26,408
Fosun Yaohong (Tibet) Pharmaceutical Technology Co., Ltd.	35,010	109,503
China Medicine Group United Engineering Company	33,165	–
Daiichi Sankyo PHARMACEUTICAL (Beijing) Co., Ltd.	31,855	28,865
China Otsuka Pharmaceutical Co., Ltd.	31,665	32,504
Taiji Group Chongqing Fuling Pharmaceutical Factory Co., Ltd.	29,300	4,293
Sinopharm Group Zhijun (Shenzhen) Pharmaceutical Co., Ltd.	28,077	21,208
Anhui Jingfang Pharmaceutical Co., Ltd.	22,903	12,748
Yunnan Tianjiang Yifang Pharmaceutical Co., Ltd.	22,708	16,234
Southwest Pharmaceutical Co., Ltd.	21,673	14,689
China National Pharmaceutical Industry Co., Ltd.	20,888	29,674
Hunan Dongting Pharmaceutical Co., Ltd.	17,628	17,222
Jinzhou Aohong Pharmaceuticals Co., Ltd.	16,019	48,846
Shenzhen Wan Wei Pharmaceutical Trade Co., Ltd.	15,799	15,848
Shanghai Pharmaceutical & Haemo-tech Investment Co., Ltd.	11,553	6,968
Fosun Kairos (Shanghai) Biotechnology Co., Ltd.	11,179	2,998
Tibet Yaopharma Pharmaceutical Co., Ltd.	10,908	15,205
Fuzhou Maixin Biotech Development Co., Ltd.	10,477	–
Guizhou Tongjitang Chinese Herb Slices Co., Ltd.	7,236	6,944
Shanghai Chemo Wanbang Biopharma Co., Ltd.	6,327	8,172
Zhejiang Yinuo Pharmaceutical Co., Ltd.	6,219	3,989
Fosun Yaohong (Chongqing) Pharmaceutical Technology Co., Ltd.	5,924	30,655
Tianjin Weilian Medical Instrument Co., Ltd.	5,463	45,442
Taiji Group Chongqing Tongjunge Pharmaceutical Co., Ltd.	4,815	5,545
Sinopharm Group Zhijun (Shenzhen) Pingshan Pharmaceutical Co., Ltd.	4,611	3,653
Beijing Weide Medical Instrument Co., Ltd.	4,575	26,182
Shenyang Red Flag Pharmaceutical Co., Ltd.	4,459	4,434
Shydec Pharmaceutical Marketing Co., Ltd.	4,210	6,100
Sinopharm Group Luya (Shandong) Pharmaceutical Co., Ltd.	3,920	2,407

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(v) Significant balances of trade and notes payable due to related parties were listed as follows: (continued)

	2025 RMB'000	2024 RMB'000
Shenyang Hongqi Pharmaceutical Co., Ltd.	3,680	565
Beijing Jiuqiang Biotechnology Co., Ltd.	3,289	–
Guang Dong Global Pharmaceutical Co., Ltd.	3,044	630
Shandong Yifang Pharmaceutical Co., Ltd.	2,874	3,180
Sinopharm Group Xinjiang Pharmaceutical Co., Ltd.	2,635	3,266
Fresenius Kabi (Wuhan)Pharmaceutical Co., Ltd.	2,069	4,099
Jiangxi Erye Pharmaceutical Marketing Co., Ltd.	992	3,940
Shanghai Zhaohui Pharmaceutical Co., Ltd.	975	16,956
JIANGSU WANBANG BIOPHARMACEUTICALS	889	5,183
Wuhan Zhongsheng Yujin Biological Medicine Co., Ltd.	774	8,251
Tianjin Yining Medical Equipment Co., Ltd.	14	5,736
Chongqing Taiji Industry (Group) Co., Ltd.	–	4,037

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(vi) Significant balances of other payables due to related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Other payables due to		
Sinopac Puxin Commercial Factoring Co., Ltd.	381,975	380,589
Sinopharm Group Finance Co., Ltd.	322,379	559,062
Sinopac Ronghui (Shanghai) Commercial Factoring Co., Ltd.	114,347	326,427
Beijing Institute of Biological Products Co., Ltd	22,200	–
Fresenius Kabi Huarui Pharmaceutical Co., Ltd.	21,462	229
Sinopharm Huazhong (Hubei) Medical Health Co., Ltd.	18,334	7,313
Shanghai Institute of Bio-products Co., Ltd.	14,201	14,201
Sinopharm Datong Coal Mine Medical and Health Industry Co., Ltd.	7,193	2,042
Shanghai Fosun Pharmaceutical Industrial Development Co., Ltd.	4,734	38
China National Pharmaceutical Changhang (Shanghai) Medical and Health Industry Co., Ltd.	4,650	1,067
China National Pharmaceutical Group Co., Ltd.	3,882	3,875
Shanghai Institute of Pharmaceutical Industry	2,494	3,803
China National Pharmaceutical Digital Technology (Beijing) Co., Ltd.	2,476	2,914
Guoling JINDA Medical Technology (Shanghai) Co., Ltd.	2,316	1,401
China National Corp. of Traditional and Herbal Medicine	2,000	2,000
Sinopharm North (Inner Mongolia) Medical and Health Industry Co., Ltd.	1,903	3,256
Shanghai Modern Pharmaceutical Preparation Engineering Research Center Co., Ltd.	1,760	–
Chongqing Southwest Aluminum Hospital	1,555	539
Xilingol League Kangjie Hospital Management Co., Ltd.	1,301	2,246
Sinopharm Gezhouba (Yichang) Hospital Management Co., Ltd.	645	1,261
Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Company Ltd.	831	1,050
China State Institute of Pharmaceutical Industry	1,000	1,000
Sinopharm Harbin Hospital Management Co., Ltd.	1,265	983
Chongqing China Medicine Group United Engineering Company	855	2,260

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(vii) Significant balance of contract liabilities with related parties was listed as follows:

	2025 RMB'000	2024 RMB'000
Contract liabilities		
Sinopharm Foreign Trade (Hong Kong) Limited	31,289	29,015
Shanghai Institute of Bio-products Co., Ltd.	7,171	14,881
Shanghai Pharmaceutical & Haemo-tech Investment Co., Ltd.	3,119	–
China National Pharmaceutical Foreign Trade Co., Ltd.	2,578	2,578
Lanzhou Institute of Biological Products Co., Ltd.	2,541	2,418
Sinopharm International Supply Chain Management (Beijing) Co., Ltd.	1,862	–
Chengdu Institute of Biological Products	653	114
Guoling JINDA Medical Technology (Shanghai) Co., Ltd.	165	38
China National Corp. of Traditional and Herbal Medicine	112	112
Chongqing Fuling Pharmaceutical Corporation	88	–
Liaoning Xinxing Pharmaceutical Co., Ltd.	56	–
Changchun Keygen Biological Products Co., Ltd.	55	–
Taiji Group Sichuan Deyang Dazhong Pharmaceutical Co., Ltd.	38	–
Sinopac Ronghui (Shanghai) Commercial Factoring Co., Ltd.	25	–
Beijing Institute of Biological Products Co., Ltd.	11	11
Chongqing Southwest Aluminum Hospital	8	–
Shandong Erye Pharmaceutical Co., Ltd.	5	–
Sinopharm International Hong Kong Co., Ltd.	4	4
Shanghai Institute of Pharmaceutical Industry	–	18,166
Chengdu Rongsheng Pharmaceuticals Co., Ltd.	–	6,334
Yichang Humanwell Pharmaceutical Co., Ltd.	1	5,500
Shanghai Techwell Biopharmaceutical Co., Ltd.	–	682
Hunan Yifang Tianjiang Pharmaceutical Co., Ltd.	–	633
Lanzhou Biotechnology Development Co., Ltd.	–	582
Changchun Institute of Biological Products Co., Ltd.	–	389
Guoyao Medical Jia'an (Henan) Health Technology Co., Ltd.	–	389
Beijing Naton Medical Institute Co., Ltd.	–	359
Wuhan Institute of Biological Products Co., Ltd.	–	342
Anhui Jingfang Pharmaceutical Co., Ltd.	–	273
Chancheng Central Hospital of Foshan City	–	200
Foshan Nanhai District Medicine Group Medicinal Materials Co., Ltd.	–	116

46. Significant related party transactions (continued)

(c) Significant balances with related parties except for other PRC government-related entities (continued)

(viii) Significant balances of borrowings due to related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Borrowings due to		
Sinopharm Group Finance Co., Ltd.	12,431,940	11,232,173
Sinopac Puxin Commercial Factoring Co., Ltd.	1,924,877	305,668
Sinopac Ronghui (Shanghai) Commercial Factoring Co., Ltd.	71,357	141,593

Borrowings from the above related parties bear interest at rates from 1.00% to 6.97% (2024: from 1.00% to 6.97%). The borrowings from related parties have repayment terms within 1 year.

(ix) Significant balances of other non-current liabilities with related parties were listed as follows:

	2025 RMB'000	2024 RMB'000
Other non-current liabilities		
China National Pharmaceutical Group Co., Ltd.	980,064	1,045,773
Beijing Institute of Biological Products Co., Ltd.	–	22,200
China National Corp. of Traditional and Herbal Medicine	2,446	2,446

Notes to the Consolidated Financial Statements

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47. Principal subsidiaries

As at 31 December 2025, particulars of the Company's principal subsidiaries are as follows:

Company name	Place and date of registration	Issued and paid-up capital/ registered capital RMB'000	Effective interests held by the Group		Principal activities and place of operations
			Direct %	Indirect %	
China National Pharmaceutical Group Shanghai Co., Ltd.* (國藥集團上海有限公司)	PRC, 24 July 1988	40,237	100	-	Property management
China National Pharmaceutical Group Chemical Reagent Co., Ltd.* (國藥集團化學試劑有限公司)	PRC, 24 October 2003	450,000	90	10	Distribution of chemical reagents in the PRC
Beijing Sinopharm Tianyuan Real Estate & Property Management Co., Ltd.* (北京國藥天元物業管理有限公司)	PRC, 28 December 1981	36,130	100	-	Property rental in the PRC
Sinopharm Holding Tianjin Co., Ltd.* (國藥控股天津有限公司)	PRC, 12 December 2003	1,300,000	90	10	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Shenyang Co., Ltd.* (國藥控股瀋陽有限公司)	PRC, 27 November 2003	1,050,000	90	10	Distribution of pharmaceutical products, laboratory supplies and chemical reagents and provision of pharmaceutical logistics services in the PRC
Sinopharm Holding Shaanxi Co., Ltd.* (國藥控股陝西有限公司)	PRC, 30 May 2001	250,000	60	-	Distribution of pharmaceutical and healthcare products and logistics services in the PRC
Sinopharm Pharmaceutical Logistics Co., Ltd.* (國藥集團醫藥物流有限公司)	PRC, 18 December 2002	300,000	100	-	Provision of pharmaceutical logistics services in the PRC
China National Medicines Corporation Ltd.* (國藥集團藥業股份有限公司)	PRC, 21 December 1999	754,503	55	-	Distribution of pharmaceutical products and laboratory supplies in the PRC
Sinopharm Holding Distribution Center Co., Ltd.* (國藥控股分銷中心有限公司)	PRC, 30 January 2002	2,000,000	100	-	Distribution of pharmaceutical and healthcare products in the PRC
Sinopharm Holding Henan Co., Ltd.* (國藥控股河南股份有限公司)	PRC, 11 December 2006	680,313	80	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Fujian Co., Ltd.* (國藥控股福建有限公司)	PRC, 20 January 2010	851,000	80	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC

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For the year ended 31 December 2025

47. Principal subsidiaries (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of registration	Issued and paid-up capital/ registered capital RMB'000	Effective interests held by the Group		Principal activities and place of operations
			Direct %	Indirect %	
Sinopharm Holding Hong Kong Co., Ltd.* (國藥控股股份香港有限公司)	PRC, 14 August 2009	303,317	100	-	Investment; distribution of pharmaceutical and healthcare products; medicine chain stores; and provision of pharmaceutical logistics services in the PRC
Sinopharm Holding Shandong Co., Ltd.* (國藥控股山東有限公司)	PRC, 12 April 2006	70,000	67	-	Distribution of pharmaceutical, healthcare products and chemical reagents in the PRC
Sinopharm Group Xinjiang Province New & Special National Pharmaceutical Co., Ltd.* (國藥集團新疆新特藥業有限公司)	PRC, 30 June 2003	780,637	80	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Hubei Co., Ltd.* (國藥控股湖北有限公司)	PRC, 19 March 2001	844,444	82	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Medical Instruments Co., Ltd. (國藥控股醫療器械有限公司)	PRC, 27 July 2006	320,000	100	-	Distribution of medical instruments in the PRC
Sinopharm Holding Anhui Co., Ltd.* (國藥控股安徽有限公司)	PRC, 29 December 2008	798,863	87	-	Distribution of pharmaceutical products and chemical reagents in the PRC
Sinopharm Holding Zhejiang Co., Ltd.* (國藥控股浙江有限公司)	PRC, 9 October 1995	200,000	88	-	Distribution of pharmaceutical products
Sinopharm Holding Hunan Co., Ltd.* (國藥控股湖南有限公司)	PRC, 21 June 2001	520,000	97	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Chongqing Co., Ltd.* (國藥控股重慶有限公司)	PRC, 18 May 2010	30,000	60	-	Distribution of pharmaceutical products and chemical reagents
Sinopharm Holding Jiangsu Co., Ltd.* (國藥控股江蘇有限公司)	PRC, 12 October 2001	1,865,342	100	-	Distribution of pharmaceutical products, healthcare products and chemical reagents in the PRC
Sinopharm Holding Yunnan Co., Ltd.* (國藥控股雲南有限公司)	PRC, 20 November 2000	163,948	95	-	Distribution of pharmaceutical, healthcare products and chemical reagents in the PRC
China National Accord Medicines Co., Ltd.* (國藥集團一致藥業股份有限公司)	PRC, 2 August 1986	556,565	56	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC

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For the year ended 31 December 2025

47. Principal subsidiaries (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of registration	Issued and paid-up capital/ registered capital RMB'000	Effective interests held by the Group		Principal activities and place of operations
			Direct %	Indirect %	
Sinopharm Holding Shanxi Co., Ltd.* (國藥控股山西有限公司)	PRC, 17 January 2004	500,000	90	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Inner Mongolia Co., Ltd.* (國藥控股內蒙古有限公司)	PRC, 14 May 2010	430,000	100	-	Distribution of pharmaceutical products, healthcare products and chemical reagents in the PRC
Sinopharm Group Southwest Medicine Co., Ltd.* (國藥集團西南醫藥有限公司)	PRC, 19 November 1997	63,388	82	3	Distribution of pharmaceutical and healthcare products in the PRC
Sinopharm Lingyun Biopharmaceutical (Shanghai)Co., Ltd.* (國藥控股凌雲生物醫藥(上海)有限公司)	PRC, 3 February 1992	50,000	55	-	Distribution of pharmaceutical products, healthcare products and chemical reagents in the PRC
Sinopharm Holding Jiangxi Co., Ltd.* (國藥控股江西有限公司)	PRC, 13 October 2009	100,000	67	-	Distribution of pharmaceutical products, healthcare products and chemical reagents in the PRC
Sinopharm Holding Gansu Co., Ltd.* (國藥控股甘肅有限公司)	PRC, 14 January 2010	60,000	70	-	Distribution of pharmaceutical products and chemical reagents in the PRC
Sinopharm Holding Jilin Co., Ltd.* (國藥控股吉林有限公司)	PRC, 9 July 1999	50,000	70	-	Distribution of pharmaceutical products, healthcare products and chemical reagents in the PRC
Sinopharm Holding Ningxia Co., Ltd.* (國藥控股寧夏有限公司)	PRC, 21 November 2008	97,620	73	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Guizhou Co., Ltd.* (國藥控股貴州有限公司)	PRC, 1 April 2010	50,000	70	-	Distribution of pharmaceutical products, healthcare products and chemical reagents in the PRC
Sinopharm Lerentang Pharmaceutical Co., Ltd.* (國藥樂仁堂醫藥有限公司)	PRC, 29 September 2009	175,000	60	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Hainan Co., Ltd.* (國藥控股海南有限公司)	PRC, 10 July 2000	50,000	68	-	Distribution of pharmaceutical, healthcare products and chemical reagents in the PRC
Sinopharm Holding Huzhou Co., Ltd.* (國藥控股湖州有限公司)	PRC, 14 August 1978	30,000	69	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC

Notes to the Consolidated Financial Statements

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47. Principal subsidiaries (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of registration	Issued and paid-up capital/ registered capital RMB'000	Effective interests held by the Group		Principal activities and place of operations
			Direct %	Indirect %	
Sinopharm Holding Qinghai Co., Ltd.* (國藥控股青海有限公司)	PRC, 24 January 2003	20,000	85	-	Distribution of pharmaceutical products, healthcare products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Xingsha Pharmaceutical (Xiamen) Co., Ltd.* (國藥控股星鯊製藥(廈門)有限公司)	PRC, 30 December 1998	360,000	60	-	Medicine manufacture, distribution of chemical, reagents, import and export of goods and technology, business consulting
Sinopharm Holding Donghong Medical (Shanghai) Co., Ltd.* (國藥控股東虹醫藥(上海)有限公司)	PRC, 15 August 1992	12,000	85	-	Distribution of pharmaceutical products, healthcare products, laboratory supplies and chemical reagents in the PRC
Sinopharm Digital Technology (Shanghai) Co., Ltd.* (國藥控股數字科技(上海)有限公司)	PRC, 19 January 2004	231,500	100	-	Health consultation, medical consulting, market information consulting and investigation and convention and exhibition services
Shanghai Meiluo Medical Co., Ltd.* (上海美羅醫藥有限公司)	PRC, 27 May 2002	93,000	100	-	Distribution of pharmaceutical products, medical equipment and chemical reagents, import and export of goods and technology in the PRC
Sinopharm Holding Wenzhou Co., Ltd.* (國藥控股溫州有限公司)	PRC, 31 March 1995	50,000	58	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
China National Pharmaceutical Group Shanxi Co., Ltd.* (國藥集團山西有限公司)	PRC, 14 April 2011	1,000,000	80	-	Distribution of pharmaceutical products, laboratory supplies and healthcare products in the PRC
Sinopharm Holding Lingshang Hospital Management Service Co., Ltd.* (國藥控股菱商醫院管理服務(上海)有限公司)	PRC, 5 July 2013	300,370	60	-	Medical equipment and distribution of goods, information technology services in the PRC
Sinopharm Holding Heilongjiang Co., Ltd.* (國藥控股黑龍江有限公司)	PRC, 11 October 2010	99,000	65	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Chongqing Taimin Pharmaceutical Co., Ltd.* (國藥控股重慶泰民醫藥有限公司)	PRC, 17 August 2012	50,000	60	-	Distribution of pharmaceutical products, medical instruments and chemical reagents in the PRC

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. Principal subsidiaries (continued)

As at 31 December 2025, particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of registration	Issued and paid-up capital/ registered capital RMB'000	Effective interests held by the Group		Principal activities and place of operations
			Direct %	Indirect %	
Sinopharm Bio-pharmaceutical Co., Ltd.* (國藥控股上海生物醫藥有限公司)	PRC, 3 December 2009	20,000	70	-	Distribution of pharmaceutical products, healthcare products, medical instruments and chemical reagents in the PRC
Sichuan Pharmaceutical Group Co., Ltd. of CNPGC* (國藥四川醫藥集團有限公司)	PRC, 2 September 2001	371,744	66	-	Management of medical project investment, consulting and technology training in PRC
Sinopharm Holding Hongrun Medical Business Service (Shanghai) Co., Ltd.* (國藥控股虹潤醫藥商務服務(上海)有限公司)	PRC, 22 August 2016	60,000	60	-	Health consultation, medical consulting, distribution of medical equipment, import and export services in the PRC
Sinopharm pharmacy (shanghai) Co., Ltd* (國藥控股藥房(上海)有限公司)	PRC, 28 December 2017	1,000	100	-	Distribution of pharmaceutical and healthcare products in the PRC
China National Scientific Instruments and Materials Co., Ltd* (中國科學器材有限公司)	PRC, 2 March 1982	4,000,000	60	-	Distribution of medical instruments in the PRC
Sinopharm Holding Changsha Co., Ltd.* (國藥控股長沙有限公司)	PRC, 27 April 2015	100,000	80	-	Distribution of pharmaceutical products, laboratory supplies and chemical reagents in the PRC
Sinopharm Holding Medical Instruments Co., Ltd. * (國藥控股潤達醫療器械發展(上海)有限公司)	PRC, 17 August 2015	85,000	51	-	Distribution of medical instruments in the PRC
Sinopharm Intelligent Technology (Shanghai) Co., Ltd.* (國藥智能科技(上海)有限公司)	PRC, 6 July 2020	100,000	60	-	Provision of pharmaceutical information technology services in the PRC
Sinopharm Logistics Management Co., Ltd.* (國藥物流管理有限公司)	PRC, 28 July 2023	290,000	100	-	Provision of pharmaceutical logistics services in the PRC

* English translations of names for identification purposes only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. Principal subsidiaries (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for two of the subsidiaries (Sinopharm Holding Hong Kong Co., Ltd. and Sinopharm International Trade (Hong Kong) Co., Ltd) which were registered in Hong Kong, China, the subsidiaries of the Group all run their business in Mainland China.

China National Accord Medicines Co., Ltd., China National Medicines Corporation Ltd. and Sinopharm Holding Henan Co., Ltd. are joint stock limited companies. Except for the above-mentioned companies, the principal subsidiaries of the Company are limited liability companies.

48. Statement of financial position and movements in reserves of the Company

Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets		
Investment properties	933,806	1,030,995
Property, plant and equipment	871,740	823,856
Intangible assets	32,561	28,067
Investments in subsidiaries	30,339,261	30,403,506
Investment in a joint venture	24,359	22,530
Investments in associates	2,951,535	2,988,997
Financial assets at fair value through profit or loss	438,761	458,106
Deferred tax assets	176,958	174,680
Total non-current assets	35,768,981	35,930,737
Current assets		
Inventories	1,374,984	1,073,874
Trade and notes receivable	5,372,959	4,996,285
Prepayments, other receivables and other assets	22,224,196	25,322,583
Cash and cash equivalents	24,718,334	30,200,545
Contract assets	108	388
Total current assets	53,690,581	61,593,675
Total assets	89,459,562	97,524,412

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. Statement of financial position and movements in reserves of the Company (continued)

Statement of financial position of the Company (continued)

	2025 RMB'000	2024 RMB'000
EQUITY		
Share capital	3,120,656	3,120,656
Treasury shares held for share incentive scheme	(3,838)	(3,838)
Reserves	30,770,252	30,292,033
Total equity	33,887,070	33,408,851
Liabilities		
Non-current liabilities		
Interest-bearing bank and other borrowings	2,997,577	7,648,341
Other non-current liabilities	980,064	1,045,859
Total non-current liabilities	3,977,641	8,694,200
Current liabilities		
Interest-bearing bank and other borrowings	3,810,557	4,182,873
Trade and notes payable	4,630,007	4,363,108
Contract liabilities	11,703	5,769
Accruals and other payables	43,129,740	46,850,674
Tax payable	12,844	18,937
Total current liabilities	51,594,851	55,421,361
Total liabilities	55,572,492	64,115,561
Total equity and liabilities	89,459,562	97,524,412

The financial statements were approved by the Board of Directors on 20 March 2026 and were signed on its behalf by

Jin Bin
Director

Wu Tak Lung
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. Statement of financial position and movements in reserves of the Company (continued)

Movements in reserves of the Company

	Share premium RMB'000	Statutory reserves RMB'000	Revaluation of available- for-sale investments RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2024	24,630,310	1,786,971	7,404	15,593	4,045,713	30,485,991
Profit for the year	-	-	-	-	2,526,530	2,526,530
Share of other comprehensive income of associates	-	-	-	337	-	337
Remeasurement on post-employment benefit obligations						
– gross	-	-	-	(1,699)	-	(1,699)
– tax	-	-	-	425	-	425
Dividend on shares released from the share incentive scheme	-	-	-	-	-	-
Dividends declared	-	-	-	-	(2,714,863)	(2,714,863)
Share of changes in equity other than comprehensive income and distributions received from associates	-	-	-	(4,688)	-	(4,688)
As at 31 December 2024	24,630,310	1,786,971	7,404	9,968	3,857,380	30,292,033
Profit for the year	-	-	-	-	2,596,467	2,596,467
Share of other comprehensive income of associates	-	-	-	2,899	-	2,899
Remeasurement on post-employment benefit obligations						
– gross	-	-	-	866	-	866
– tax	-	-	-	(217)	-	(217)
Dividend on shares released from the share incentive scheme	-	-	-	-	-	-
Dividends declared	-	-	-	-	(2,121,962)	(2,121,962)
Share of changes in equity other than comprehensive income and distributions received from associates	-	-	-	166	-	166
As at 31 December 2025	24,630,310	1,786,971	7,404	13,682	4,331,885	30,770,252

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. Directors', supervisors' and chief executives' remuneration

Directors', supervisors' and chief executives' remuneration for the year, disclosed pursuant to the Listing Rules, section 383 (1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

(a) Directors', supervisors' and chief executives' remuneration

2025	Salaries RMB'000	Discretionary bonuses RMB'000	Estimated value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000
Executive directors				
Mr. Lian Wanyong	599	637	–	231
Mr. Yang Binghua (i)	75	–	7	36
Mr. Sun Jinglin (ii)	424	272	35	192
Independent non-executive directors				
Mr. Chen Fangruo (iii)	157	–	–	–
Mr. Chen Weiru (iv)	193	–	–	–
Mr. Li Peiyu	350	–	–	–
Mr. Wu Tak Lung	350	–	–	–
Mr. Yu Weifeng	350	–	–	–
Mr. Shi Shenghao	350	–	–	–
Non-executive directors				
Mr. Jin Bin (i)	–	–	–	–
Mr. Zhao Bingxiang (v)	–	–	–	–
Mr. Chen Qiyu	–	–	–	–
Mr. Zu Jing (vi)	–	–	–	–
Mr. Xing Yonggang (vi)	–	–	–	–
Mr. Ma Yue (i)	–	–	–	–
Mr. Chen Yuqing (iv)	–	–	–	–
Mr. Wen Deyong	–	–	–	–
Ms. Li Ying (i)	–	–	–	–
Mr. Hu Ligang (vii)	–	–	–	–
Mr. Wang Kan (viii)	–	–	–	–
Mr. Wang Peng (viii)	–	–	–	–
Mr. Li Dongjiu (ix)	–	–	–	–
Ms. Feng Rongli (v)	–	–	–	–
Supervisors				
Ms. Guan Xiaohui	–	–	–	–
Mr. Guo Jinhong	–	–	–	–
Mr. Liu Zhengdong	350	–	–	–
Mr. Liu Hongbing	580	960	25	134
Ms. Lu Haiqing	593	228	17	199
	4,371	2,097	84	792

49. Directors', supervisors' and chief executives' remuneration (continued)

(a) Directors', supervisors' and chief executives' remuneration (continued)

- (i) Appointed on 19 December 2025
- (ii) Appointed on 12 February 2025 and resigned on 6 November 2025
- (iii) Resigned on 12 June 2025
- (iv) Appointed on 12 June 2025
- (v) Resigned on 19 December 2025
- (vi) Appointed on 12 February 2025
- (vii) Appointed on 12 February 2025 and resigned on 9 June 2025
- (viii) Resigned on 8 January 2025
- (ix) Resigned on 16 May 2025

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For the year ended 31 December 2025

49. Directors', supervisors' and chief executives' remuneration (continued)

(a) Directors', supervisors' and chief executives' remuneration (continued)

2024	Salaries RMB'000	Discretionary bonuses RMB'000	Estimated value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000
Executive directors				
Mr. Lian Wanyong (i)	80	–	–	77
Mr. Yu Qingming (ii)	1,405	1,182	–	223
Mr. Liu Yong (ii)	1,278	1,141	–	137
Independent non-executive directors				
Mr. Chen Fangruo	350	–	–	–
Mr. Li Peiyu	350	–	–	–
Mr. Wu Tak Lung	350	–	–	–
Mr. Yu Weifeng	350	–	–	–
Mr. Shi Shenghao	350	–	–	–
Non-executive directors				
Mr. Zhao Bingxiang (i)	–	–	–	–
Mr. Chen Qiyu	–	–	–	–
Mr. Hu Jianwe (ii)	–	–	–	–
Mr. Deng Jindong (ii)	–	–	–	–
Mr. Wang Kan (iii)	–	–	–	–
Mr. Wang Peng (iii)	–	–	–	–
Mr. Wen Deyong	–	–	–	–
Mr. Li Dongjiu	–	–	–	–
Ms. Feng Rongli	–	–	–	–
Supervisors				
Ms. Guan Xiaohui	–	–	–	–
Mr. Guo Jinhong	–	–	–	–
Mr. Liu Zhengdong	350	–	–	–
Mr. Liu Hongbing	734	1,536	42	145
Ms. Lu Haiqing	529	384	38	197
	6,126	4,243	80	779

(i) Appointed on 13 September 2024

(ii) Resigned on 27 August 2024

(iii) Appointed on 1 August 2025

49. Directors', supervisors' and chief executives' remuneration (continued)

- (b) Except for the contribution to a retirement benefit scheme, no other retirement benefits were paid to any director and supervisor during the year ended 31 December 2025.
- (c) No termination benefits were paid to any director and supervisor during the year ended 31 December 2025.
- (d) No consideration paid to third parties for directors' services during the year ended 31 December 2025.
- (e) No loans, quasi-loans or other dealings were entered into by the Company or subsidiary undertaking of the Company, where applicable, in favour of directors of the Company and of the holding company of the Company, or bodies corporate controlled by such directors or entities connected with such directors, including a shadow director of any director.
- (f) No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

50. Events after the reporting period

The Group has no other significant events after the reporting period up to the approval date of these financial statements.

51. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 20 March 2026.



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