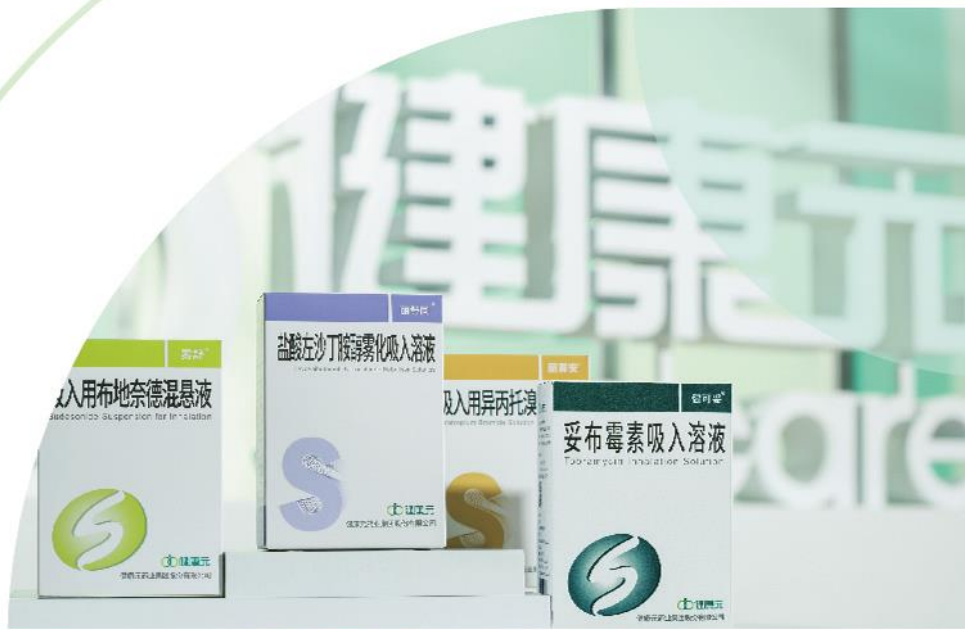
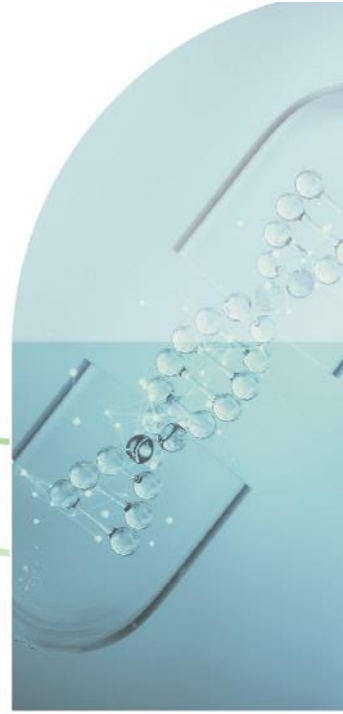




Stock Short Name : 健康元
Stock Code : 600380

Joincare 2024 Interim Report



【Mission】For the Health For the Future

【Vision】Diligently make high-quality and innovative drugs

【Core Values】Putting people first, Valuing workmanship and quality, Pursuing innovation and truth, Promoting cooperation and sharing

Important Notice

I The Board of Directors (the “Board”), the Board of Supervisors and directors, supervisors and senior management of the Company hereby warrant the truthfulness, accuracy and completeness of the contents of the interim report (the “Report”), and that there are no false representations, misleading statements or material omissions contained in the Report, and severally and jointly accept responsibility.

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

III The interim report of the Company is unaudited.

IV Mr. Zhu Baoguo (朱保国), the person-in-charge of the Company, Mr. Qiu Qingfeng (邱庆丰), the person-in-charge of the Company's accounting work, and Ms. Guo Chenlu (郭琛璐), the person-in-charge of the accounting department (the head of the accounting department), declare that they hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in the Report.

V Profit distribution plan or plan for conversion of capital reserve to share capital approved by the Board during the Reporting Period

Not applicable

VI Risk declaration for the forward-looking statements

Applicable N/A

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

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

No

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

No

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

No

X Significant risk warnings

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

XI Others

Applicable N/A

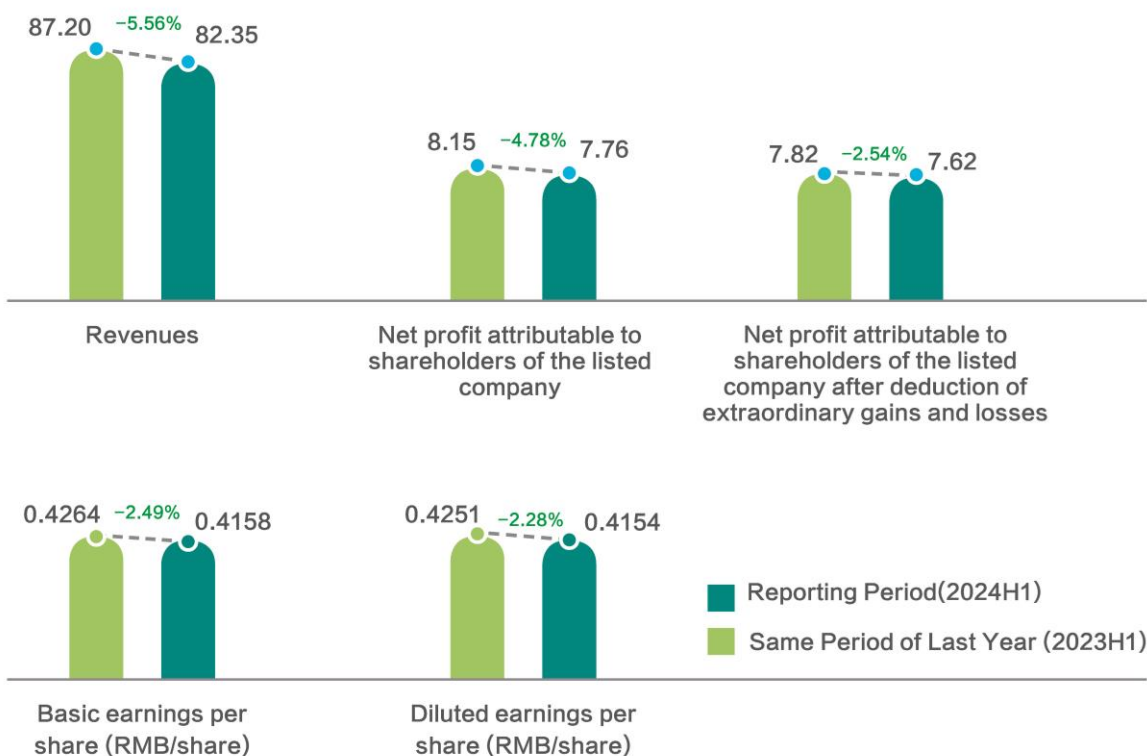
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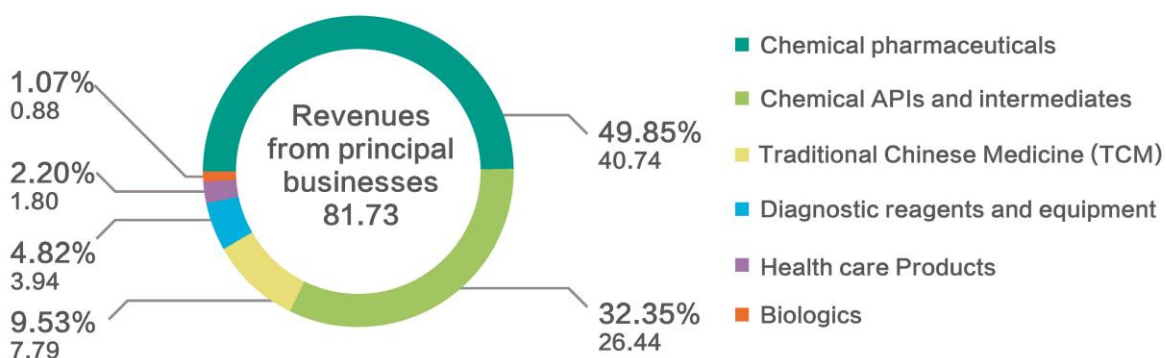
List of documents available for inspection	The Financial Statements signed and sealed by the person-in-charge of the Company, the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department)
	The original copies of all documents and announcements of the Company which have been disclosed to the public on the website designated by CSRC (China Securities Regulatory Commission) during the Reporting Period

Financial Highlights

Major Financial indicators (RMB100 Million)



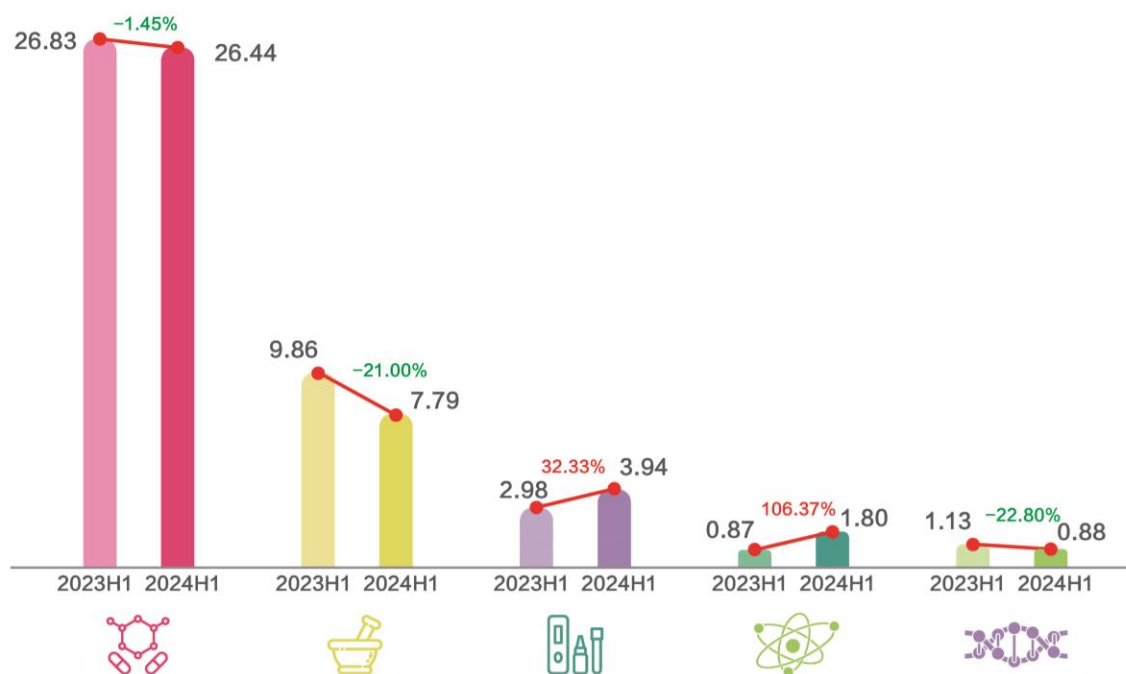
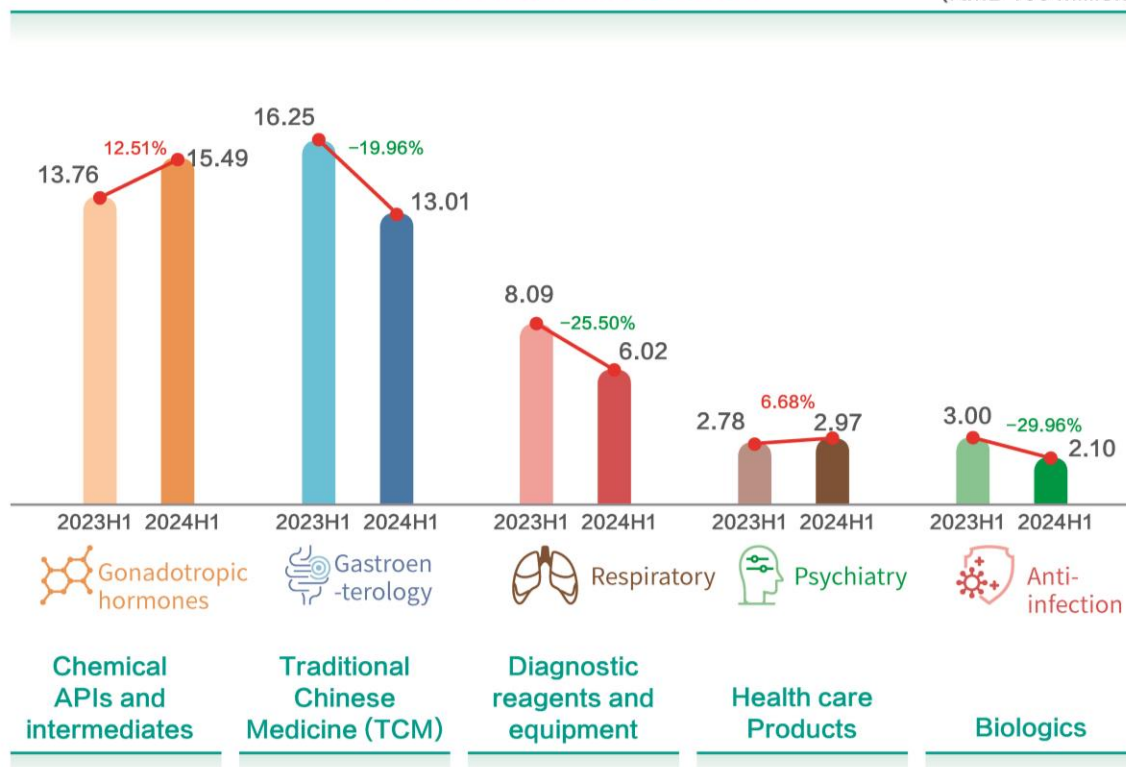
Principal Businesses (RMB 100 million)



Financial Highlights

Chemical pharmaceuticals

(RMB 100 million)



Chapter 1 Definitions

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

Definitions of common terms		
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
Baiyeyuan or the Controlling Shareholder	Refers to	Shenzhen Baiyeyuan Investment Co., Ltd. * (深圳市百业源投资有限公司)
Company, the Company, Group or the Group	Refers to	Joincare Pharmaceutical Group Industry Co., Ltd.* (健康元药业集团股份有限公司)
BD	Refers to	Business Development
GMP	Refers to	Good Manufacturing Practice
GSP	Refers to	Good Supply Practice
CPC	Refers to	Cephalosporin C
DTC	Refers to	Direct-to-Consumers
KOL	Refers to	Key Opinion Leader
AIPL	Refers to	Awareness, Interest, Purchase, Loyalty
ANDA	Refers to	Abbreviated New Drug Application
BLA	Refers to	Biologics License Application
IND	Refers to	Investigational New Drug Application
RCO	Refers to	Regenerative Catalytic Oxidation
RTO	Refers to	Regenerative Thermal Oxidizer
Livzon Group	Refers to	Livzon Pharmaceutical Group Inc.*(丽珠医药集团股份有限公司)
Haibin Pharma	Refers to	Shenzhen Haibin Pharmaceutical Co., Ltd.*(深圳市海滨制药有限公司)
Joincare Haibin	Refers to	Joincare Haibin Pharmaceutical Co., Ltd.*(健康元海滨药业有限公司)
Xinxiang Haibin	Refers to	Xinxiang Haibin Pharmaceutical Co., Ltd. *(新乡海滨药业有限公司)
Taitai Pharmaceutical	Refers to	Shenzhen Taitai Pharmaceutical Co., Ltd. *(深圳太太药业有限公司)
Joincare Biopharmaceutical Research Institute	Refers to	Henan Province Joincare Biopharmaceutical Research Institute Co., Ltd. *(河南省健康元生物医药研究院有限公司)
Jiaozuo Joincare	Refers to	Jiaozuo Joincare Bio Technological Co., Ltd.*(焦作健康元生物制品有限公司)
Topsino	Refers to	Topsino Industries Limited *(天诚实业有限公司)
Health China	Refers to	Health Pharmaceuticals (China) Limited*(健康药业(中国)有限公司)
Shanghai Frontier	Refers to	Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. *(上海方予健康医药科技有限公司)
Beijing Kanova	Refers to	Beijing Kanova Biopharmaceutical Co., Ltd. (北京鑫康合生物医药科技有限公司)
Greenanew	Refers to	Greenanew (Shanghai) Biotechnology Co., Ltd. (风火轮(上海)生物科技有限公司)

Jiaozuo Jianfeng	Refers to	Jiaozuo Jianfeng Biotechnology Co., Ltd. (焦作健风生物科技有限公司)
Qyuns	Refers to	Qyuns Therapeutics Co., Ltd. (江苏荃信生物医药股份有限公司)
Boan Biotech	Refers to	Shandong Boan Biotechnology Co., Ltd. (山东博安生物技术股份有限公司)
Livzon MAB	Refers to	Livzon MABPharm Inc. * (珠海市丽珠单抗生物技术有限公司)
Livzon Diagnostics	Refers to	Zhuhai Livzon Diagnostics Inc. * (珠海丽珠试剂股份有限公司)
Fuzhou Fuxing	Refers to	Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd.*(丽珠集团福州福兴医药有限公司)
Livzon Xinbeijiang	Refers to	Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc.*(丽珠集团新北江制药股份有限公司)
Ningxia Pharma	Refers to	Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.*(丽珠集团(宁夏)制药有限公司)
Gutian Fuxing	Refers to	Gutian Fuxing Pharmaceutical Co., Ltd. * (古田福兴医药有限公司)
Livzon Hecheng	Refers to	Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. * (珠海保税区丽珠合成制药有限公司)
Livzon Limin	Refers to	Livzon Group Limin Pharmaceutical Manufacturing Factory *(丽珠集团利民制药厂)
Livzon Pharmaceutical Factory	Refers to	Livzon Group Livzon Pharmaceutical Factory * (丽珠集团丽珠制药厂)
Jiaozuo Hecheng	Refers to	Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd.* (焦作丽珠合成制药有限公司)
Shanghai Livzon	Refers to	Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. *(上海丽珠制药有限公司)
Sichuan Guangda	Refers to	Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. *(四川光大制药有限公司)
Jinguan Electric Power	Refers to	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. *(焦作金冠嘉华电力有限公司)
LivzonBio	Refers to	Zhuhai Livzon Biotechnology Co., Ltd.*(珠海市丽珠生物医药科技有限公司)
Grant Thornton	Refers to	Grant Thornton (Special General Partnership)
Reporting Period	Refers to	From 1 January 2024 to 30 June 2024
End of the Reporting Period	Refers to	30 June 2024
Currency or unit	Refers to	RMB unless otherwise specified

*For identification purpose only

Chapter 2 Company Profile and Major Financial Indicators

I Company profile

Chinese name of the Company	健康元药业集团股份有限公司
Abbreviation of the Chinese name	健康元
English name of the Company	Joincare Pharmaceutical Group Industry Co., Ltd.
Abbreviation of the English name	Joincare
Legal representative of the Company	Zhu Baoguo (朱保国)

II Contact persons and contact details

	Board Secretary	Representative of Securities Affairs
Name	Zhao Fengguang (赵风光)	Li Hongtao (李洪涛), Luo Xiao (罗逍)
Address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Telephone	0755-86252656, 0755-86252388	0755-86252656, 0755-86252388
Fax	0755-86252165	0755-86252165
E-mail	zhaofengguang@joincare.com	lihongtao@joincare.com luoxiao@joincare.com

III Introduction of the Company's basic information

Registered address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Historical changes in registered address	<p>Registered at B5, Hengfeng Industrial City, Hezhou Community, Huangtian Village, Xin'an Town, Bao'an County on 18 December 1992</p> <p>Changed its registered address to 4-5/F, Dongpeng Building, Shangmeilin Industrial Area, Futian District, Shenzhen on 25 May 1994</p> <p>Changed its registered address to 24/F, Block B, Fujian Building, Caitian South Road, Futian District, Shenzhen on 4 July 1995</p> <p>Changed its registered address to 23/F, Diwang Building, Shun Hing Square, No. 333, Shennan East Road, Shenzhen on 20 June 1997</p> <p>Changed its registered address to Taitai Pharmaceutical Industrial Building, the 5th Industrial Area, Nanshan District, Shenzhen on 22 September 2000</p> <p>Changed its registered address to 23/F, Diwang Building, Shun Hing Square, No. 5002, Shennan East Road, Luohu District, Shenzhen on 4 June 2003</p> <p>Changed its registered address to Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen on 29 January 2008</p>

	Changed its registered address to Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen on 27 November 2012
Office address	Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, Hi-tech Zone, Nanshan District, Shenzhen
Postal code of Office address	518057
Website	http://www.joincare.com
E-mail	joincare@joincare.com

IV Introduction of changes in information disclosure and places for inspection

Name of designated newspapers for information disclosure by the Company	<i>China Securities Journal, Securities Times, Securities Daily, and Shanghai Securities News</i>
Website for publication of the interim report	http://www.sse.com.cn
Place for inspection of the interim report of the Company	Office address of the Company
Index for query of changes during the Reporting Period	There was no change during the Reporting Period

V Company Stock Profile

Class of stock	Listed on	Stock Abbreviation	Stock code	Stock abbreviation prior to change
A Share	Shanghai Stock Exchange	健康元	600380	太太药业, S健康元
GDR	SIX Swiss Exchange	Joincare Pharmaceutical Group Industry Co., Ltd.	JCARE	/

VI Other relevant information

Applicable N/A

VII Principal accounting data and financial indicators of the Company

(I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	Reporting Period (From January to June)	Same Period of Last Year	Increase/decrease for the Reporting Period as compared to the same period last year (%)
Revenues	8,234,634,099.45	8,719,741,599.23	-5.56
Net profit attributable to Shareholders of the listed company	776,424,466.87	815,434,734.90	-4.78
Net profit attributable to Shareholders of the listed company after deducting the extraordinary gain or loss	761,906,569.72	781,744,142.18	-2.54
Net cash flow from operating activities	1,737,299,772.25	1,257,207,685.54	38.19

	End of the Reporting Period	End of the Last Year	Increase/decrease as at the end of the Reporting Period as compared to the end of last year (%)
Net assets attributable to Shareholders of the listed company	14,312,142,966.13	13,755,901,924.06	4.04
Total assets	36,496,077,306.20	36,358,126,258.82	0.38

(II) Principal Financial Indicators

Principal Financial Indicators	Reporting Period (From January to June)	Same Period of Last Year	Increase/decrease for the Reporting Period as compared to the same period last year (%)
Basic earnings per share (RMB/share)	0.4158	0.4264	-2.49
Diluted earnings per share (RMB/share)	0.4154	0.4251	-2.28
Basic earnings per share after deducting the extraordinary gain or loss (RMB/share)	0.4080	0.4088	-0.20
Weighted average return on net assets (%)	5.50	6.29	Decreased by 0.79 percentage points
Weighted average return on net assets after deducting the extraordinary gain or loss (%)	5.39	6.03	Decreased by 0.64 percentage points

Description of principal accounting data and financial indicators of the Company

Applicable N/A

During the Reporting Period, the net cash flow from operating activities was RMB1,737 million, representing an approximate year on year increase of 38.19%, mainly due to the decrease in procurement and expenses expenditures.

VIII Differences in accounting data under domestic and foreign accounting standards

Applicable N/A

IX Items and amounts of extraordinary gains and losses

Applicable N/A

Unit Yuan Currency: RMB

Items of Extraordinary Gains and Losses	Amounts	Notes (If applicable)
Gain or loss on disposal of non-current assets (including the reversal of previously recognized asset impairment provisions).	-76,440.36	Gains from disposal of fixed assets
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable	52,320,967.15	Government grants through the profit and loss for the Period

polices and standards of the country).		
Excluding effective hedging activities related to the company's ordinary operating business, this refers to gains and losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as gains and losses from the disposal of financial assets and financial liabilities.	-16,773,332.93	Gains and losses arising from changes in fair value of financial assets/liabilities held for trading, and investment gains from holding and disposal of financial assets/liabilities held for trading
Other non-operating income and expenditure apart from the above items	-4,889,284.44	Other non-operating income and non-operating expenses apart from the above items
Less: Income tax effect	5,813,752.50	Effect of the above items on income tax
Effect of minority interests (after tax)	10,250,259.77	The portion of the above items to which minority shareholders are entitled
Total	14,517,897.15	

For the items not listed in the “Explanatory Announcement No.1 for Public Company Information Disclosures-Extraordinary Gains or Losses” that the company identifies as non-recurring gains and losses, especially those with significant amounts, as well as the extraordinary gain or loss items as illustrated in the “Explanatory Announcement No.1 for Public Company Information Disclosures-Extraordinary Gains or Losses” which has been defined as its recurring gain or loss items, the reasons for such classification should be explained.

Applicable N/A

X Others

Applicable N/A





















Chapter 3 Management Discussion and Analysis

I Description of the industry in which the Company operates and principal businesses of the Company during the Reporting Period

(I) Principal businesses and products of the Company

The Company is primarily engaged in the R&D, production and sales of pharmaceutical products and health care products. The business scope of the Company covers chemical pharmaceuticals, biologics, chemical active pharmaceutical ingredients (APIs) and intermediates, traditional Chinese medicine (TCM), diagnostic reagents and equipment, health care products, etc. The enriched product series and mix provide larger market and growth opportunities for the Company. Main products of the Company are as follows:

I. Chemical pharmaceuticals

Respiratory	Gastroenterology	Assisted reproduction	Anti-infection	Psychiatry
 Tobramycin Inhalation Solution (健可妥)  Levosulbutamol Hydrochloride Nebulizer Solution (丽舒同)  Budesonide Suspension for Inhalation (雾舒)  Salmeterol Xinafoate and Fluticasone Propionate Powder for Inhalation (健可舒)	 Ilaprazole Sodium for Injection (壹丽安)  Ilaprazole Enteric-Coated Tablets (壹丽安)  Bismuth Potassium Citrate Capsules (丽珠得乐)  Bismuth Potassium Citrate Tablets/Metronidazole Tablets/Clarithromycin Tablets (丽珠维三联)	 Leuporelin Acetate Microspheres for Injection (灵依)  Triptorelin Acetate Microspheres for Injection (维宝宁)  Urofollitropin for Injection (丽申宝)  Cetrorelix Acetate for Injection (丽曲欣)	 Meropenem for Injection (倍能)  Voriconazole for Injection (丽福康)  Imipenem and Cilastatin Sodium for Injection (速能)	 Fluvoxamine Maleate Tablets (瑞必乐)  Perospirone Hydrochloride Tablets (康尔汀)  Bionanserin Tablets (丽同欣)
II. Biologics	III. Traditional Chinese Medicine	IV. Chemical APIs and intermediates	V. Diagnostic reagents and equipment	VI. Health care products
 Tocilizumab Injection (Atvlia)  Recombinant SARS-CoV-2 Fusion Protein Bivalent (Prototype/Omicron XBB Variant) Vaccine (CHO Cell) (丽康民)  Recombinant Human Chorionic gonadotropin alfa for Injection (丽得宝)  Mouse Nerve Growth Factor for Injection (丽康乐)  Bifidobacterium Viable Capsule (丽珠肠乐)	 Cold medicine Anti-Viral Granules  Anti-tumour medicine Shenqi Fuzheng Injection	<p>Drugs for humans:</p> <p>7-ACA Meropenem Trihydrate Daptomycin Dalbavancin Vancomycin Mevastatin Acarbose</p> <p>Veterinary drugs: Milbemycin Oxime Moxidectin</p>	 Mycoplasma pneumoniae IgM Antibody Test (Colloidal gold method)  Antinuclear Antibody Test Kit (17) (Magnetic Barcode)  Nucleic Acid Test Kit for Human Immunodeficiency Virus Type 1 (Real-Time PCR)  Interferon-Gamma Release Assays (IGRA) Test Kit (Chemiluminescence Immunoassay)	 Taitai Oral Liquid  Jingxin Oral Liquid  Eagle's American Ginseng Tea

(II) Business model of the Company

With the stable operation and rapid development over the years, the Company has become an integrated pharmaceutical group that is driven by scientific research and innovation, integrating the R&D, production, sale and service of pharmaceutical and health care products. It has complete

systems of R&D, procurement, production and sale. Main business models of the Company are as follows:

1. R&D

Combining independent R&D, external introduction and cooperative development, the Company has been paying attention to the cutting-edge technology and unmet clinical needs, with efforts focused on innovative drugs and high-barrier complex formulations and has established an efficient R&D innovation management model. In terms of independent innovation, the Company has a diversified and multi-dimensional R&D organization with mature R&D teams for chemical pharmaceuticals, biologics, TCM drugs, APIs, diagnostic reagents and health care products. Based on technology platform construction, the Company has built a clear product R&D pipeline centering on key areas such as respiratory, tumor immunity and psychiatry. In terms of cooperative innovation, the Company has launched technical cooperation with domestic and foreign scientific research institutions by way of commissioned development or cooperative development, and has introduced new technologies and products that meet the strategic development goal of the Company through technology transfer or license-in to implement industrial transformation, so as to reinforce and strengthen our position and strategy in the leading and emerging fields.

2. Procurement

In terms of procurement, the Company pays strict attention to effectiveness, quality and cost of procurement and has established long-term and stable partnership with many suppliers. Active pharmaceutical ingredients, supplementary materials, and packaging materials were purchased and stocked up by manufacturers according to production schedules. The Company has developed strict quality standards and procurement management systems and required subordinate manufacturers to make procurements in accordance with the GMP. Meanwhile, the Company established long-term strategic partnerships with bulk material suppliers, and strengthened the management of supply quality and cost control based on strict quality standards. The Company has established an internal evaluation system and files of market prices so as to promptly acquire market information for procurement through comparisons of quality and price.

3. Production

In terms of production, the Company adopts the principle of market demand-oriented approach paying attention to real market demand. Specifically, the Sales Department of the Company investigated market demands, made sales plans, and comprehensively considered factors such as the product inventory quantity and capacity of production lines of the Company so as to determine the monthly production quantities and specifications. Moreover, the purchase orders of raw materials are determined according to the production schedule and the inventory levels of raw materials. The final production plans are issued upon approval of the management of the Company and implemented by the Production Technology Department of the Company.

The Company has been carrying out production in strict accordance with the GMP. The Company and its affiliates have established a sound quality management system and implemented

the qualified-person system. In terms of quality control, the Company has established a strict and sound production quality assurance system, and is geared to international standards and subject to international certification while in compliance with national standards. The Company conducts annual GMP self-inspection, ISO9001 internal and external audits, and is subject to various external audits. It actively pursued the internationally advanced GMP management, and implemented whole-process quality control over supplier selection, audit, incoming material inspection, production process, product release from factory, and market tracking. The system is running well.

4. Sales

(1) Drug formulation products

End customers of drug formulation products (chemical pharmaceuticals, biologics, traditional Chinese medicine) of the Company are mainly hospitals, clinics, and retail pharmacies. In line with the pharmaceutical industry practice and the sales model of most peers in the industry, the Company has conducted sales of drug formulation products through drug distribution enterprises. The Company carried out selection and centralized management of qualified drug distribution enterprises (with Drug Supply Certificate, GSP Certification, etc.) according to their distribution capability, market familiarity, financial strength, credit record, and operation scale. General sales process: After end customers place purchase orders to distribution enterprises, drug distribution enterprises will send those orders to the Company according to their inventories, distribution agreements and conditions; then, the Group will deliver products to drug distribution enterprises and do the revenue recognition.

(2) APIs and intermediates

Main target customers of APIs are large pharmaceutical manufacturers. The selling prices are determined based on a set of integrated factors such as costs of production, inventory levels, industry rivalry and market trend. Specific pricing method: The sales and marketing department conduct weekly or bi-weekly meetings to analyze the current market conditions, the trends and drivers of prices; the selling prices are determined based on a set of comprehensive factors such as costs of production, inventory levels, industry rivalry and market conditions; the selling prices will be effective once are reported by the managers of the sales department to our management team and get approvals.

Specific sales methods of APIs include: ① Domestic market: The Company directly signs product sales contracts with large manufacturers to directly sell products to customers. Meanwhile, the Company also sells products through distributors. ② Foreign market: The Company directly sells products in the foreign market and in areas with high market and political risks, products are sold through distributors as well. At present, products of the Company are mainly exported to over 60 countries and regions in Asia, Europe, North America, and Africa.

(3) Diagnostic reagents and equipment

Diagnostic reagents and equipment sold by the Company both domestically manufactured and imported. Main end customers are hospitals, centers for disease control and prevention, and health

departments. The Company mainly sells those products in combination with direct sales and sales through drug distribution enterprises.

The Company has an experienced sales team responsible for the sales of diagnostic reagents and equipment, with provision of marketing support for some drug distribution enterprises. The Company carried out selection and centralized management of qualified drug distribution enterprises (with Drug Supply Certificate, GSP Certification, etc.) according to their distribution capability, market familiarity, financial strength, credit record, and operation scale.

(4) Health care products

The sales model of health care products is mainly distributor management model. Product promotion, price control, and channel carding are managed and improved with the distributor distribution channel and terminal coverage capability. At present, the Company has set up 25 provincial branches and maintained long-term partnership with distributors with better area coverage capability for stable strategic alliance and common development. The Company has cooperated with about 103 first-level/primary distributors in total, including 82 businesses in drug distribution line and approximately 30 businesses in food distribution line with more than 400,000 subordinate secondary businesses and end user businesses in drug and food distribution lines. Products are well managed and promoted through the tiered marketing channel. In addition to the traditional distribution management model, the Company realizes synergetic development through online channels. At present, the Company has set up official flagship stores on mainstream e-commerce platforms such as Tmall(天猫), Jingdong (京东), Douyin (抖音), Kuaishou (快手) and Pinduoduo (拼多多).

(III) Analysis of industry development

As a national strategic and emerging industry which concerns national economy and the people's livelihood, pharmaceutical industry is an integral part of the national economy. According to the Development Plan of the Pharmaceutical Industry during the "14th Five-Year Plan" Period, the overall development level of the pharmaceutical industry is expected to reach a new level. In 2024, "innovative drugs" and "life sciences" were first mentioned in the Government Work Report, and were included in the category of "new quality productivity", indicating a leap forward in productivity. In July 2024, the executive meeting of the State Council approved the Implementation Plan for Full-Chain Support in Development of Innovative Drugs to provide full-chain and all-round support for development of the biomedical industry from drug research and development, drug review and approval, medical insurance and hospital coverage, to financial support. This initiative will definitely further promote innovation breakthroughs of the medical and healthcare industry, and lead to a significant leap in the development of the whole industry.

Data of National Bureau of Statistics shows that in the first half of 2024, enterprises in the pharmaceutical manufacturing industry above designated scale in China have realized revenues of RMB1,235.27 billion, representing a year-on-year decrease of 0.9%; operating costs of RMB714.82

billion, representing a year-on-year increase of 0.9%; total profits of RMB180.59 billion, representing a year-on-year increase of 0.7%.

(IV) Industry status of the Company

Thanks to years of development, the Company has become an integrated pharmaceutical enterprise covering multiple areas including chemical pharmaceuticals, chemical APIs and intermediates, traditional Chinese medicine, diagnostic reagents and equipment as well as health care products. Chemical drug formulation products are the largest revenue generator of the Company, among which drugs for gastroenterology and gonadotropic hormones are traditional competitive products of the Company, with key products securing a long-term position in national drug formulation market segment, and respiratory and psychiatry products have been the strategic focus of the Company, with key products maintaining a strong sales growth momentum.

During the Reporting Period, the Company, leveraging its robust R&D and production capabilities and steady marketing presence, the Company ranked Top 10 in “2023 Annual Ranking of Top 100 Chinese Chemical Drug Enterprises”, and top 50 in “China's comprehensive strength in drug R&D in 2024”.

(V) Performance drivers in the Reporting Period

In the first half of 2024, the biopharmaceutical industry faced many changes and challenges due to the complex and severe external international environment, the sluggish economic recovery and the endless geopolitical conflicts. Under such environment, the Company always adhered to the mission of “For the health, For the future” and the vision to “Diligently make high-quality and innovative drugs”, and focused on the stable operation and layout of the main pharmaceutical business. During the Reporting Period, the Company's chemical pharmaceuticals segment grew steadily in areas such as gonadotropic hormones and psychiatry, while the field of respiratory recorded a decline in revenue due to the impact of centralized procurement; the revenue of the APIs and intermediates segment declined slightly, and its gross profit margin gradually increased as the Company empowered drug production with intelligent manufacturing technology; in terms of the health care products segment, the Company continued to upgrade the market strategy of interpenetration and coordination between online and offline channels, and have established a user-centric digital marketing system, leading to rapid growth in sales performance. Meanwhile, the Company continued to increase its R&D expenditures. While strengthening its independent R&D capabilities, the Company had introduced multiple innovative medicine projects through external introductions and co-development, continuously reinforced its leading position in respiratory, anti-infective and psychiatric areas, and gradually expanded its pipelines in areas such as analgesic to consolidate the foundation for its overall innovation and transformation.

II Analysis of core competitive strengths during the Reporting Period

√Applicable □N/A

1. Leading integrated pharmaceutical company under continuous innovation and development in China

The Company is primarily engaged in the R&D, production and sale of pharmaceutical products and health care products. The business scope of the Company covers chemical pharmaceuticals, biologics, chemical APIs and intermediates, TCM drugs, diagnostic reagents and equipment, as well as health care products, allowing the Company to establish competitive advantages across various therapeutic areas such as respiratory, anti-infection, assisted reproduction, gastroenterology, psychiatry, and tumor immunity. 1) Innovative R&D drives growth: The Company has developed and launched a number of innovative medicine products and high-barrier complex formulation products, strengthening the Group's product portfolio and drug candidates in the pipeline. 2) The Company has first-tier commercialization ability, and its sales network covers all provinces in China and over 80 overseas countries and regions in the world. The Company emphasizes scientific promotion and evidence-based marketing. By building a professional marketing team, the Company has established a comprehensive marketing system, and market education and brand building have been deeply strengthened through digital marketing. Leveraging our comprehensive sales channels, broad market coverage, leading digital marketing and brand awareness, the Company is able to sell the products at scale in an efficient manner. 3) Cross-industry and multi-specialist innovative R&D and coordinated development: On one hand, the Company actively adapts to the changes in the pharmaceutical market and constantly adjusts its product strategy and R&D direction according to policies and clinical needs. This will realize the continuous iteration and upgrade of the main products. On the other hand, the Company fully utilizes external scientific research and commercial resources, such as strategic collaboration with Chinese Academy of Sciences, Tencent Quantum Lab and other scientific research institutes and innovative companies and invests in cutting-edge biotechnology companies to expand the Company's product portfolio and R&D pipeline, thus realizing the Company's sustainable development.

2. Strong R&D capabilities, diversified product portfolio and leading commercialization capabilities

Focusing on innovative drugs and high-barrier complex formulation, the Company has formed diversified product portfolio. With the huge clinical demand and high product quality, it has established market competitive advantages in many pharmaceutical segments. The Company's chemical pharmaceuticals cover gastroenterology, assisted reproduction, anti-infection, respiratory, psychiatry, tumor and other fields, among which alimentary tract proton pump inhibitor (PPI) drugs, gonadorelin hormone drugs, and inhalation formulation for respiratory diseases have an advantageous market position. Relying on APIs production, the Company's core products, together with our chemical APIs and intermediates, form an integrated and stable pharmaceutical industrial chain of "APIs-formulations vertical integration". Meanwhile, the Company actively develops overseas markets, and our products are marketed and distributed worldwide, facilitating strategic cooperation with many internationally renowned pharmaceutical companies. In addition, the

Company also has a number of TCM drugs and in vitro diagnostic reagent products and has accumulated resources and extensive brand influence in healthcare products for many years.

3. Making breakthroughs in the key R&D and industrialization technologies of complex formulation

The technology platform, which has been developed over the years in the field of innovative medicines and high-barrier complex formulation, enables the Company to address the complex process problems in the R&D and production of relevant drugs. Guided by clinical value, the Company develops R&D projects with high short-term certainty and cutting-edge technologies with long-term growth potential (such as AI-driven drug molecular design, proteolysis targeted chimeric (PROTAC), synthetic biology, gene-editing, cellular treatment, etc.). All in all, the Company's R&D system covers through-cycle of drug development and production. Based on the mature R&D platform of innovative drugs and high-barrier complex formulations, the Company has designed extensive pipeline in fields with significant clinical demand such as respiratory, gastroenterology, assisted reproduction, psychiatry, and tumor.

In recent years, the company has continuously enhanced and strengthened its BD efforts, adhering to our dual-drive strategy of innovative medicines and high-barrier complex formulations. While focusing on independent innovation, we also continued to deepen cooperation in the development and licensing introduction of core varieties, aligning with global advantageous resources and cutting-edge technologies. This strategic initiative strengthens the company's commercialization and integration capabilities, accelerating the pace of the company's transformation into an innovative pharmaceutical enterprise.

4. Stable management and R&D team with expertise, long-term vision and commitment to social responsibility

The Company has a stable, visionary and experienced, results-oriented management team and an outstanding talent team. Outstanding leaders are the key to the Company's rapid development. The founder of the Company has over 30 years of expertise in the pharmaceutical industry as well as a global vision and a strategic mindset. With a deep industry insight, the founder has led us develop platform technologies centered on high-barrier complex formulations, which has established leading position of the Group with sustainable development in the broader healthcare industry. The senior management team of the Company has over 20 years of industry experience on average, with an average of more than 10 years of service in the Company, and has a thorough understanding of market demand, industry development and growth opportunities. Each key R&D field of the Company is led by industry-leading scientists and accompanied by an efficient R&D management team. In addition, the Company has upheld the core value of "Putting People First, Valuing Workmanship and Quality, Pursuing Innovation and Truth, Promoting Cooperation and Sharing" and laid emphasis on talent team training to build a diversified reserve of talents with global vision, advanced knowledge, strong implementation capability and sense of self-reliance. Driven by the corporate culture of pursuing excellence, the talent team works diligently and

conscientiously to jointly contribute to the sustainable development of the enterprise through teamwork and collaboration.

III Discussion and analysis of business conditions

1. Main business conditions during the Reporting Period

During the Reporting Period, the Company realized revenues of RMB8,235 million, representing a year-on-year decrease of approximately 5.56%; a net profit attributable to shareholders of the listed company of RMB776 million, representing a year-on-year decrease of approximately 4.78%, and a net profit attributable to shareholders of the listed company after deducting the extraordinary gains or loss of RMB762 million, representing a year-on-year decrease of approximately 2.54%. Business development of various segments of the Company is as follows:

(1) Livzon Group (excluding Livzon MAB)

As at the End of the Reporting Period, the Company directly and indirectly held 45.22% equity interest in Livzon Group (000513.SZ, 01513.HK). During the Reporting Period, Livzon Group (excluding Livzon MAB) realized revenues of RMB6,256 million, representing a year-on-year decrease of approximately 6.32%; and realized a net profit of approximately RMB579 million attributable to shareholders of the Company.

During the Reporting Period, the formulation drug sector of Livzon Group was affected by multiple factors such as price reduction in medical insurance and centralized rectification of the pharmaceutical industry, resulting in a slight decline. The sales of its products in the key therapeutic areas are as follows: Gonadotropic hormones products realized revenues of RMB1,549 million, representing a year-on-year increase of approximately 12.51%; Gastroenterology products realized revenues of RMB1,301 million, representing a year-on-year decrease of approximately 19.96%; and psychiatry products realized revenues of RMB297 million, representing a year-on-year increase of approximately 6.68%.

(2) Livzon MAB

As at the End of the Reporting Period, the equity interest held by the Company in Livzon MAB was 54.08%, and the amount affecting the Company's net profit attributable to the parent company for the current period was approximately RMB-115 million.

Livzon MAB insists on the independent R&D and authorized introduction of innovative biologics, with equal emphasis on both, with the R&D direction continuing to focus on autoimmune diseases, vaccines, and assisted reproduction. The progress of key projects under research is as follows: the phase III clinical trial of Recombinant Human Follitropin Alfa Solution for Injection (重组人促卵泡激素注射液) was completed with all subjects enrolled by the end of March 2024, while the data cleaning is underway; Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重组抗人 IL-17A/F 人源化单克隆抗体注射液) officially launched the phase III clinical trial for psoriasis indication in August 2023, which is the first IL-17 drug in China to initiate a head-to-head clinical study with Secukinumab (司库奇尤), with all

subjects being enrolled by the end of April 2024, and the product's ankylosing spondylitis indication (jointly applied with Beijing Kanova) has also completed enrollment of all phase III clinical trial subjects by early July 2024.

In addition, Recombinant Human Choriogonadotropin alfa for Injection (注射用重组人绒毛促性素) was approved for market launch and sales in 2021 as the first generic drug in China's mainland. Through actively conducting its work related to overseas registration, it has been approved for market launch in Tajikistan and Indonesia with the first batch already shipped to Indonesia. Market launch applications have also been submitted in multiple countries. Tocilizumab Injection (托珠单抗注射液) has been approved for market launch in early 2023. The Group is actively promoting overseas cooperation and sales of the raw liquid and formulation. Following the emergency use of Recombinant SARS-CoV-2 Fusion Protein Vaccine V-01 (重组新型冠状病毒融合蛋白疫苗 V-01), Recombinant SARS-COV-2 Bivalent(Original/Omicron XBB) Fusion Protein Vaccine (CHO Cell)(重组新型冠状病毒融合蛋白二价(原型株/Omicron XBB 变异株)疫苗(CHO 细胞)) Vaccine was approved for emergency use in December 2023, with vaccine deliveries and vaccinations completed in multiple provinces and cities. In accordance with the latest vaccine regulatory policies, the Group is actively adjusting and carrying out the corresponding tender admission and market promotion work for Class II vaccines.

With the gradual entry of R&D projects into the production and commercialization stage, the quality system improvement and product commercialization process of Livzon MAB were also continuously accelerating, and the GMP system and industrialization capabilities was gradually improved. In addition, optimization of the organizational structure and flattening of the management hierarchy of Livzon MAB has further enhanced management efficiency and overall operational capability.

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

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB2,116 million, representing a year-on-year decrease of approximately 3.55%, and realized a net profit attributable to shareholders of listed companies of RMB322 million, representing a year-on-year decrease of approximately 27.61%. Joincare realized a net profit attributable to shareholders of the listed company after deducting the extraordinary gains and losses of RMB317 million, representing a year-on-year decrease of approximately 27.21%. Key results of the main business segments are as follows:

① Prescription medicines

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sales revenues of RMB743 million from prescription drug segment, representing a year-on-year decrease of approximately 19.49%. Among which, the sales revenues and year-on-year change of key therapeutic areas are as follows: the revenues generated from the field of respiratory totaled RMB602 million, representing a year-on-year decrease of 25.50%; the revenues generated from the field of anti-infection totaled RMB127 million, representing a year-on-year increase of 24.54%.

In the first half of 2024, the sales team of Joincare Respiratory Line vigorously promoted the construction of the academic marketing system and multi-channel development strategy to comprehensively enhance the overall competitiveness. The Company implemented the principle of “respecting talents and putting people first”, continuously expanded the sales team size of the national respiratory line, optimized human resource allocation and stimulated team vitality by integrating internal and external resources and talents. The Company fully implemented compliance marketing, optimized and iterated the existing compliance system, constantly strengthened employee education, improved the responsibility system, developed a multi-departmental collaboration mechanism, and closely integrated the compliance system with the marketing business to support sound operation of the Company.

In terms of market access, by leveraging the inclusion of Tobramycin Inhalation Solution into China’s National Reimbursement Drug List, the Company continued to strengthen the development of target hospitals, and actively responded to the challenges posed by the decline in the national volume-based procurement price of Levofloxacin Hydrochloride; insisted on evidence-based marketing as the core, and provided solid academic support for clinical applications by leveraging academic activities and post-marketing clinical studies. A total of 3 medical papers were published in the first half of 2024, which further consolidated the academic position and market credibility of the Company’s products. With the help of the platform of “Respiratory Experts’ Views”, the Company continued to promote the "digital + branding" joint operation, and cooperated with many public welfare organizations in jointly carrying out online and offline public welfare activities for science popularization and education among patients, so as to raise the public awareness and standardized management of respiratory diseases. As at the end of the Reporting Period, the platform of “Respiratory Experts’ Views” carried out over 500 sessions of live streams, received 30+ million views, and attracted the participation of more than 500 hospitals nationwide.

During the Reporting Period, the Company solidly promoted the dual-wheel-drive strategy of "innovative medicines + high-barrier complex formulations", and made solid progress in R&D projects: In terms of innovative medicines, TG-1000 capsules, a new anti-influenza drug, completed Phase III clinical trials and reached the clinical pre-determined primary endpoint, and applied for production in August 2024; The new analgesic drug FZ008-145, a highly selective Nav1.8 inhibitor, and has successfully commenced Phase I clinical trials; DBM-1152A, a new dual-target drug for treating asthma, and N91115, a new oral drug for treating asthma, have entered Phase I clinical trials. In terms of high-barrier complex formulations, Salmeterol Xinafoate-Fluticasone Propionate Powder for Inhalation (沙美特罗替卡松吸入粉雾剂) and Fluticasone Propionate Inhalation Suspension (丙酸氟替卡松雾化吸入用混悬液) were approved for registration and both became the first generic drugs in China. The approval and market launch of Salmeterol Xinafoate-Fluticasone Propionate Powder for Inhalation mark an important step towards the goal of “full-spectrum” of full dosage form coverage for the Company's inhalation administration technology platform. Meloxicam Nanocrystalline Injection (美洛昔康纳米晶注射液), another product of the Company in the field

of analgesia, is undergoing Phase III clinical trials. The Company has also received a manufacturing approval for tracheal stent, a Class 3 medical device, for use in the respiratory care.

Driven by the new productivity, the Company regarded the implementation of innovative development strategy as the core of its development. To tap global high-quality resources and cutting-edge technologies, the Company has actively established strategic partnerships with top domestic and international companies to introduce high-quality innovative drugs and accelerate the Company's innovative transformation. During the Reporting Period, the Company continued to strengthen its advantage in the respiratory field such as asthma and chronic obstructive pulmonary disease (COPD), and successfully introduced three innovative respiratory drugs: The Company introduced the TSLP target antibody drug – QX008N injection from Qyuns, the IL-4R α long-acting antibody drug – BA2101 injection from Boan Biotech and an oral small-molecule chemical drug for treating COPD from Bayer in Germany. The successful cooperation with Bayer is Joincare's first collaboration with a world's leading multinational pharmaceutical company in the field of innovative medicines. Joincare's innovative products in the respiratory field have widely covered multiple dosage forms, such as inhalations, oral formulations and injections, covering both chemical and biological drugs. The Company's R&D pipeline and product portfolio in the respiratory field have become increasingly enriched and diversified.

② APIs and intermediates

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized sale revenues of RMB1,013 million from APIs and intermediates segment, representing a year-on-year decrease of approximately 4.44%.

During the Reporting Period, in the API segment, Joincare adhered to the management concept of “green production, cost reduction and efficiency enhancement”, focused on the transformation and upgrading of production equipment, enhanced the establishment of the quality management system and strengthened the construction of safety and environmental management, guaranteeing the steady improvement in the production and yield of key products of the Company. In terms of marketing, the price of our key product 7-ACA has maintained stable growth. The Company maintained its advantage position in market share by strengthening the in-depth cooperation with strategic customers and actively expanding domestic and international markets. Another key product, Meropenem Trihydrate, is facing challenges such as intensified market competition and low prices in the international market and other factors. The Company had taken active measures to maintain its existing market share, at the same time, the Company also actively expanded its overseas business to carry out a number of applications for the registration of APIs and formulations so as to enhance the Company's profitability. Furthermore, the Company leveraged on its advantages of APIs - formulations vertical integration, actively expanded the domestic API market. And it has established collaborations with several domestic manufacturers to minimize the impacts of volume-based drug procurement on formulation products.

In addition to the existing active pharmaceutical ingredients (“APIs”), the Company has actively developed new products and new production capacity. Jiaozuo High-end APIs Production Base Project will undertake the Company's production business of innovative APIs and high-end APIs in the future, and it has planned many products, including TG-1000, Tigecycline (替加环素), Pimecrolimus (吡美莫司), Baloxavir Marboxil (玛巴洛沙韦), Alogliptin Benzoate (苯甲酸阿格列汀) and Midostaurin (米哌妥林), for which the environmental impact assessment and approval have been completed. Jiaozuo Jianfeng, a joint venture established with Greenanew, has completed the construction of the main building and intends to produce a number of health care products APIs such as lipoic acid and Nicotinamide Riboside (NR) in the future.

In terms of the R&D of APIs, the Company continued to conduct in-depth research in the field of synthetic biology and has achieved a series of results. In terms of platform construction, the Company continued to promote the construction of high-throughput screening platforms, made progress in multi-gene co-editing and other aspects, enhanced the efficiency of molecular transformation research process and constructed key molecular biology components. In terms of biosynthesis of aromatic amino acids, the Company screened high-yield *Escherichia coli* strains through relevant platforms and technologies in cooperation with Hamburg University of Technology in Germany. The Company successfully constructed and optimized an engineered *Escherichia coli* strain with high-yield L-phenylalanine production under micro-oxygen conditions, which could compensate for growth defects, reduce oxygen demand and enhance the sugar-acid conversion rate. Fermentation scale-up and production performance research will be conducted. A series of novel strains with the potential to enhance L-phenylalanine and gluconic acid conversion rates were obtained through reverse mutation modification of tyrosine deficient strains. In terms of filamentous fungi, the Company improved the platform construction, broke through the technical bottleneck, and greatly shortened the research and development cycle of genetic modification experiments for filamentous fungi such as *Cephalosporium acremonium*. The Cephalosporin C (CPC) project team completed the development of a new gene expression indicator system and RNP technology for high-yielding industrial strains of CPC, revealing the high-yield mechanism and exploring potential proteins. In terms of artificial intelligence, Joincare Biopharmaceutical Research Institute is further improving its internally autonomous and controllable machine learning platform, and developing a machine learning platform suitable for protein design through collaborative research. As at the first half of 2024, Joincare Biopharmaceutical Research Institute had applied for a total of 17 national invention patents (with 5 granted) and 8 utility model patents (with 4 granted). Moreover, the Company obtained 1 software copyright and published 3 high-level academic papers.

③ Health care products and OTC drugs

During the Reporting Period, Joincare (excluding Livzon Group and Livzon MAB) realized revenues of RMB330 million from health care products and OTC segment, representing a year-on-year increase of approximately 63.74%.

During the reporting period, the sales performance of the Company's Health care products and OTC drugs segments maintained continuous growth. The Company built a set of DTC brand digital marketing system with user operations as the core data to drive sales growth. In terms of content marketing, the Company strategically expanded its presence on social media drivers with Douyin, Little Red Book and WeChat, cooperated with many professional KOLs, and promoted brands and products through images, short videos, live streaming and self-streaming; For example, the Eagle's (鹰牌) partnered with Gaga to create co-branded products, while YiKeTie (意可贴) explored marketing through short dramas on Douyin, significantly enhancing brand exposure and delivering health education content. These efforts have greatly improved the effectiveness of our customer acquisition through the AIPL marketing funnel.

In terms of brand marketing, the Company conveyed scientific health and wellness concepts and relying on the platform of "Menopause Experts' View" established a professional brand image and reputation by conducting popular science education through authoritative media and industry experts; and based on good reputation of the original brand, the Company's brand renewal efficiency is obvious and higher than that of new brands, with noticeable improvements in brand renewal effectiveness and increasing penetration among target audiences. In terms of channel sales, it mainly strengthened channel transformation, enhanced online channel undertaking, opened such flagship stores as Tmall, JD, Douyin and Little Red Book, reached cooperation and implemented strategic agreements with Top 50 offline chainretailers, as well as vigorously developed offline food line channels. Under the condition of maintaining the original sales model, online channels Tmall, JD.COM and Douyin are mainly laid out to improve the penetration rate of channels, thus enhancing brand sales. Regarding organizational structure, the company continuously optimized and refined the functions of its brand and market teams, adopting a brand-driven business growth model and increasing investment in brand building and development.

2. Business plans in the second half of 2024

In the second half of 2024, the major tasks in various business segments of the Company are set out as follows:

(1) R&D Center

R&D and innovation is the source to maintain corporate vitality and the core driver for the Company's sustainability. In the second half of 2024, the Company will firmly adhere to and deeply implement the dual-driver strategy of "innovative drugs + high-barrier complex formulations", deepen the layout of R&D pipelines for innovative drugs, and consolidate its strengths in core areas such as respiratory, gastroenterology, assisted reproduction and psychiatry, thereby accelerating its transformation into an innovative pharmaceutical enterprise. Firstly, accelerate the strategic layout of R&D innovation and optimize the Company's R&D pipelines. The Company will deepen the layout of innovative drugs with high clinical value and great market space, and efficiently push forward the R&D and clinical development progress of existing core products such as TG-1000

Capsules and Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection to build a differentiated product pipeline layout. Secondly, promote the dual-track development of independent and BD innovative R&D. We will strengthen our innovative drugs through various ways such as cooperative development and licensing introduction, and focus on mid- to late-stage clinical projects with great market potential, strong innovativeness and long patent protection period. Meanwhile, the Company will further promote the overseas registration and filing of drugs and the development of international markets. Thirdly, improve the R&D innovation efficiency: The Company maintains the improvement of R&D organizational efficiency by optimizing the R&D management efficiency and R&D organization structure, continues to manage the project plans, risks and budgets well by fully exploring and utilizing new tools and approaches such as AI and new software, and optimize the software and hardware conditions in R&D management to achieve the improvement of R&D innovation efficiency.

(2) Production Center

Adhere to the transformation and upgrading towards intelligent manufacturing, apply digital and information management monitoring and traceability approaches, and adopt lean production and lean management ideas to improve product quality, reduce production costs and lower energy consumption costs, thereby comprehensively enhancing product competitiveness; stick to safety production, focus on product quality, continuously build a quality management system, carry out risk control centered on product quality, make extensive inspections to raw and auxiliary materials, production sites and production processes, identify safety production risks according to the six GMP testing systems, continuously optimize the entire product production process by introducing green synthesis technology and adopting synthetic biology technology, improve employee training system to continuously enhance their professional skills and ensure uniform and stable product quality; persist in cost reduction and efficiency increase, optimize production, improve system and streamline management by introducing advanced technologies and equipment, and effectively improve the levels of production; as well as persevere in green development, continuously uphold and carry forward the concept of green, healthy and sustainable production, upgrade environmental protection and quality standards and requirements, set environmental goals, strengthen monitoring over energy consumption, pollutant emissions and other environmental information during production and operation, and implement energy-saving, emission reduction and green production in practice. And meanwhile actively promote international certification of the Company's products, make an advance layout by taking advantage of the opportunity that China becomes a formal applicant for PIC/S, complete GMP inspections subject to international standards, and promote the Company's production and quality management levels to align with international standards.

(3) Sales Center

The key tasks in prescription drug marketing of the Company are as follows: Firstly, continuously strengthen the construction of the sales team, enhance team combat capability, and continue to focus on talent optimization. Optimize internal collaboration and information disclosure with the help of information-based office tools to enhance management efficiency. Secondly, further

improve the cooperation mechanism, strengthen the cooperation and coordination among these departments for marketing, medicine, digital development, commerce, bidding, etc., support the sales function, integrate overall resources, ensure accurate and efficient resource input, concentrate on the access of key products in key hospitals, as well as give full play to the status of new national negotiation drugs including Tobramycin Inhalation Solution and the policy advantages like “dual channels”, and open up “the last mile” of drug negotiation and admission to improve drug accessibility and ensure drug supply. Thirdly, strengthen the compliance marketing strategy, further improve the compliance management system, and enhance the sales risk management level and thus escort steady progress in the Company’s future development by regularly carrying out sales compliance training and cultural construction and by upgrading the risk pre-warning and disposal mechanism and the sales accountability and evaluation mechanism. And meanwhile with the help of such platforms as “Respiratory Experts’ Views” and “Gastroenterology Experts’ Views”, carry out patient education activities online, organize free clinical treatment to communities offline, as well as elevate patients’ management level and awareness of chronic systemic diseases through double-line linkage medical services, thus contributing to Health China 2030.

In terms of marketing and promotion of APIs and intermediates, pay equal attention to both international and domestic markets. As to the international market, constantly deepen cooperation with global strategic customers, explore market segments, actively develop customer resources, maintain cooperative partnerships, give full play to the advantages of corporate brand, and form a long-term, stable and win-win cooperation model with strategic partners; establish a good brand reputation in the global market through close cooperation with international first-class enterprises; and meanwhile keep a close eye on the changes in exchange rate and market conditions, and adjust sales strategies in a timely manner. As to the domestic market, pay close attention to the development trend of the industry, fully grasp the market opportunities such as national centralized procurement, make overall plans, optimize cost and product quality, and achieve steady progress.

In terms of health care and OTC marketing, the company will continue focusing on brand promotion and user enhancement. We build a brand-driven business flow, organizational structure and talent system, further implement digital marketing system, drive sustainable business growth by virtue of brand, constantly strengthen “online + offline” collaborative linkage to drive offline channel sales, continuously promote organizational structure reform, channel deep distribution and key chain cooperation through offline channels, increasingly promote digital marketing system, off-site drainage and on-site linkage through online channels based on market resources, as well as deeply embrace platform promotion and holiday marketing, and promote online channel sales through platform promotion and holiday gift boxes. In terms of content marketing, continuously expand the number of KOL cooperation, break through the audiences from vertical to non-vertical KOL, and constantly expand brand exposure; as well as improve the closed loop in multi-channel stations, introduce self-streaming and reach streaming, and perfect the efficiency of content marketing. In terms of brand marketing and construction, cooperate deeply with offline channel chains, establish a trinity offline marketing system of chain-regional market-users, make use of

brands to drive offline marketing, widen industry endorsement, deepen cooperation with industry associations and professional forums together with official media, strengthen brand professionalism, as well as carry out corresponding joint cooperation on platform promotion and holiday marketing to expand brand exposure and further enhance brand sales. In terms of user operation, enhance the experience of users, provide them with a professional and intimate service system from only just solving user problems to valuing brand dimension, and attach importance to user experience. And meanwhile, optimize core business flows, support business organization adjustment and elevate talent capabilities based on the new growth model.

(4) Functions and strategies

The key tasks in the functional areas of the Company are as follows: Firstly, further improve the organizational structure and institutional setup of these subsidiaries under the Group, comprehensively promote lean management, as well as reduce costs and increase efficiency. Secondly, continuously value talents and systems, implement a target management system that combines OKR and KPI, implement quarterly rolling dynamic tracking and adjustment, and require all departments to cooperate closely and give full support to provide strong services and guarantees for R&D, production and sales. Thirdly, continue to promote corporate cultural progress, optimize the working environment and living facilities, and further publicize corporate culture of the Group and its subsidiaries, so as to enhance cohesive and centripetal forces. Fourthly, actively leverage the resource advantages of internal and external business cooperation and invest in the layout and introduction of innovative products and technologies to enhance the overall strategic layout. Fifthly, actively practice corporate social responsibility, strive to enhance corporate governance level and expedite high-quality and sustainable development.

Material changes in business conditions of the Company during the Reporting Period and matters occurred during the Reporting Period that had and are expected to have significant impacts on business conditions of the Company

Applicable N/A

IV Overview of business operations during the Reporting Period

(I) Analysis of principal businesses

1 Table for analysis of changes in items related to financial statements

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the same period of last year	Change (%)
Revenues	8,234,634,099.45	8,719,741,599.23	-5.56
Operating costs	3,021,125,884.33	3,273,420,227.03	-7.71
Selling expenses	2,096,637,821.45	2,399,063,230.20	-12.61
Administrative expenses	445,024,332.82	434,867,895.32	2.34
Financial expenses	-123,728,966.13	-122,587,587.38	N/A
R&D expenses	714,729,729.75	765,166,559.76	-6.59
Net cash flow from operating activities	1,737,299,772.25	1,257,207,685.54	38.19

Net cash flow from investing activities	-481,671,263.33	-509,260,181.38	N/A
Net cash flow from financing activities	-1,375,832,567.57	-904,436,444.00	N/A

Reasons for changes in net cash flow from operating activities: Mainly due to the decrease in procurement and expenses expenditures during the Period.

Reasons for changes in net cash flow from financing activities: Mainly due to the combined effect of repayment of loans, option exercises and distribution of dividends, etc. during the Period.

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

□Applicable √N/A

3 Analysis of revenues and costs

Principal businesses by industry, product and region

Unit: Yuan Currency: RMB

Principal business by industry						
By industry	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin
Pharmaceutical manufacturing industry	8,173,461,033.34	2,974,282,136.23	63.61	-5.54	-7.79	Increased by 0.89 percentage point
Principal business by product						
By product	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin
Chemical pharmaceuticals	4,074,320,929.95	835,836,224.71	79.49	-9.01	-9.37	Increased by 0.08 percentage points
Chemical APIs and intermediates	2,643,773,625.54	1,688,197,600.29	36.14	-1.45	-3.92	Increased by 1.64 percentage points
TCM products	778,622,417.01	194,904,718.29	74.97	-21.00	-38.31	Increased by 7.02 percentage points
Diagnostic reagents and equipment	394,351,087.80	131,573,737.70	66.64	32.33	-1.57	Increased by 11.49 percentage points
Health care products	180,090,603.52	52,472,466.39	70.86	106.37	63.32	Increased by 7.68 percentage points
Biologics	87,546,778.71	61,204,545.08	30.09	-22.80	2.69	Decreased by 17.36 percentage points
Principal business by region						
By region	Revenues	Operating costs	Gross profit margin (%)	YoY change in revenues (%)	YoY change in operating costs (%)	YoY change in gross profit margin
Domestic	6,867,367,070.90	2,192,455,629.39	68.07	-5.59	-6.53	Increased by 0.32 percentage points
Overseas	1,306,093,962.44	781,826,506.84	40.14	-5.27	-11.14	Increased by 3.95 percentage points

Description of principal businesses by industry, product and region

During the Reporting Period, the Company's principal businesses generated revenues of RMB8,173 million, representing a year-on-year decrease of RMB479 million or 5.54%. Chemical pharmaceuticals achieved revenues of RMB4,074 million, representing a decrease of 9.01% year-on-year. Among them, the sales revenues in the field of gonadotropic hormones amounted to RMB1,549 million, increasing by 12.51% year-on-year; the sales revenues in the field of gastroenterology reached RMB1,301 million, a year-on-year decrease of 19.96%; the sales revenues in the field of respiratory reached RMB602 million, a year-on-year decrease of 25.50%; the sales revenues of psychiatry products was RMB297 million, a year-on-year increase of 6.68%; the sales revenues in the field of anti-infection was RMB210 million, a year-on-year decrease of 29.96%. Chemical APIs and intermediates achieved revenues of RMB2,644 million, a year-on-year decrease of 1.45%. Traditional Chinese Medicine achieved revenues of RMB779 million, a year-on-year decrease of 21.00%. Diagnostic reagents and equipment achieved revenues of RMB394 million, a year-on-year increase of 32.33%. Healthcare products achieved revenues of RMB180 million, a year-on-year increase of 106.37%. Biological products achieved revenues of RMB88 million, a year-on-year decrease of 22.80%.

4. Investment in R&D

(1) Table for investment in R&D

Unit: Yuan Currency: RMB

Expensed investment in R&D during the Period	684,733,940.05
Capitalized investment in R&D during the Period	96,080,850.92
Total investment in R&D	780,814,790.97
Total amount of investment in R&D as a percentage of revenues (%)	9.48

(2) Description

During the Reporting Period, the total R&D investment of the Company was up to RMB781 million, increasing by 4.66% year-on-year, accounting for 9.48% of its total revenues. The Company adhered to the two-wheel drive strategy of “innovative drugs + high-barrier complex formulations”, and promoted the development and commercialization of innovative technologies and products through independent research and development, cooperative development and licensing introduction. As at the disclosure date of this Report, the Company introduced a variety of innovative drugs to consolidate its existing competitive advantages and enrich its product pipelines, among which the progress of main products are as follows:

No.	Disease Field	Major R&D Project	Registration Classification	Indication(Tentative)	R&D Progress
1	Respiratory	TG-1000	Chemical drugs Class 1	Used for patients aged 12 years and above with simple acute influenza A and B infection but without complications	Filed application for launching
2	Respiratory	DBM-1152A	Chemical drugs Class 1	Used for relief (emergency) and maintenance treatment of bronchospasm caused by chronic obstructive pulmonary disease,	Phase I clinical trials

				including chronic bronchitis and emphysema	
3	Respiratory	N91115	Chemical drugs Class 1	Asthma	Phase I clinical trials
4	Respiratory	QX008N	Therapeutic biological products Class 1	1. Moderate and severe COPD; 2. Asthma	Phase II clinical trials
5	Respiratory	BA2101	Therapeutic biological products Class 1	Used for treating respiratory diseases such as asthma and COPD	Phase II clinical trials
6	Respiratory	BAY2469430	Chemical drugs Class 1	COPD	IND
7	Pain	FZ008-145	Chemical drugs Class 1	Analgesia	Phase I clinical trials
8	Gastroenterology	JP-1366 Tablets	Chemical drugs Class 1	Reflux esophagitis	Phase I clinical trials
9	Gastroenterology	JP-1366 Injection	Chemical drugs Class 1	Reflux esophagitis	Pre-clinical study
10	Cardiovascular disease	HHT120	Chemical drugs Class 1	Used for preventing venous thromboembolism after a major orthopedic surgery	Phase I clinical trials
11	Andrology or urology and nephrology field	Fadanafil Tablets	Chemical drugs Class 1	Benign prostatic hyperplasia, erectile dysfunction, benign prostatic hyperplasia and erectile dysfunction, pulmonary arterial hypertension	Phase I clinical Trials completed for three indications
12	Anti-infection	SG1001 Tablets	Chemical drugs Class 1	For the treatment of invasive fungal infection	Phase I clinical trials
13	Anti-infection	SG1001 Injection	Chemical drugs Class 1	For the treatment of invasive fungal infection	Pre-clinical study

By the end of the Reporting Period, the Company had formed multi-location R&D institutions in Shenzhen, Zhuhai, Shanghai, Guangzhou, etc. to achieve synergistic development of R&D centers. The Company optimized its organizational structure of R&D system and established a modular and flat R&D management system. At the same time, the Company strengthened project initiation management, improved the project re-evaluation mechanism, and coordinated and optimized the projects under development. By using project management tools, the Company allocated R&D resources reasonably, concentrated advantageous resources and R&D investments to fully advance competitive innovative projects and core areas. The overall progress of R&D in various fields is as follows:

1) Chemical pharmaceuticals

① High-barrier complex formulations

No.	Major R&D Project	Registration Classification	Dosage Form	Project Progress
1	Salmeterol Xinafoate-Fluticasone Propionate Powder for Inhalation (沙美特罗替卡松吸入粉雾剂)	Chemical drugs Class 4	Inhalation formulations	Launched
2	Fluticasone Propionate Inhalation Suspension (丙酸氟替卡松雾化吸入用混悬液)	Chemical drugs Class 4	Inhalation formulations	Launched
3	Tiotropium Bromide Inhalation Spray (噻托溴铵吸入喷雾剂)	Chemical drugs Class 4	Inhalation formulations	Pre-clinical study
4	Tiotropium Bromide and Olodaterol Hydrochloride Inhalation Spray (噻托溴铵奥达特罗吸入喷雾剂)	Chemical drugs Class 4	Inhalation formulations	Pre-clinical study

5	Triptorelin Acetate Microspheres for Injection (注射用醋酸曲普瑞林微球)	Chemical drugs Classes 2.2 and 2.4	Sustained-release microspheres	Endometriosis indications: Filed application for launching; Central precocious puberty indications: Phase III clinical trials.
6	Aripiprazole Microspheres for Injection (注射用阿立哌唑微球)	Chemical drugs Class 2.2	Sustained-release microspheres	Filed application for launching
7	Leuprorelin Acetate Microspheres for Injection (3-month sustained-release) (注射用醋酸亮丙瑞林微球 (3个月))	Chemical drugs Class 4	Sustained-release microspheres	BE Study
8	Alarelin Microspheres for Injection (注射用醋酸丙氨瑞林微球)	Chemical drugs Classes 2.2 and 2.4	Sustained-release microspheres	Phase I clinical trials
9	Brexipiprazole Microspheres for Injection (注射用布瑞哌唑微球)	Chemical drugs Class 2.2	Sustained-release microspheres	Pre-clinical study
10	Meloxicam Nanocrystal Injection (美洛昔康纳米晶注射液)	Chemical drugs Class 3	Nanocrystal	Phase III clinical trials
11	Goserelin Acetate Sustained-release Implant (醋酸戈舍瑞林缓释植入剂)	Chemical drugs Class 4	Sustained-release implant	Pre-clinical study

② Other key R&D projects in development

No.	Major R&D Project	Registration Classification	Therapeutic Field	Project Progress
1	Perospirone Hydrochloride Tablets (盐酸哌罗匹隆片)	Supplementary application	Psychiatry	The 8mg specification has been approved for market launch, and the 4mg specification in BE trial
2	Cetrorelix Acetate for Injection (USA)	ANDA	Assisted reproduction	Launched
3	Lurasidone Hydrochloride Tablets (盐酸鲁拉西酮片)	Chemical drugs Class 4	Psychiatry	Filed application for launching, supplementary materials have been submitted, and it is under review
4	Progesterone Injection (黄体酮注射液)	Chemical drugs Class 3	Assisted reproduction	Filed application for launching, supplementary materials have been submitted, and it is under review
5	Tedizolid Phosphate for Injection (注射用磷酸特地唑胺)	Chemical drugs Class 4	Anti-infection	Filed application for launching
6	Magnesium Sulfate, Sodium Sulfate and Potassium Sulfate Concentrate Oral Solution (硫酸镁钠钾口服浓溶液)	Chemical drugs Class 4	Gastroenterology	Filed application for launching
7	Paliperidone Palmitate Injection (棕榈酸帕利哌酮注射液)	Chemical drugs Class 4	Psychiatry	BE study
8	Omega-3 Fatty Acid Ethyl Ester 90 Soft Capsules (ω-3 脂肪酸乙酯 90 软胶囊)	Chemical drugs Class 4	Cardiovascular disease	Pharmacological study
9	Fluvoxamine Maleate Release Capsules (马来酸氟伏沙明缓释胶囊)	Chemical drugs Class 3	Psychiatry	Pharmacological study
10	Teicoplanin for Injection (注射用替考拉宁)	Chemical drugs Class 4	Anti-infection	Pharmacological study
11	Dabavancin Hydrochloride for Injection (注射用盐酸达巴万星)	Chemical drugs Class 3	Anti-infection	Pharmacological study
12	Daptomycin for Injection (注射用达托霉素)	Chemical drugs Class 4	Anti-infection	Pharmacological study

2) Biologics

No.	Major R&D Project	Registration Classification	Project Progress
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1	Recombinant SARS-COV-2 Bivalent (Original/Omicron XBB) Fusion Protein Vaccine (CHO Cell) (重组新型冠状病毒融合蛋白二价(原型株/Omicron XBB 变异株)疫苗(CHO 细胞))	Preventive biological products Class 1.1	Approved for emergency use
2	Semaglutide Injection (司美格鲁肽注射液)	Therapeutic biological products Class 3.3	1. Type II diabetes mellitus: Field application for launching; 2. Weight loss: Prepared for Phase III clinical trails
3	Recombinant Anti-human IL-17A/F Humanized Monoclonal Antibody Injection (重组抗人 IL-17A/F 人源化单克隆抗体注射液)	Therapeutic biological products Class 1	Phase III clinical trails
4	Recombinant Human Follitropin Alfa Solution for Injection (重组人促卵泡激素注射液)	Therapeutic biological products Class 3.3	Completed phase III clinical trails

3) APIs and intermediates

No.	Major R&D Project	Project Purpose	Project Progress
1	Establishment of genetic and screening technology platform for Cephalosporium acremonium and breeding of high-yield Cephalosporin C strains	Technical transformation of existing products	The yield of Cephalosporin C through industrial scale fermentation has steadily increased, and more strains will enter small-scale, pilot-scale and production validation in the future
2	Development and application of Cephalosporin C acylase modification and its immobilization process	Technical transformation of existing products	Completed pilot-scale validation
3	Breeding of high-yield strain of Demeclocycline	Technical transformation of existing products	Completed production scale validation
4	Development and breeding of a novel high-yield strain of L-phenylalanine based on IBT technology	Technical transformation of existing products	Obtained a series of novel strains with the potential to further improve the conversion rate of L-phenylalanine and glycolic acid
5	Breeding of high-producing strains of Acarbose based on system metabolic engineering	Technical transformation of existing products	Completed production scale validation
6	Development and application of algorithms for mining biosynthetic gene clusters (BGCs) based on deep learning	Technical transformation of existing products	Cooperated with Tencent Quantum Laboratory to complete cooperative patent application
7	Construction of a computational biology/bioinformatics platform for predicting the structure and function of macromolecules	Technical transformation of existing products	Technology platform construction in progress
8	Compliance validation of Semaglutide (司美格鲁肽) strains	Technical transformation of existing products	Completed the study on plasmid stability of Semaglutide strains
9	Caspofungin Acetate APIs	New product R&D	Launched
10	Ipratropium Bromide (异丙托溴铵) APIs	New product R&D	Launched
11	Cilastatin intermediates	New product R&D	Launched
12	Ertapenem (厄他培南) APIs	New product R&D	Completed process validation
13	TG-1000 APIs	New product R&D	Completed supplementary application

4) Traditional Chinese medicine

No.	Major R&D Project	Therapeutic Field	Project Progress
1	LZZG2101	Cardiovascular diseases	Validation stage
2	LZZG2102	Gynecopathy diseases	Submitted for Pre-NDA communication
3	LZZG2103	Orthopedics diseases	Pilot trial stage
4	LZZG2105	Respiratory	Pilot trial stage
5	LZZG2104	Respiratory	Pilot trial stage
6	LZZG2106	Cardiovascular diseases	Pilot trial stage
7	LZZN1801	Cardiovascular diseases	Pre-clinical study
8	LZZN2201	Neurosis	Pre-clinical study

(II) Description of material changes in profits arising from non-principal businesses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Amount	Proportion of total profits	Explanations	Sustainable or not
Investment income	35,345,305.87	1.78%	Mainly due to changes in gains or losses of the associates.	No
Gains from changes in fair value	-19,576,467.55	-0.99%	Mainly due to fluctuations in the market value of subject securities investment held and changes in exchange rates of forward foreign exchange contracts.	No
Impairment loss of assets	-82,185,254.98	-4.15%	Mainly due to impairment loss on development expenditure and provision for diminution in value of inventories.	No
Non-operating income	4,941,102.08	0.25%	Mainly due to income from disposal of scraps.	No
Non-operating expenses	9,830,386.52	0.50%	Mainly due to donation expenses and loss on asset retirement, etc.	No
Other income	70,438,830.56	3.55%	Mainly due to government subsidies received.	Yes

(III) Analysis of assets and liabilities

√Applicable □N/A

1. Analysis of assets and liabilities

Unit: Yuan Currency: RMB

Item	Ending amount of the period	Ending amount of the period to the total assets (%)	Ending amount of last year	Ending amount of last year to the total assets (%)	Change in the ending amount of the period to that of last year (%)	Explanations
Other receivables	74,787,590.93	0.20	46,010,624.61	0.13	62.54	Mainly due to the increase in export tax refunds receivable.
Construction in progress	739,485,092.60	2.03	531,059,118.06	1.46	39.25	Mainly due to the investment in the construction of workshops in the subsidiaries.
Other non-current assets	1,250,384,015.30	3.43	957,224,255.77	2.63	30.63	Mainly due to the addition of cash management operations.
Financial liabilities held for trading	4,705,704.59	0.01	86,817.12	0.00	5,320.25	Mainly due to the changes in fair value of forward foreign exchange contracts.
Taxes payable	269,525,335.14	0.74	410,202,854.09	1.13	-34.29	Mainly due to the payment of enterprise income tax provided for in the previous period, resulting in the decrease in the enterprise income tax payable for the current period.
Non-current liabilities due	1,592,900,656.27	4.36	718,564,144.31	1.98	121.68	Mainly due to the transfer of long-term borrowings due

within one year						within one year.
Other current liabilities	13,567,916.24	0.04	51,087,001.83	0.14	-73.44	Mainly due to the decrease in expected refunds payable.
Long-term loans	1,554,281,707.70	4.26	3,122,273,278.99	8.59	-50.22	Mainly due to the transfer of long-term borrowings due within one year to non-current liabilities due within one year.
Other comprehensive income	-35,256,791.14	-0.10	-12,246,131.22	-0.03	N/A	Mainly due to changes in the fair value of other equity instrument investments and the impact of the translation of foreign currency statements.

2. Overseas assets

Applicable N/A

(1) Asset size

Among them: Overseas assets were 54.78(Unit: 100 million, Currency: RMB), representing 15.01% of the total assets.

(2) Statement on high proportion of overseas assets

Applicable N/A

3. Restrictions on assets entitlements as at the end of the Reporting Period

Applicable N/A

Unit: Yuan Currency: RMB

Item	Carrying value at the end of the period	Cause for restriction
Other monetary funds	10,282,230.79	Bank acceptances deposits, etc.
Notes receivable	800,494,559.02	Notes pool business and pledge of notes receivable
Total	810,776,789.81	

4. Others

Applicable N/A

(IV) Analysis of investment

1. Overall analysis of equity investments

Applicable N/A

During the Reporting Period, the Company carried out strategic investments according to development plans and schedules as follows:

(1) Major equity investments

√Applicable □N/A

Unit: 100 million Currency: RMB

Name of investee	Principal business	Whether the target is primarily engaged in investment business	Investment method	Investment amount	Percentage of shareholding	In the Consolidation scope of the Company or not	Item on the financial statement (if applicable)	Source of funds	Partner (if applicable)	Investment period (if any)	Status as of balance sheet date	Expected return (if any)	Impact of gain or loss for the period	Litigation involved or not	Disclosure date (if any)	Disclosure index (if any)
LivzonBio	R&D, production and sales of pharmaceutical products; pharmaceutical technology development, technical services, technology transfer, technical consulting	No	Capital increase	10.00	54.08%	Yes	N/A	Own funds	Livzon Group, YF Pharmab Limited, Hainan Lishengjuyuan Investment Partnership (Limited Partnership)	Long term	Livzon Group completed the capital contribution of RMB160 million	-	-1.15	No	See note 1 for details	See note 1 for details
Total	/	/	/	10.00	/	/	/	/	/	/	/	/	-1.15	/	/	/

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

(2) Major non-equity investment

□Applicable√N/A

(3) Financial assets measured at fair value

√Applicable □N/A

Unit: Yuan Currency: RMB

Type of assets	Amount at the beginning of the period	Gain or loss on change in fair value for the period	Accumulated change in fair value included in equity	Impairment provision for the period	Amount of purchase during the period	Amount of disposal / redemption during the period	Other change	Amount at the end of the period
Shares	169,789,671.64	-11,276,951.07	-31,215,712.58	-	-	-	-	127,297,007.99
Funds	607,179,874.94	41,271.91	-21,065,579.45	-	-	3,195,885.26	-	582,959,682.15
Derivatives	3,136,735.29	-3,135,586.92	-	-	-	-	-	1,148.37
Others	458,076,280.73	-586,314.00	723,369.30	-	-	-	-	458,213,336.03
Total	1,238,182,562.60	-14,957,580.08	-51,557,922.73	-	-	3,195,885.26	-	1,168,471,174.54

Information on investment in securities

√Applicable □N/A

Unit: Yuan Currency: RMB

Type of securities	Securities code	Securities abbreviation	Initial investment cost	Source of fund	Carrying amount at the beginning of the period	Gain or loss on change in fair value for the period	Accumulated change in fair value included in equity	Amount of purchase during the period	Amount of disposal during the period	Profit or loss for the period	Carrying amount at the end of the period	Accounting item
Share	00135	Kunlun Energy	4,243,647.64	Own funds	6,379,788.80	1,012,919.20	-	-	-	-	7,392,708.00	Financial assets held for trading
Fund	206001	Penghua Fund	150,000.00	Own funds	937,588.47	41,271.91	-	-	-	-	978,860.38	Financial assets held for trading
Share	000963	Huadong Medicine	39,851.86	Own funds	13,665,713.52	-4,499,203.80	-	-	-	191,174.96	9,166,509.72	Financial assets held for trading
Share	BEAM(US)	Beam Therapeutics, Inc.	31,117,151.47	Own funds	58,193,014.16	-7,790,666.47	-	-	-	-	50,402,347.69	Financial assets held for trading
Share	ELTX(US)	Elicio Therapeutics, Inc.	35,363,302.05	Own funds	7,820,060.93	-	-3,942,294.43	-	-	-	3,877,766.50	Other equity instruments investment
Share	CARM(US)	Carisma Therapeutics, Inc.	38,807,266.00	Own funds	14,907,045.58	-	-7,125,546.10	-	-	-	7,781,499.48	Other equity instruments investment
Share	LLAI (LME)	LungLife Ai, Inc.	58,837,745.24	Own funds	5,604,762.15	-	-3,654,870.00	-	-	-	1,949,892.15	Other equity instruments investment
Share	02480	Luzhu Biotech-B	30,000,000.00	Own funds	63,219,286.50	-	-16,493,002.05	-	-	-	46,726,284.45	Other equity instruments investment

Total	/	/	198,558,964.26	/	170,727,260.11	-11,235,679.16	-31,215,712.58			191,174.96	128,275,868.37	/
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Statement of investments in securities

Applicable N/A

Information on investment in private equity fund

Applicable N/A

The Company had no new private equity funds invested during the reporting period. As at the end of the reporting period, the book balance of private equity funds invested by the Company amounted to approximately RMB582 million.

Information on investment in derivatives

Applicable N/A

(1) Derivative investments for hedging purposes during the reporting period.

Applicable N/A

Unit: 10,000 Yuan Currency: RMB

Type of derivatives investment	Initial investment amount	Carrying amount at the beginning of the period	Gain or loss on change in fair value for the period	Accumulated change in fair value included in equity	Amount of purchase during the period	Amount of disposal during the period	Carrying amount at the end of the period	Percentage of investment amount to the net assets of the Company at the end of the period(%)
Forward foreign exchange (sell/short)	109,409.18	304.99	-775.45	-	78,886.37	67,550.16	-470.46	-0.02
Total	109,409.18	304.99	-775.45	-	78,886.37	67,550.16	-470.46	-0.02
Explanation as to whether there has been a material change in the accounting policy and accounting principles for the Company's derivatives during the Reporting Period as compared with the previous reporting period	No material change							

Explanation of actual gain or loss during the Reporting Period	The gain realized during the Reporting Period was RMB2.8031 million.
Explanation of hedging effect	The company's foreign exchange derivative transactions are conducted around the actual foreign exchange receipts and payments of the company. Adhering to the principle of exchange rate neutrality and based on specific operational activities, the company aims to mitigate adverse effects caused by significant exchange rate fluctuations and avoid foreign exchange market risks.
Source of funds for derivatives investment	Own funds
Risk analysis of derivatives position held during the Reporting Period and explanation of control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>To effectively manage the uncertainty of exchange rate fluctuations on assets denominated in foreign currency of the Company, foreign exchange forward contracts and other financial derivatives are employed to lock relevant exchange rates for the purpose of hedging. The Company has formulated the <i>Management System for Financial Derivatives Trading</i> (《金融衍生品交易业务管理制度》) in relation to the operation and control of foreign exchange derivatives: 1. Market risk: As changes in the domestic and international economic situation may cause significant fluctuations in exchange rates, the forward foreign exchange trading business faces certain market risks. However, for the unilateral forward exchange settlement or purchase business, the Company has effectively reduced the risks arising from exchange rate fluctuations by studying and judging the foreign exchange rate trends and defining the settlement or sale price through contracts. Control measures: The foreign exchange derivatives trading business shall follow the Company's prudent and sound risk management principles, without carrying out speculative trading. The Company and its subsidiaries will strengthen the research and analysis of exchange rate, pay close attention to changes in the international and domestic market environment in real time, and duly adjust the operation strategy in conjunction with the market situation, so as to avoid the risks arising from exchange rate fluctuations to the maximum extent. 2. Internal control risk: In view of the strong professionalism and high complexity of forward foreign exchange settlement and sale transactions, internal control risk will be incurred if relevant business personnel fail to timely and fully understand the information on derivatives and fail to carry out the operation procedures as required when they conduct the business. Control measures: The Company has formulated relevant systems to control transaction risks by clearly stipulating the basic principles, approval authority, transaction management, internal operation procedures, risk control and information disclosure of foreign exchange derivatives transactions. 3. Performance risk: The closedown of a cooperative bank during the contract period may make the Company unable to perform the original foreign exchange contract at the contract price. When selecting cooperative banks to carry out foreign exchange derivatives trading business, the Company will choose large banks with strong strength and sound operation to avoid the default risk caused by their bankruptcy. Control measures: The Company and its subsidiaries will only conduct foreign exchange derivatives business with legally qualified banks and other financial institutions, and will prudently review the terms and conditions of contracts entered into with qualified financial institutions to prevent any legal risk.</p> <p>In order to manage the uncertainty risk caused by price fluctuations of bulk commodities on the purchase cost of raw materials of the Company, financial derivatives such as commodity futures contracts are employed to hedge raw materials. The Company has formulated the <i>Internal Control System for Commodity Futures Hedging Business</i> (《商品期货套期保值业务内部控制制度》) to standardize the management and risk control of commodity futures derivatives: 1. Market risk: the uncertainty of price changes of bulk commodities has led to greater market risk in futures business. Control measures: The Company's futures hedging business shall not carry out speculative trading, the operation principle of prudence and conservation shall be observed, the number of hedging transactions shall be strictly limited, such that it does not exceed the actual number of spot transactions, and the futures position shall not exceed the spot volume for hedging purpose. 2. Operational risk: operational risk arises from imperfect internal process, improper operation, system failure and other factors. Control measures: The Company has formulated the corresponding management system, clearly defined the division of responsibilities and approval process, and established an improved supervisory mechanism, so as to effectively reduce operational risk through risk control of business process, decision-making process and transaction process. 3. Legal risk: The Company's commodity futures hedging business is subject to applicable laws and regulations, and shall clearly stipulate the relationship of rights and obligations with financial institutions. Control measures: In addition</p>

	to strengthening the knowledge of laws and regulations and market rules in the Company's responsible department, the Company's legal department shall also strictly review various business contracts, agreements and other documents, specify the rights and obligations, and strengthen compliance inspection, so as to ensure that the Company's investment and operation in derivatives have met the requirements of applicable laws and regulations as well as the Company's internal systems.
Change in market price or fair value of the derivatives invested during the Reporting Period, the specific method, related assumptions and parameters used in the analysis of the fair value of derivatives shall be disclosed	The losses arising from change in fair value of the forward foreign exchange contracts, option contracts and commodity futures contracts during the Reporting Period were RMB-7.7545 million.
Litigation involved (if applicable)	Not applicable
Disclosure date of the announcement in relation to the approval of investment in derivatives by the Board (if any)	3 April 2024
Disclosure date of the announcement in relation to the approval of investment in derivatives by the general meeting of shareholders (if any)	Not applicable

(2). Derivative investments for speculative purposes during the reporting period.

Applicable N/A

(V) Sale of major assets and equity

□ Applicable √N/A

(VI) Analysis of major controlled and invested companies

√Applicable □N/A

Unit: 10,000 Yuan

Company	Nature of business	Main products and services	Registered capital	Total assets	Net assets	Revenues	Operating profit	Net profit
Taitai Pharmaceutical	Industry	R&D, production and sale of oral liquids, tablets (hormone-containing), aerosols (including hormone-containing aerosols), inhalation formulations (solution for inhalation) (hormone-containing), nasal sprays (hormone-containing), and dietary supplements	10,000	44,077.35	35,127.80	13,096.69	3,266.13	3,233.08
Haibin Pharma	Industry	Powders for injection (including penicillin-containing powders), tablets, hard capsules, APIs, sterile APIs, inhalation formulations (solution for inhalation), powders for inhalation, pharmaceutical excipients, R&D technical services, and testing technical services	70,000	172,266.31	111,325.37	45,977.04	3,268.38	3,484.65
Xinxiang Haibin	Industry	Manufacturing and sale of pharmaceutical intermediates and APIs (excluding proprietary Chinese medicine or TCM decoction pieces) (excluding hazardous chemicals)	17,000	47,991.30	37,643.37	31,671.35	4,609.34	4,252.27
Joincare Haibin	Industry	R&D, production, storage, transportation and sale of chemical APIs (including intermediates) and pharmaceuticals. Import and export business and domestic trading (excluding State controlled or franchised goods)	50,000	139,898.72	132,096.21	27,584.90	11,281.62	9,733.04
Health China	Industry	Production and sale of self-produced dietary supplements, TCM decoction pieces, and drug products	HKD7,317	13,789.80	11,141.25	4,841.26	1,347.36	1,016.45
Shanghai Frontier	Industry	R&D of new pharmaceutical products, medical devices, and pharmaceutical APIs, etc. and provision of relevant technical consulting, technical services and technology transfer	5,000	22,228.79	15,118.29	8,375.05	4,193.48	3,809.90
Jiaozuo Joincare	Industry	R&D, production and sale of pharmaceuticals, chemical APIs, biological APIs, pharmaceutical intermediates, and biological products	70,000	195,097.63	142,069.09	72,926.98	15,331.31	13,807.16
Topsino	Commerce	Investment and trading	HKD89,693	233,021.59	180,125.29	0.00	22,005.91	22,002.42
Livzon Group	Industry	Drug R&D, production, manufacturing and sale	92,633	2,557,595.98	1,460,739.89	628,235.43	161,227.49	135,469.91

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

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

(VII) Structured entities controlled by the Company

□ Applicable √N/A

V. Other matters for disclosure

(I) Potential risks

√Applicable □N/A

1. Risks of changes in industrial policies

The pharmaceutical manufacturing industry is significantly affected by changes in industrial policies. The pharmaceutical industry will face great challenge in development in the future with continuous deepening of medical reform, advancement of supply-side structural reform in the industry, revision of Drug Administration Law, acceleration of consistency evaluation of generic drugs, adjustment of the new edition of Medical Insurance Catalogue, expansion of volume-based procurement, and other industrial policies that have been successively launched. In November 2023, the Company's key product Levosalbutamol Hydrochloride Nebulizer Solution (盐酸左沙丁胺醇雾化吸入溶液) was selected in the ninth batch of national volume-based drug procurement. This is expected to be implemented in March 2024 and it is anticipated to have a significant impact on the sales price and market share of this product.

Response measures: The Company will pay close attention to industry dynamics and reform, cope with major changes in policies of the pharmaceutical industry through early layout, transformation and compliance. Meanwhile, the Company is actively engaged in the access to the national reimbursement drug list and negotiation, and continue to increase the coverage of hospitals and sales, to realize the objective of "price for quantity", so as to reduce the impact of price adjustment on the Company's steady growth. Moreover, the centralized drug procurement is becoming a regular practice. In the face of the volume-based drug procurement and the possible impact on the business performance of the Company, the Company will continue to enhance its innovative efforts, and innovate and develop clinically needed innovative drugs with substantial added value, as well as high-barrier complex formulations. In the face of the volume-based drug procurement and the possible impact on the business performance of the Company, the Company will continue to enhance its innovative efforts, and innovate and develop clinically needed innovative drugs with substantial added value, as well as high-barrier complex formulations. It will delve into products with market potential and technological barriers, actively advance post-market evaluations for key products, and conduct consistency evaluations for related products. The Company will continuously optimize its product portfolio and actively explore and expanding into international markets to improve its core competitive strengths, and promote the sustained and steady development of sales performance.

2. Market risk

With advancement of supply-side structural reform in the pharmaceutical manufacturing industry and two invoice policy in circulation domain, pharmaceutical market structure is deeply changed. With the gradual standardization and centralization of the market, competition in the pharmaceutical industry becomes increasingly fierce. Affected by increasingly stricter drug regulation, policy-based drug price reduction, price cutting during bidding, medical insurance premium control, and minimum procurement commitment of the pharmaceutical industry in current stage, bid winning price of drugs will be further lowered, competition among enterprises in the industry will be intensified, and price war will occur

frequently, thus the Company will be at the risk of drug price reduction.

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

3. Risk of environmental protection

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

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

4. Risk in price and supply of raw materials

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

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

5. Quality control risk

The quality of pharmaceutical products is directly related to people's lives and health. The requirements of drug regulatory authorities on the production quality are increasingly strict and pharmaceutical manufacturers bear significant responsibility. As pharmaceutical manufacturing involves numerous aspects such as the supply of raw materials, production technique, process control, equipment conditions, production environment, transportation conditions, storage conditions and inspection, the quality control for drugs covers the full lifecycle of products.

Response measures: The Company rigorously oversees the quality of products, gradually improve and strengthen the long-term mechanisms on product quality management and the comprehensive quality management systems. On such basis, the Company will coordinate the work of various relevant departments such as the R&D department, the production and quality management department, establish information-based systems and improve all SOP processes. It will strengthen process control and risk management on new products, improve the quality of operation and fully guarantee the quality of drugs through refining the quality management system. Meanwhile, it will continue to promote outstanding performance management models, introduce advanced international concepts and methods, strengthen the application of quality management instruments, and continuously propel and improve the internationalization level of the quality management system.

6. Risk of R&D for new drugs

New drug R&D is characterized by high input, high risk and long period. The State has frequently issued drug R&D related policies in recent years to further enhance approval work requirements of new drugs for marketing, thus bringing certain risks for new drug R&D of the Company. Meanwhile, promotion of drugs after marketing is affected by national regulations, industry policies, market environment and competitive intensity, causing that income obtained after marketing of new drugs cannot reach the expected income, making the Company at risk of product R&D.

Response measures: The company focuses on innovative drugs and high-barrier complex formulations, addressing unmet clinical needs, and will continue to invest in innovative research and development as always. The company will further strengthen its R&D innovation system by attracting and developing top-tier talent. Moreover, the Company will proactively carry out cooperation and introduction of overseas innovative medicines, strengthen market research and evaluation of varieties, reinforce the process regulation and risk management of the initiation of R&D projects, and concentrate efforts and make key breakthroughs in the R&D of core products. At the same time, the Group's advantages in APIs will be fully utilized to reinforce the integration of API and drug preparations to ensure the long-term sustainable development of the Company.

(II) Other matters for disclosure

Applicable N/A

Chapter 4 Corporate Governance

I Introduction of General Meetings

Meeting sessions	Date of meeting	Query index of specified website	Disclosure date	Meeting resolution
2024 First Extraordinary General Meeting	18 January 2024	www.sse.com.cn	19 January 2024	The Resolution on Change of Certain Projects Invested with Proceeds was considered and approved. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2024 First Extraordinary General Meeting (Lin 2024-008) for details.
2024 Second Extraordinary General Meeting	24 April 2024	www.sse.com.cn	25 April 2024	The Resolution on the Election of Ms. Li Nan as a supervisor of the Company and the proposal regarding the delay of certain investment projects funded by fundraising were considered and approved. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2024 Second Extraordinary General Meeting (Lin 2024-033) for details.
2023 Annual General Meeting	7 June 2024	www.sse.com.cn	8 June 2024	Nine (9) resolutions were considered and approved, including the 2023 Annual Work Report of the Supervisory Committee, 2023 Annual Work Report of the Board of Directors and 2023 Annual Financial Final Accounts Report, etc. See the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2023 Annual General Meeting (Lin 2024-054) for details.

Holders of Preferred Shares with Resumed Voting Rights Requesting to Hold Extraordinary General Meeting

Applicable N/A

Description of General Meetings

Applicable N/A

II Changes in directors, supervisors and senior management of the Company

Applicable N/A

Name	Position	Change
Xing Zhiwei	Supervisor	Resigned
Li Nan	Supervisor	Elected
Lin Nanqi	Executive Vice President	Appointed
Xing Zhiwei	Vice President	Appointed

Description of changes in directors, supervisors and senior management of the Company

Applicable N/A

During the Reporting period, the Supervisory Committee of the Company received a resignation from Mr. Xing Zhiwei, a supervisor of the Company, who tendered his resignation as a supervisor of the Company due to change of his work arrangement. In order to ensure the normal operation of the supervisory committee, the Company held the thirtieth meeting of the eighth session of the supervisory committee on 2 April 2024 at which the Resolution in relation to the nomination of Ms. Li Nan as a

candidate for supervisor of the supervisory committee was considered and approved, pursuant to which it was approved to elect Ms. Li Nan as a candidate for the supervisor of the eighth session of the supervisory committee of the Company. See Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on the Change of Supervisor and the Nomination of Candidate for Supervisor (Lin 2024-026) for details. On 24 April 2024, the Company held the 2024 Second Extraordinary General Meeting to consider and approve the above Resolution on the Election of Ms. Li Nan as a supervisor of the Company, and her term of office will commence from the date of the approval by the General Meeting to the date of expiry of the term of office of the eighth session of the supervisory committee of the Company.

The Company held the thirty-ninth meeting of the eighth session of the Board of Directors on 25 April 2024, at which the Resolution on the Appointment of Mr. Lin Nanqi as the Executive Vice President of the Company and the Resolution on the Appointment of Mr. Xing Zhiwei as the Vice President of the Company were considered and approved. Upon nomination by the President of the Company and approval of the qualifications by the Nomination Committee of the Board of Directors, the Board of Directors has considered and approved to appoint Mr. Lin Nanqi as the Executive Vice President of the Company, and appoint Mr. Xing Zhiwei as the Vice President of the Company, Their term of office will commence from the date of the approval by the Board of Directors to the date of expiry of the term of office of the eighth session of the Board of Directors of the Company. See Joincare Pharmaceutical Group Industry Co., Ltd. Announcement on Appointment of Senior Executive of the Company (Lin 2024-036) for details.

III Profit distribution plan and plan for conversion of capital reserve into share capital

Profit distribution plan and plan for conversion of capital reserve into share capital proposed for the first six months of 2024

Distribution or conversion or not	No
Number of bonus shares to be distributed for every ten shares (share)	N/A
Amount to be distributed for every ten shares (RMB) (tax inclusive)	N/A
Number of shares to be converted into share capital for every ten shares (share)	N/A
Description of profit distribution plan and plan for conversion of capital reserve into share capital	
N/A	

IV Equity incentive scheme, employee share ownership scheme or other employee incentives of the Company and their effect

(I) Matters related to equity incentive scheme have been disclosed in the Ad Hoc Announcements with no progress or change in subsequent implementation

Applicable N/A

Overview	Query index
During the first quarter of 2024, the Company's incentive participants have transferred and registered 1,110,957 shares at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited ("CSDC") through independent exercise. As at 31 March 2024, during the exercise period of the first grant under the 2022 Share Options Incentive Scheme of the Company, the cumulative number of options completing share transfer registration through voluntary exercise at the CSDC Shanghai Branch was 4,611,846 shares.	See the Announcement on 2024 Q1 Voluntary Exercise Results of the 2022 Share Options Incentive Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. & Listing of Shares (Lin 2024-030) disclosed by the Company on 13 April 2024 for details.
On 25 April 2024, the Company held the 39 th Meeting of the 8 th Session of the Board and the 31 st Meeting of the 8 th Session of the	See the Announcement on the Cancellation of Certain Share Options Granted under the 2022

<p>Supervisory Committee, which considered and approved the Proposal on the Cancellation of Certain Share Options Granted under the 2022 Share Options Incentive Scheme. In view of the fact that 15 first granted incentive participants and 7 reserved granted incentive participants under the 2022 Share Options Incentive Scheme of the Company were no longer eligible as incentive participants due to resignation, retirement or other reasons, a total of 1,120,000 share options granted but not yet exercised were cancelled; meanwhile, as the Company's performance level in 2023 did not meet the performance assessment requirements at the corporate level, the Company cancelled a total of 16,314,000 share options granted to all active incentive participants for the second exercise period of the first grant portion and for the first exercise period of the reserved grant portion. A total of 17,434,000 share options were cancelled this time. The related directors have withdrawn from voting on relevant proposals, and the Supervisory Committee has expressed its audit opinion on the cancellation. The aforesaid cancellation of 17,434,000 share options has been completed on 16 May 2024.</p>	<p>Share Options Incentive Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2024-039) disclosed on 26 April 2024 and the Announcement on the Completion of the Cancellation of Certain Share Options of the Company Granted but Not Yet Exercised under the 2022 Share Options Incentive Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2024-047) disclosed on 17 May 2024 disclosed by the Company for details.</p>
<p>During the second quarter of 2024, the Company's incentive participants have transferred and registered 7,384,573 shares at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited ("CSDC") through voluntary exercise. As at 30 June 2024, during the exercise period of the first grant under the 2022 Share Options Incentive Scheme of the Company, the cumulative number of options completing share transfer registration through voluntary exercise at the CSDC Shanghai Branch was 11,996,419 shares.</p>	<p>See the Announcement on 2024 Q2 Voluntary Exercise Results of the 2022 Share Options Incentive Scheme of Joincare Pharmaceutical Group Industry Co., Ltd. & Listing of Shares (Lin 2024-058) disclosed by the Company on 2 July 2024 for details.</p>

(II) Incentives not disclosed in the Ad Hoc Announcements or with subsequent progress

Equity incentives

Applicable N/A

Others

Applicable N/A

Employee share ownership scheme

Applicable N/A

Other incentive program

Applicable N/A

Chapter 5 Environmental and Corporate Social Responsibility

I Environmental Information

(I) Environmental Issues of Companies and Their Major Subsidiaries Belonging to Key Pollutant Discharging Units as Announced by the Environmental Protection Department

√Applicable □N/A

1. Pollution discharge information

√Applicable □N/A

i. Jiaozuo Joincare

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Joincare	Chemical oxygen demand	Continuous	1	Master outlet for sewage	119.24	220	399.386	942.001	Nil
	Ammonia nitrogen	Continuous			16.31	35	54.189	105.069	Nil

ii. Taitai Pharmaceutical

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Taitai Pharmaceutical	Chemical oxygen demand	Intermittent	1	Master outlet for sewage	28.3	345	0.122	19.34	Nil
	Biochemical oxygen demand				10.1	150	0.115	/	Nil
	Suspended solids				4.5	250	0.019	/	Nil
	pH value				8.24	6~9	/	/	Nil
	Sulfur dioxide	Intermittent	1	Discharge outlet of boiler exhaust gas	1.51	50	0.0045	/	Nil
	Nitrogen oxides				13.47	150	0.054	/	Nil
	Smoke and dust				0.75	20	0.0024	/	Nil

iii. Haibin Pharma

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Haibin Pharma	Chemical oxygen demand	Intermittent	1	Master outlet for sewage	28.18	500	0.823	41.65	Nil
	Ammonia nitrogen				0.768	45	0.0223	3.7485	Nil
	Total nitrogen				3.17	70	0.096	5.831	Nil
	Total volatile organic compounds		1	Discharge outlet of process exhaust gas	0.1135	100	0.003	7.914	Nil
	Non-methane hydrocarbons		1	Discharge outlet of exhaust gas in sewage station	12.04	60	0.314	4.284	Nil

iv. Xinxiang Haibin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t/a)	Total amount of discharge approved (t/a)	Excessive discharge
Xinxiang Haibin	Chemical oxygen demand	Continuous	1	Master outlet for sewage	83.272	220	5.477	11.595	Nil
	Ammonia nitrogen				5.125	35	0.315	1.539	Nil

v. Fuzhou Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)/(mg/m ³)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Fuzhou Fuxing	Chemical oxygen demand (COD)	Intermittent	1	The northwest side of the factory	16.38	100	9.96	102.19	Nil
	Ammonia nitrogen				0.212	15	0.13	10.22	Nil
	SO ₂	Organized	1	RTO	5.00	200	0.40	2.6	Nil
	NO _x		1	RTO	6.00	200	0.48	2.6	Nil
	VOCs		7	RTO, fermentation workshop, environmental friendly sewage station, regulating pool, Workshop 2 (East), Workshop 2 (West), QC department	4.44	60	3.82	30.19	Nil

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

vi. Livzon Xinbeijiang

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Xinbeijiang	Chemical oxygen demand	Intermittent	1	Sewage treatment workshop	88.7	240	35.23	213.6	Nil
	Ammonia nitrogen				3.1	70	1.25	24.5	Nil

Note: The discharge concentration represents the concentration of discharge into Qingyuan Henghe Sewage Treatment Plant (清远横荷污水处理厂), while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD ≤ 240 mg/L, ammonia nitrogen ≤ 70 mg/L. The data was obtained from Qingyuan Environmental Protection Bureau. The boiler waste gas follows the Emission Standard of Air Pollutants for

Boilers (《锅炉大气污染物排放标准》) (DB 44/765-2019); the waste gas emission from the workshops follows the Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB 37823-2019) and the Emission Standards for Odor Pollutants (《恶臭污染物排放标准》) (GB 14554-93).

vii. Livzon Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)/(mg/m ³)	Pollutant discharge standards implemented (mg/L)/(mg/m ³)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge	
Livzon Hecheng	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	92.43	192	9.832	26.28	Nil	
	Ammonia nitrogen (NH ₃ -N)				0.92	40	0.098	5.48	Nil	
	Sulfur dioxide	Organized continuous emission	3	Boiler room	2.08	50	0.046	/	Nil	
	Nitrogen oxides				60.4	150	0.522	/	Nil	
	Smoke and dust				2.08	20	0.021	/	Nil	
	Hydrogen chloride			7	Workshop	0.21	100	0.062	/	Nil
	Non-methane hydrocarbons			7	Workshop	19.02	60	6.54	77.76	Nil
	Non-methane hydrocarbons			1	RTO	9.35	60	0.65		Nil
	Nitrogen oxides			1	RTO	4.25	200	0.2879	/	Nil
	Sulfur dioxide			1	RTO	6.25	200	0.434	/	Nil

Notes: The discharge concentration of pollutants in waste water represents the average concentration by online monitoring from the master discharge outlet by the company into South District Sewage Treatment Plant, while the standard adopted for discharge represents the standard stipulated in the pollutant discharge license of the company, i.e. COD ≤ 192mg/L, ammonia nitrogen ≤ 40mg/L. The discharge concentration of pollutants in the discharge outlet of waste gas represents the average concentration detected by a qualified third party engaged, of which the boiler exhaust adopted the Emission Standard for Boiler Atmospheric Pollutants in Guangdong Province (《广东省锅炉大气污染物排放标准》) (DB 44/765-2019), the workshop and wastewater treatment station emission complied with the Air Pollutant Discharge Standards for Pharmaceutical Industry (《制药工业大气污染物排放标准》) (GB 37823-2019).

viii. Gutian Fuxing

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Gutian Fuxing	Chemical oxygen demand	Continuous	1	Southeastern part of the factory zone	47.508	120	4.084	108	Nil
	Ammonia nitrogen				8.394	35	0.768	31.5	Nil
	Non-methane hydrocarbons	Organized continuous emission	6	Northwestern part of the factory zone	16.82	100	1.445	/	Nil
	Nitrogen oxides				159.83	400	3.05	25.52	Nil
	Sulfur dioxide			48.17	400	0.923	25.52	Nil	
	Particulate matter			5.84	80	0.92	5.104	Nil	

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

ix. Livzon Limin

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Limin	Chemical oxygen demand	Intermittent	1	Wastewater treatment station	13.00	110	1.8298	Nil	Nil
	Ammonia nitrogen				0.4174	15	0.0604	Nil	Nil

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

x. Livzon Pharmaceutical Factory

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon Pharmaceutical Factory	Chemical oxygen demand	Intermittent	1	Sewage treatment station	17.89	120	1.09	Nil	Nil
	Ammonia nitrogen		1	Sewage treatment station	0.12	20	0.008	Nil	Nil

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

xi. Ningxia Pharma

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L) / (mg/m ³)	Pollutant discharge standards implemented (mg/L) / (mg/m ³)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Ningxia Pharma	Chemical oxygen demand	Continuous	1	Sewage treatment workshop on north side of factory zone	108.00	200	62.03	Nil	Nil
	Ammonia nitrogen				0.60	25	0.38	Nil	Nil
	Sulfur dioxide		1	Boiler workshop on	85.00	200	41.49	156.816	Nil

	Nitrogen oxides			north side of factory zone	132.00	200	63.47	156.816	Nil	
	Particulate matter					5.00	30	3.14	23.522	Nil
	Volatile organic compounds			9	4 outlets for fermentation, 3 outlets for refinery and 2 outlets for sewage	13.00	100	9.07	79.535	Nil

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

xii. Jiaozuo Hecheng

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Jiaozuo Hecheng	Chemical oxygen demand	Continuous	1	Master outlet in industrial wastewater workshop	87.44	220	3.445	60.8	Nil
	Ammonia nitrogen				5.2	35	0.154	8.8	Nil

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

xiii. Shanghai Livzon

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L) / (mg/m ³)	Pollutant discharge standards implemented (mg/L) / (mg/m ³)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Shanghai Livzon	Chemical oxygen demand	Intermittent	1	Master outlet in the park	0.54	500	0.43	6.1738	Nil
	Ammonia nitrogen				0.175	40	0.14	0.8747	Nil
	Volatile organic compounds	Organized intermittent discharge	8	No. 1, 2, 3, 4, 7, 8, 9 and 10	3.52	60	0.12	0.88325	Nil

				outlets on the roof					
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Note: The discharge concentration was the average of monthly third-party monitoring data, and the amount of discharge was the cumulative sum of monthly discharge. The discharge of VOCs and particulate matter were in accordance with the Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》)(GB 37823-2019), and the discharge of COD and ammonia nitrogen were implemented in accordance with the Integrated Wastewater Discharge Standard (《污水综合排放标准》)(DB 31/199-2018). Air pollutants discharge follows Emission Standard of Air Pollutants for Pharmaceutical Industry (《制药工业大气污染物排放标准》)(DB31/310005-2021), Integrate Emission Standards of Air Pollutants (《大气污染物综合排放标准》)(DB31/933-2015) and Emission Standards for Odor Pollutants (《恶臭(异味)污染物排放标准》)(DB31/1025-2016). Water pollutant discharge follows the Discharge Standard of Pollutants for Bio-Pharmaceutical Industry (《生物制药行业污染物排放标准》)(DB31/373-2010). Shanghai Livzon was among other key pollutant discharge units, but not among the key pollutant discharge units of water environment and atmospheric environment.

xiv. Livzon MAB

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Pollutant discharge standards implemented (mg/L)	Total amount of discharge (t)	Total amount of discharge approved (t/a)	Excessive discharge
Livzon MAB	Chemical oxygen demand	Intermittent	1	Sewage treatment station	17.89	120	0.59	Nil	Nil
	Ammonia nitrogen		1	Sewage treatment station	0.12	20	0.00399	Nil	Nil

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

2. Construction and operation of pollution preventive facilities

√Applicable □N/A

Name of company or subsidiary	Construction and operation of pollution preventive facilities
Jiaozuo Joincare	<p>Exhaust gas: The Company adopted spray absorption, alkali absorption, adsorption/desorption, RCO, RTO, bag-type dust removal and other processes to treat exhaust gas on the principle of collection and treatment by nature and category. 18 discharge outlets were available, all of which enable stable and up-to-standard discharge through self-monitoring in the first half of the year.</p> <p>Wastewater: The treatment process of “regulating pool + hydrolysis acidification pool + UASB+ (CASS + air flotation) / modified A/O + secondary settling tank + coagulating sedimentation” was primarily adopted. Standard wastewater outlets were set; online automatic monitoring control system was installed at outlets for real-time monitoring of COD, ammonia nitrogen, total nitrogen, pH, fluorion and flow. Wastewater treatment process sections can be stably operated. Moreover, wastewater control factors can be stably emitted in compliance with the required standard.</p>
Taitai Pharmaceutical	The first-level activated carbon adsorption was increased for quality inspection exhaust gas on the basis of the original spray; UV modulation was replaced by the second-level activated carbon adsorption for injection molding exhaust gas. The wastewater treatment facilities remained unchanged and operated normally.
Haibin Pharma	No new pollution control facilities have been constructed. All pollution control facilities are operating normally and are discharging in compliance with standards .

Xinxiang Haibin	<p>Wastewater: The Company reduced the generation of wastewater through technological transformation, and discharged clean steam condensate into the recycling tank, reducing the consumption of tap water by 5000 tons/half a year. The chemical agents in the biochemical reaction tank were tested. A series of measures such as selecting reagents, orthogonally testing the ratio of each reagent, adjusting the dosage and introducing new reagent manufacturers were taken to ensure the stable operation of the wastewater treatment process.</p> <p>Exhaust gas: A spray tower was added to the distillation tower; the biochemical pool was closed for maintenance; accessories for RTO facilities were replaced and RTO inspection and maintenance were conducted; four-level water washing towers were increased in aseptic workshops; while achieving ultra-low emissions of exhaust gas, these measures have also improved the factory environment.</p> <p>Solid waste: Due to the great varieties of products in the Company, the hazardous waste and solid waste generated had complex compositions, leading to great difficulty in treatment. In order to reduce the amount of hazardous waste generated, the original mixed treatment of wastewater was changed into classified and separate treatment through brainstorming and multiple tests. Some wastewater was directly discharged into the evaporation kettle for evaporation and concentration, and then for targeted and mixed treatment after test.</p>
Fuzhou Fuxing	<p>The company strictly complies with the “Three Simultaneous” system of environmental protection by collecting and treating “Three Wastes (wastewater, waste gas and solid waste)” according to requirements, and employs an advanced wastewater treatment process known as “Regulating pool + Hydrolysis acidification tank + Sequencing Batch Reactor Activated Sludge Process (SBR) and Cyclic Activated Sludge System (CASS) + Air float”. After the wastewater from production has gone through the above treatment process, all indicators are stable and satisfy the discharge standard. After meeting the discharge standards, the wastewater is discharged to Jiangyin Sewage Treatment Plant operated by Fujian Huadong Water Treatment Co., Ltd. (福建华东水务有限公司) via sewage pipe network at the industrial park area for further treatment. The VOCs and other waste gas generated in the workshops are collected through waste gas pipelines to the RTO for treatment, while the waste gas from the Fenton pool and regulating pool is treated by secondary alkaline spray process. In the first half of 2024, the COD concentration was 5,837.74 mg/L, and the ammonia nitrogen concentration was 244.89 mg/L; the COD concentration and ammonia nitrogen concentration discharged into Jiangyin Sewage Treatment Plant (江阴污水厂) were 216.31 mg/L and 18.03 mg/L, respectively. The removal rates of COD and ammonia nitrogen reached 96.29% and 92.63%, respectively.</p>
Livzon Xinbeijiang	<p>The “Three Wastes” were collected and treated effectively in strict compliance with the “Three Simultaneous” system. The sewage treatment facilities with an investment amount of over RMB30 million have a designed processing capacity of 3,000 t/d and adopt the treatment process of “Pre-treatment + Aerobic pool + Hydrolysis acidification tank + SBR + Catalytic oxidation + Air float”. The effluent water quality constantly met the standard; the COD concentration of the influent water in the regulating pool was about 2,000 mg/L, and the actual COD concentration discharged after treatment was about 100 mg/L (the discharge standard is ≤ 240mg/L), and the COD treatment efficiency reached 95%. The waste gas emitted from sewage treatment was treated using a biological deodorization box + 3-level high-efficiency sodium hypochlorite and lye spray + 1-level alkali spray treatment process; the waste gas emission constantly met the standard. For the organic waste gas, the refining workshop adopts the most advanced RTO treatment process, which conveys the waste gas to the RTO furnace chamber at about 800° C for high-temperature oxidation and completely decomposes the volatile organic gases into CO₂ and water. In 2024, the RTO quench tower was replaced to prevent unorganized emission of waste gas treated by the RTO. The inlet chamber separator of the RTO was also repaired to reduce gas leakage through the RTO inlet and outlet valves, ensuring that the waste gas meets the discharge standards. As the original MVR3-effect evaporator had many perforations in the evaporator tubes, leading to a decrease in evaporation efficiency, the MVR3-effect evaporator was replaced in June to improve MVR evaporation efficiency.</p>
Livzon Hecheng	<p>The “Three Wastes” were treated in a centralized and effective manner by the company in strict compliance with the “Three Simultaneous” system and the maintenance and management of pollution prevention & treatment facilities were enhanced to ensure that pollutant discharge was stable and in compliance with the required standard. For wastewater, the treatment process of “pre-treatment of drainage from the production process + hydrolytic acidification + Upflow Anaerobic</p>

	<p>Sludge Bed (UASB) + advanced oxidation + Cyclic Activated Sludge System (CASS) process + air flotation/ ozonation advanced treatment + MBR” was adopted. Treated sewage was discharged into Zhuhai Leaguer Environmental Protection Co., Ltd. (珠海力合环保有限公司) (water purification plant in the South District) through the municipal sewage pipeline network. The waste gas was treated by spray tower, activated carbon adsorption, condensation, liquid nitrogen cryogenic, RTO and other comprehensive treatment technologies to ensure all kinds of pollutants were effectively treated and discharged in compliance with the standards.</p>
Gutian Fuxing	<p>At the same time when the enterprise started production, the “Three Wastes” were collected and treated effectively in accordance with the requirements of the “Three Simultaneous” system of environmental protection. This involves a designed sewage treatment capacity of 1,200 t/d, adoption of the advanced “Anaerobic-Oxic activated sludge process (A/O) + SBR + nitrogen removal by denitrification + Fenton decolorizing + air flotation” wastewater treatment process, 6,000 m³ of effective reservoir capacity of the treatment system and more than 20 sets of treatment equipment with 350 KW installed capacity to improve the water treatment process, thus ensuring that all wastewater treatment indicators are stable and satisfy the discharge standard. The COD concentration and ammonia nitrogen of untreated wastewater were 2,000 mg/L and 400 mg/L respectively; the COD concentration and ammonia nitrogen were lowered to 47.508 mg/L and 8.934 mg/L after treatment, with the removal rate as high as 97.8%. Treated sewage that reaches the grade II discharge standard is directly discharged into Minjiang River. The hazardous waste of the company is entrusted to qualified companies for compliant disposal according to the requirements of environmental impact assessment and acceptance inspection opinions. Two 4-tonne coal-fired boilers were eliminated and one 12-tonne biomass-fired special boiler was replaced. The boiler exhaust treatment facilities were upgraded, with the high-efficiency waste gas treatment facility of “SNCR denitrification + cyclone dust removal + dry desulfurization + bag dust removal + wet desulfurization” adopted. VOCs adopted the recycling process of “sealed collection + spray absorption + low-temperature condensation + activated carbon adsorption”, and volatile organic compounds are collected and recycled from unorganized emissions and then discharged in an organized manner through exhaust pipes, so as to reduce the emission of unorganized exhaust pollutants.</p>
Livzon Limin	<p>The “Three Simultaneous” system was strictly implemented by the company for the treatment of “Three Wastes” by collecting and treating the “Three Wastes” effectively. The original sewage treatment plant with an investment amount of over RMB13 million has a designed processing capacity of 1,500 t/d and adopts the treatment process of “Pre-treatment + Hydrolysis acidification tank + Facultative tank + Aerobic pool + Secondary sedimentation”, and the sewage after treatment was discharged into Shaoguan Second Sewage Treatment Plant (韶关市第二污水处理厂) through the municipal pipeline network. The key pollution indicators are chemical oxygen demand and ammonia nitrogen; the concentrations at water inlets were 364.4 mg/L and 1.054 mg/L respectively from January to June 2024, while the average discharge concentrations at water outlets were 13.00 mg/L and 0.4174 mg/L respectively, far lower than the relevant limits stipulated in the pollutant discharge license and the removal rates reached 96.43% and 60.40% respectively. In respect of waste gas treatment, biomass boilers were all replaced by gas boilers. The technical transformation project of the R&D center has installed waste gas treatment facilities such as activated carbon adsorption and acid mist spray tower. The key pollution indicators are sulfur dioxide, nitrogen oxides and particulate matter. The emission concentrations were 0 mg/m³, 84.6 mg/m³ and 2.26 mg/m³ respectively from January to June 2024, far lower than the relevant limits stipulated in the pollutant discharge license. In respect of control of noise pollution, investment was made to construct noise segregation wall to reduce noise pollution.</p>
Livzon Pharmaceutical Factory	<p>The “Three Wastes” were collected and treated effectively by the Pharmaceutical Factory. For wastewater: an investment of over RMB10 million was made for phase I and phase II sewage treatment station with a designed processing capacity of 1,000 t/d, which adopted the CASS process for phase I and the A/O process for phase II. The indicator of treated wastewater was approximately 50% of the emission limit and the sewage after treatment was discharged into sewage treatment plants through the municipal pipeline network. For waste gas: the company used purchased steam instead of self-produced steam from the boilers, greatly reducing air emissions (sulfur dioxide, nitrogen oxides). The waste gas of the wastewater treatment stations is treated by the biological deodorization tower, which is a combined odor treatment equipment, divided into three areas: biochemical area, physicochemical area and adsorption area. The biological deodorization in</p>

	<p>biochemical area mainly uses microorganisms to deodorize, and the odorous substances are transformed through the physiological metabolism of microorganisms, so that the target pollutants are effectively decomposed and removed to achieve the purpose of waste gas treatment</p>
Ningxia Pharma	<p>Through strict enforcement of the “Three Simultaneous” system by the company, the “Three Wastes” were collected and treated effectively. The designed total processing capacity of sewage treatment was 7,500 m³ /d, and the actual total treatment amount was 2,800 m³ /d. After the treated sewage had reached the standard stipulated on the pollutant discharge licence, it would be discharged into Xin’an Company through the sewage pipeline network in the industrial park. Waste gas treatment: waste gas from refining workshops was adopted the treatment process of “sodium hypochlorite spray + water spray + two-way superoxide water spray + micro-nano bubble spray”; waste water treatment tank odor was adopted the treatment process of “three-level spray absorption (level 1: alkaline water spray absorption + level 2: sodium hypochlorite spray absorption + level 3: sulfuric acid spray absorption); 1 set of RTO (regenerative thermal oxidizer) waste gas treatment facility adopts incineration method; boiler exhaust gas was adopted the treatment process of “bag dust removal + double alkali desulfurization + alkaline water spraying and demisting”. General solid waste such as slag was entrusted to qualified companies for landfill disposal; phenylalanine slag was outsourced for recycling disposal; and spent activated carbon generated from Lovastatin (洛伐他汀) and Mevastatin (美伐他汀) and other products was outsourced for recycling disposal. The hazardous wastes were entrusted to qualified units for disposal. In the first half of 2024, the following pollution prevention measures were mostly completed: 1. exhaust gas recovery and treatment for the primary settling tank in the sewage treatment workshop: mainly re-sealing the water-sealed groove of the primary settling tank cover, and adding a new air blower with a treatment capacity of 10,000 m³/h on top of the original collection and treatment capacity of 3,000 m³/h; 2. added exhaust gas collection equipment in the sludge pressing room: mainly adding the DN200~600 fiberglass exhaust gas collection pipes with a length of approximately 100 meters, and a new air blower with a capacity of 35,000 m³/h to collect and treat the exhaust gas; 3. completed the construction of environmental protection “Three Simultaneous” exhaust gas collection and treatment facilities for the tryptophan project and demeclocycline hydrochloride project; 4. set up dike for the tryptophan mother liquor storage tank and phenylalanine concentrate storage tank.</p>
Jiaozuo Hecheng	<p>The “Three Wastes” were collected and treated effectively by the company in strict compliance with the “Three Simultaneous” system. The designed sewage treatment capacity was 3,000 t/d, the treatment process of “hydrolytic acidification pool + UASB + aerobic pool + materialized treatment” was adopted, the treated sewage would be discharged into the sewage treatment plant of Xiuwu Branch of Kangda Water Co., Ltd. (康达环保水务有限公司修武分公司) through the municipal pipeline network. The sewage treatment facilities were under normal operation with compliant discharge. In 2024, an operation and maintenance contract in relation to online continuous monitoring system for water quality was signed with Jiaozuo Lansheng Environmental Technology Service Co., Ltd. (焦作市蓝晟环保技术服务有限公司). For waste gas: In 2024, high and low concentration exhaust gasses in the workshop were treated separately to reduce the load on active carbon treatment and improve efficiency. The process for treating high concentration exhaust gasses was “spray + activated carbon + spray + RTO incineration” and “-20°C condensation + dichloride module + spray + activated carbon + spray + RTO incineration”, while the process for treating low concentration exhaust gasses was “two-stage spray + RTO incineration. Biogas pipelines were added in the RTO to increase biogas as fuel for the RTO, while achieving linkage switching with the original natural gas pipelines to reduce natural gas consumption. Solid waste and hazardous waste would be temporarily stored in the hazardous waste station constructed in compliance with the requirements of “Three Protections” (protection against leaks, erosion and rain) according to the requirements under the Guidelines for Standardized Management of Hazardous Waste in Henan Province (Trial Implementation) (《河南省危险废物规范化管理工作指南(试行)》) and then handed over to a qualified unit for unified disposal. In 2024, the company entered into hazardous waste disposal contracts with qualified units, including a Hazardous Waste Disposal Contract for Waste Filter Paper with Qinyang BBMG Jidong Environmental Protection Technology Co., Ltd. (沁阳金隅冀东环保科技有限公司); a Hazardous Waste Disposal Contract for Distillation Residue, Laboratory Waste Liquid, and Waste Activated Carbon with Sanmenxia Zhongdan Environmental Protection Technology Co., Ltd.* (三门峡中丹环保科技有限公司); and a Hazardous Waste Disposal Contract for Waste Mineral Oil with Henan Jiaxiang New Energy Technology Co., Ltd.*</p>

	(河南嘉祥新能源科技有限公司). In January 2024, a Self-Monitoring and Automatic Monitoring Equipment Comparison Contract was signed with Henan Chenjie Inspection Technology Co., Ltd. (河南晨颀检验技术有限公司) to regularly monitor the company's discharge outlets.
Shanghai Livzon	The company designed and built a sewage treatment station with a processing capacity of 200 m ³ /d in 2018. The company's wastewater was treated by such sewage treatment station and then entered the park's sewage treatment station for secondary treatment, and finally discharged into the municipal pipeline network. The company had the hazardous waste station in compliance with the requirements of "Three Preventions" to store hazardous waste and appointed a qualified company for compliant disposal. The company's main discharge outlets were treated with activated carbon adsorption and filtration, and the activated carbon was replaced every half a year to ensure that the air emission met the standards. In January 2022, the company demolished the solid preparation workshop on the third floor and transformed it into a microsphere workshop, and there is no particulate matter emission from the No.5 and No.6 discharge outlets accordingly. In order to meet the regulatory requirements under the new environmental impact assessment (at least one emission reduction measure to be replaced with a new one), the 4# exhaust stack was upgraded in March 2023, upgrading the secondary activated carbon adsorption equipment and the monitoring platform processing equipment.
Livzon MAB	The "Three Simultaneous" system was strictly implemented by Livzon MAB for the treatment of "Three Wastes" by collecting and treating the "Three Wastes" effectively. For wastewater (relying on the wastewater treatment of Pharmaceutical Factory in the park): an investment of over RMB10 million was made for phase I and phase II sewage treatment station with designed processing capacity of 1,000 t/d, which adopted the CASS process for phase I and the A/O process for phase II, and the sewage after treatment was discharged into sewage treatment plants through the municipal pipeline network. For waste gas: currently, the company uses purchased steam and takes the boilers as backups, greatly reducing air emissions. The waste gas of the wastewater treatment stations is treated by a combination of first-level spray towers, Ultra Violet (UV) photoion equipment and second-level spray towers.

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

Applicable N/A

Name of company or subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Jiaozuo Joincare	Jiaozuo Joincare was listed in the mandatory clean production directories on key industries in 2023. All the clean production project modifications were completed in February 2024, which passed the expert acceptance on 21 March 2024 and the acceptance by the competent environmental protection department on 31 March 2024. Jiaozuo Joincare included the new projects in the management of pollutant discharge license and completed the re-application for pollutant discharge license on 22 February 2024.
Taitai Pharmaceutical	The Environmental Impact Report for new products are currently under review.
Haibin Pharma	No environmental impact assessment project was required in the first half of 2024; with strict enforcement of the "Three Simultaneous" system in the production process and implementation of the environmental protection measures required under the environmental impact assessment, the environmental protection facilities have been functioning properly; and the change of pollutant discharge license was applied for and obtained approval in March 2024.
Xinxiang Haibin	In the first half of 2024, the environmental impact assessment of the Meropenem series APIs was completed and accepted; a new pollutant discharge license was reapplied for.
Fuzhou Fuxing	The Environmental Impact Report on the Phase III High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司三阶段高端抗生素项目环境影响报告书》) was approved on 23 August 2021. The Environmental Impact Report on the Phase IV High-end Antibiotics Project of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司四阶段高端抗生素项目环境影响报告书》) was approved on 12 October 2022. In March 2023, the second phase, the third phase, the second stage and the third stage of

	<p>environmental inspection have been completed. The company strictly implements the “Three Simultaneous” system and takes environmental protection measures required for environmental assessment, with the environmental protection facilities under normal operation. Approval was granted for the application of a new national pollutant discharge license on 27 December 2017 and the renewal of the national pollutant discharge license was completed in December 2020. The company has been discharging pollutants in strict compliance with the licensing and administrative requirements. The re-application for the pollutant discharge license was completed in October 2023 with a validity period from 8 October 2023 to 7 October 2028.</p>
Livzon Xinbeijiang	<p>The Environmental Impact Report on Current Status of Projects of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (《丽珠集团新北江制药股份有限公司项目现状环境影响报告书》) was approved and filed on 6 December 2016; with strict enforcement of the “Three Simultaneous” system and implementation of the environmental protection measures required under the environmental impact assessment, the environmental protection facilities have been functioning properly. The first application for a new national discharge permit was applied on 29 December 2017, and the renewal of the discharge permit was processed on 7 May 2024, with a validity period until 7 January 2029. The basic procedures of changing the discharge permit for the new plant in Shijiao was completed on 20 May 2023 and is valid until 14 November 2028.</p>
Livzon Hecheng	<p>The Environmental Impact Assessment Report on Current Status of the Product Structure and Production Capacity Adjustment Project of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司产品结构及产能调整项目现状环境影响评价报告》) was approved in December 2016. In 2021, the environmental impact assessment for expansion of 14 new products including paliperidone palmitate (棕榈酸帕利哌酮), aripiprazole (阿立哌唑), bismuth potassium citrate (枸橼酸铋钾), i.e. the Environmental Impact Assessment Report on Technological Renovation and Expansion Project of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司技改扩建项目环境影响评价报告》), passed the expert review, and obtained approval on 20 January 2022. In 28 February 2024, the approval of the environmental impact assessment on technological renovation and expansion of 8 products including loratadine (氯雷他定), potassium sulfate (硫酸钾), glycine salt (甘氨酸盐), fluoroalkene (弗雷烯炔), fluralaner (氟雷肟酸), lurasidone (鲁拉西酮) and vonoprazan fumarate (富马酸伏诺拉生) was obtained. The company strictly enforced the “Three Simultaneous” system and implemented environmental protection measures as required under environmental impact assessment with normal operation of the environmental protection facilities. In 2023, it was awarded the Green Factory by the Ministry of Industry and Information Technology. In March 2022, the revision and filing of the emergency plan for environmental emergencies was completed.</p>
Gutian Fuxing	<p>The company passed the environmental impact assessment on 30 June 1999 and the inspection and acceptance upon completion of construction carried out by Environmental Protection Bureau of Fujian Province on 5 June 2000. The company re-prepared its post-environmental impact assessment report in 2019 and passed the inspection and acceptance carried out by experts on 11 June 2019. The company strictly enforced the “Three Simultaneous” system and implemented the environmental protection measures as required under environmental impact assessment, with normal operation of the environmental protection facilities. In September 2022, the clean production passed the on-site inspection and acceptance of the Ecology and Environment Bureau, and in October 2022, it obtained the inspection and acceptance opinions of the Ningde Environmental Protection Science Research Institute. The existing pollutant discharge license was applied on 26 November 2020 with a validity period from 29 December 2020 to 28 December 2025.</p>
Livzon Limin	<p>The company strictly enforced the “Three Simultaneous” system and implemented various environmental protection measures under the requirements of the environmental impact assessment, ensuring normal operation of the environmental protection facilities. The Environmental Impact Report on the Technological Reform Project for the R&D Center of Livzon Group Limin Pharmaceutical Manufacturing Factory (《丽珠集团利民制药厂研发中心技改项目环境影响报告表》) was approved on 6 December 2019. A review expert meeting was held on 24 April 2021, and independent review was completed. The Environmental Impact Report for Workshop II of Small-capacity Injection (《小容量注射剂二车间项目环境影响报告表》) was approved on 23 November 2020. On 15 September 2021, a review expert meeting was held, and independent review was completed. It was recognized as a green enterprise in the environmental credit rating by Shaoguan Municipal Ecology and Environment Bureau consecutively from 2019 to 2022. In September 2022, Limin Pharmaceutical Manufacturing Factory</p>

	<p>passed the on-site review on clean production by the expert group. In the future, it will continue to explore the potential of energy conservation and emission reduction, establish and improve the clean production mechanism and continuously enhance the level of clean production. The national pollutant discharge license was renewed on 22 December 2023 with a validity period from 22 October 2021 to 21 October 2026. The Environmental Impact Assessment Report on Current Status of Livzon Group Limin Pharmaceutical Manufacturing Factory (《丽珠集团利民制药厂现状环境影响评价报告》) was approved by expert review on 28 December 2023.</p>
Livzon Pharmaceutical Factory	<p>The Environmental Impact Report Form for the Newly-added Wet Granulation Line Project P07 of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂 P07 新增湿法制粒线项目环境影响报告表》) was approved on 18 May 2022. The Environmental Impact Report Form for New Boilers and Boiler Low-nitrogen Transformation Project (《新增锅炉及锅炉低氮改造项目环境影响报告表》) was approved on 19 August 2022. The company will strictly enforce the “Three Simultaneous” system to implement the environmental protection measures as required by the environmental assessment. The Expansion Project for Production Line of Lyophilized Powder Injection of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂冻干粉针剂生产线扩建项目》) completed its independent acceptance in June 2022, and the Small-capacity Workshop Construction Project of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂小容量车间建设项目》) completed its independent acceptance in August 2022. The Environmental Impact Report on the Construction Project of Recombinant Human Follicle Stimulating Hormone Injection Pen Production Line (《重组人促卵泡素注射笔生产线建设项目环境影响报告书》) was approved on 11 July 2023. Pharmaceutical Factory reapplied the pollutant discharge permit in January 2024, which is valid from 5 January 2024 to 4 January 2029. The New Boilers and Boiler Low-nitrogen Transformation Project of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂新增锅炉及锅炉低氮改造项目》) passed the independent acceptance in December 2023.</p>
Ningxia Pharma	<p>The renewal application for the discharge license was completed in December 2020 and the license is valid until 28 December 2025. The environmental protection inspection for completion of doramectin expansion project was completed in March 2021. In September 2021, expert review and government filing were completed for the environmental impact evaluation of project work upon optimized disposal of the company’s solid waste. The company applied to change its pollutant discharge permit and passed the review of the Pingluo Branch of Shizuishan Municipal Ecology and Environment Bureau in December 2021. In December 2022, the company passed the identification of Shizuishan municipal green plant and prepared an environmental impact assessment report on the increase of phenylalanine production capacity (currently under review by experts). The company reported to the national pollution discharge license management information platform (pollution discharge implementation report) and the ecological environment statistics business system (enterprise environment statistics report) quarterly. In 2022, the company also completed the second round of rectification of non-compliance under the supervision of central environmental protection authorities, independent acceptance and government acceptance. The company strictly implemented the environmental protection measures as required by environmental assessment, and the environmental protection facilities were in normal operation. In 2023, the company passed the recognition of “Green Factory” at the Ningxia Autonomous Region level, completed the environmental compliance procedures related to the use of phenylalanine mother liquor and concentrated waste liquid of lovastatin as organic fertilizer raw materials, identified the hazardous waste such as sludge and lovastatin slag, completed and accepted for environmental protection of the phenylalanine production capacity increase project (苯丙产能增加项目), fulfilled the project approval and environmental assessment procedures for tryptophan and isoleucine project (色氨酸异亮氨酸项目). In the first half of 2024, the company completed the filing for inter-provincial transfer and utilization of solid waste and the handling the environmental impact assessment approval for the demeclocycline hydrochloride project.</p>
Jiaozuo Hecheng	<p>The Environmental Impact Assessment Report on Current Status of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司现状环境影响评估报告》) was approved and filed on 15 December 2016, the “Three Simultaneous” system was strictly enforced, the environmental protection measures as required by environmental assessment were implemented and the environmental protection facilities were in normal operation. The reapplication for the national pollutant discharge license was completed in May 2024, and the certificate was issued by the Municipal Ecology and Environment Bureau. The environmental protection policies were strictly enforced and various management tasks were implemented. In 2024, a self-inspection was carried out in accordance</p>

	with the Technical Standards for the Unorganized Emission Control of Air Pollutants of Jiaozuo City (《焦作市大气污染物无组织排放控制技术规范》)。In March 2023, the current round of clean production audit work was kicked off, and the final meeting was held on 4 January 2024, completing the clean production audit.
Shanghai Livzon	The company passed the environmental assessment review of the Leuprorelin Acetate Microspheres for Injection Industrialization Project (《注射用醋酸亮丙瑞林微球产业化项目》) on 11 October 2010, obtained the approval for the Environmental Impact Report on Supporting Engineering and Laboratory Projects of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海丽珠制药有限公司配套工程及实验室项目环境影响报告》) on 10 January 2020, and completed the construction and passed the acceptance inspection in September 2020. The renovation of powder injection workshop 2 had completed in 2022, with the Environmental Impact Statement of Construction Project (《建设项目环境影响报告表》) filed in October 2022 and the Approval Opinion of Shanghai Pudong New Area Ecological Environment Bureau on the Environmental Impact Statement of the Reconstruction and Expansion Project of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海市浦东新区生态环境局关于上海丽珠制药有限公司改扩建项目环境影响报告表的审批意见》) obtained in March 2023. The company strictly implements the “Three Simultaneous” system and takes environmental protection measures required for environmental assessment, with the environmental protection facilities under normal operation. The new Pollutant Discharge License was obtained on 30 May 2023 with a validity period until 29 May 2028.
Livzon MAB	The Environmental Impact Assessment Report on the V01 Industrialization Project of Livzon Group Livzon Pharmaceutical Factory (《关于丽珠集团丽珠制药厂 V01 产业化项目环境影响评价报告书》) was approved in April 2021; the Environmental Impact Report Form for the Expansion Preparation Line 3 of the Large-scale Production Capacity Building Project of Recombinant SARS-CoV-2 Fusion Protein Vaccine (重组新型冠状病毒融合蛋白疫苗) was approved in March 2022. The company updated the pollutant discharge permit in September 2023. The company strictly enforced the “Three Simultaneous” system to implement the environmental protection measures as required by environmental assessment.

4. Environmental emergency contingency plan

√Applicable □N/A

Name of company or subsidiary	Environmental emergency contingency plan
Jiaozuo Joincare	Revision of the environmental emergency contingency plan of Jiaozuo Joincare Pharmaceutical Industry Co., Ltd. was completed in May 2022 and was filed in the Macun Branch of Ecological Environment Bureau of Jiaozuo City on 19 May 2022.
Taitai Pharmaceutical	The environmental emergency contingency plan of Taitai Pharmaceutical completed review and filing in July 2023.
Haibin Pharma	The Environmental Emergency Contingency Plan was revised and filed (File No. 440308-2024-0005-M). Trainings and drills on emergency responses were provided for employees to improve the capability of the Company for dealing with environmental emergencies. In the first half of 2024, a total of four emergency drills for environmental emergencies were held.
Xinxiang Haibin	The Environmental Emergency Contingency Plan of Xinxiang Haibin Pharmaceutical Co., Ltd. (《新乡海滨药业有限公司突发环境事件应急预案》) was filed with the Ecology and Environment Bureau on 23 August 2022 (File No. 410771-2022-006-M).
Fuzhou Fuxing	Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (《丽珠集团福州福兴医药有限公司突发环境事件应急预案》) was prepared based on the principles of “Focus on Prevention, Aim at Self-rescue, Centralized Command and Division of Responsibility (预防为主、自救为主、统一指挥、分工负责)”, for which filing application was accepted on 15 April 2022 (File No.: 350181-2022-024-M). After environmental emergency incidents occur, immediate, quick, effective and orderly emergency rescue actions will be taken to control and prevent accidents and the spread of contamination, protect the surrounding environment effectively and ensure the personal life and property safety of all employees, the company and the nearby communities. In accordance with the contents and requirements of such plan, the company provides trainings and drills for its employees to get them well-prepared for environmental

	<p>emergency incidents, so that rescue actions could be taken in a timely manner and incidents could be controlled effectively in a short period of time in case of any environmental emergency incidents. In June 2023, a comprehensive emergency fire drill for solvent leakage accident in workshop of the second phase was conducted.</p>
Livzon Xinbeijiang	<p>Based on the principles of “Focusing on Prevention, On-alert all the time; Management by Classification, Response by Tiers; Cooperation among Departments, Responsibility by Levels; Scientific Prevention and Efficient Disposal”, Xinbeijiang Pharma entered into and issued Environmental Emergency Contingency Plan of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (《丽珠集团新北江制药股份有限公司突发环境事件应急预案》), which was verified and filed by the Qingyuan Municipal Ecology and Environment Bureau (File No.: 441802-2021-0162-H). Xinbeijiang Pharma regularly carries out environmental factors and sources of hazards identification training for personnel of each department every year, and regularly conducts drills on various emergency contingency plan. A company-level environmental emergency contingency drill was conducted in June 2024, which certified the operability thereof and enhanced the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks.</p>
Livzon Hecheng	<p>Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《珠海保税区丽珠合成制药有限公司突发环境事件应急预案》) was prepared based on the principles of “Focus on Prevention, Aim at Self-rescue, Centralized Command, and Division of Responsibility (预防为主、自救为主、统一指挥、分工负责)”, which has been approved for filing and formally announced with file reference number 440402-2022-0047-M on 12 April 2022. Trainings on emergency events and disposal measures were held regularly for employees to enable implementation of safety measures in a timely, fast, effective and orderly manner to control and prevent the worsening of condition and pollution when encountering any occurrence of environmental emergency cases, so as to alleviate or eliminate the consequences effectively and resume orderly production as soon as possible.</p>
Gutian Fuxing	<p>Pursuant to relevant provisions and requirements, the Environmental Emergency Contingency Plan of Gutian Fuxing Pharmaceutical Co., Ltd. (《古田福兴医药有限公司突发环境事件应急预案》) was prepared based on the principles of “Focus on Prevention, Aim at Self-rescue, Centralized Command and Division of Responsibility (预防为主、自救为主、统一指挥、分工负责)”. The third amendment of the contingency plan was made in June 2023, which passed expert review and completed filing (File No.: 350922-2023-012-M).</p> <p>According to the plan, the company conducted an emergency drill for sudden hydrochloric acid leakage on 9 August 2023, to train the emergency teams to take immediate, quick, effective and orderly emergency rescue actions after the occurrence of environmental emergency incidents, so as to control and prevent accidents and the spread of contamination, protect the surrounding environment effectively and ensure the personal life and property safety of all employees, the company and the nearby communities. In accordance with the contents and requirements of the plan, the company provides trainings for its employees. The company is well-prepared for environmental emergency incidents, so that rescue actions could be taken in a timely manner and incidents could be controlled effectively in a short period of time in case of any environmental emergency incidents.</p>
Livzon Limin	<p>The principles of occupational health and safety and the environment administrative system were followed, including occupational protection to ensure health, risk control to ensure safety, prevention and control of pollution to protect the environment, and compliance with discipline and law for continuous improvement. Identification of environmental factors was performed seriously and preventive measures were adopted for significant environmental factors, while the governance of the “Three Wastes” was strengthened to enhance the ability of control over the “Three Wastes” and ensure that the discharge of the “Three Wastes” had reached the discharge standards. The Environmental Emergency Contingency Plan of Livzon Group Limin Pharmaceutical Manufacturing Factory (《丽珠集团利民制药厂突发环境事件应急预案》) (File No.: 440203-2021-009-L) was prepared in accordance with the criteria of the environmental management system and the occupational health and safety administrative system. An environmental accident emergency drill was conducted regularly, and a specific drill summary was made. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks.</p>

Livzon Pharmaceutical Factory	Pursuant to relevant provisions, the Environmental Emergency Contingency Plan of Livzon Group Livzon Pharmaceutical Factory (《丽珠集团丽珠制药厂突发环境事件应急预案》) was prepared by Pharmaceutical Factory, and has been approved for filing approval and announced, with the filing number 440404-2021-0212-L. The Pharmaceutical Factory conducted a special emergency response drill for hazardous waste leakage on 29 March 2024, to train the emergency response team and enhance the emergency response and execution abilities of the staff, further clarify the responsibilities and tasks of relevant personnel, improve the emergency linkage mechanism, improve the awareness of risk prevention and the ability of self-rescue and mutual rescue. On 13 June 2024, a comprehensive drill for alcohol leakage and fire accidents was conducted in the dangerous goods warehouse in conjunction with the fire department. The drill tested the reliability of the fire water supply system and alarm system of Livzon Industrial Park, as well as the response speed of the main department of the hazardous chemicals warehouse, the volunteer fire brigade, and the emergency command center.
Ningxia Pharma	The “Environmental Emergency Contingency Plan of Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd.” (《丽珠集团(宁夏)制药有限公司突发环境事件应急预案》) was verified, filed and issued in May 2019 (File No.: 640221-2019-005-II). Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, and enhance the responsiveness and coordination of the rescue team in terms of integrated coordination and collaboration capabilities. The Environmental Emergency Contingency Plan was amended in May 2021, and passed expert review and was reviewed by and filed with government environmental department in 2021 (File No.: 640221-2021-054-H). The Environmental Emergency Contingency Plan was revised in May 2024.
Jiaozuo Hecheng	In accordance with the relevant provisions and requirements and based on the principles of “Focusing on Prevention, On-alert All the Time; Management by Classification, Response by Tiers, Cooperation among Departments, Responsibility by Levels; Scientific Prevention and Efficient Disposal”, the Environmental Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司突发环境事件应急预案》) and the Hazardous Waste Environmental Pollution Emergency Contingency Plan of Jiaozuo Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (《焦作丽珠合成制药有限公司危险废物环境污染事故应急预案》) were revised in June 2024, and have currently passed expert review and are pending filing. Identification of environmental factors and sources of hazards and drills for emergency were conducted internally in the company on a regular basis to improve the operability of the contingency plan, enhance the performance level of the emergency rescue staff, responsiveness of the rescue team as well as coordination and collaboration of different tasks.
Shanghai Livzon	In March 2022, the Environmental Emergency Contingency Plan of Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (《上海丽珠制药有限公司突发环境事件应急预案》) (File No.: 02-310115-2022-108-L) was filed by the company. The company conducts drills and reviews of the plan every year to improve its emergency response capabilities through regular training on the plan.
Livzon MAB	Pursuant to relevant provisions, the Environmental Emergency Contingency Plan of Livzon MAB (《丽珠单抗突发环境事件应急预案》) was prepared by Livzon MAB in 2022. In April 2023, the company conducted an emergency drill for hazardous waste leakage in the hazardous goods warehouse to enhance emergency response capabilities of staff, so as to alleviate or eliminate the impact of the consequences.

5. Environmental self-monitoring program

√ Applicable □ N/A

Name of company or subsidiary	Environmental self-monitoring program
Jiaozuo Joincare	According to the self-monitoring requirements of the pollutant discharge license, Jiaozuo Joincare completed the preparation of the self-monitoring plan for wastewater and exhaust gas in 2024 at the beginning of the year, and carried out self-monitoring in accordance with the self-monitoring plan. As at the end of June, the self-monitoring of wastewater and exhaust gas for the first half of the year had been completed as planned.
Taitai Pharmaceutical	Wastewater was monitored quarterly; boiler exhaust gas and plant boundary noise were monitored annually; exhaust gases generated from technical process was monitored once semi-annually; Unorganized

	VOC emissions were tested semi-annually, online monitoring facilities of wastewater and boiler exhaust gas were additionally installed and functioning well.
Haibin Pharma	A third party is entrusted to conduct regular monitoring strictly in compliance with the relevant national laws and regulations and local requirements and ensure the accuracy, validity and authenticity of the monitoring data. Online wastewater monitoring equipment was installed and connected to environmental monitoring stations at municipal and district levels in accordance with environmental monitoring technical standards. Data was promptly uploaded on the national monitoring platform.
Xinxiang Haibin	A self-monitoring program was prepared, the annual self-monitoring of exhaust gas, wastewater and soil has been completed throughout the year in accordance with the pollutant discharge license.
Fuzhou Fuxing	According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》) and the Self-monitoring Technology Guidelines for Pollution Sources-Pharmaceutical Industry Fermentation Products Category (《排污单位自行监测技术指南发酵类制药工业》)(HJ 882-2017), the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Fuqing Environment Protection Bureau and Fuzhou Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirement of environmental assessment technical standards, which are connected to relevant environmental protection authorities and have passed the inspection and acceptance of the relevant environmental protection authorities. The automated monitoring equipment has been functioning properly and the monitoring information is accurate, valid and authentic. In May 2024, the works on leakage detection and repair (LDAR) of volatile organic compounds (VOCs) for the first half of 2024 were completed. Information publicity website: https://wryfb.fjemc.org.cn .
Livzon Xinbeijiang	According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》), the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Qingyuan Environment Protection Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements. The automated monitoring equipment for wastewater (COD, ammonia nitrogen, pH, flow) and waste gas (non-methane hydrocarbons) has been installed in accordance with the requirement of national regulations and environmental assessment technical standards, and the connection between online information and national development platform and Qingyuan municipal platform has been completed. Online monitoring equipment for wastewater and waste gas has passed the inspection and acceptance. The automated monitoring equipment has been functioning properly and the monitoring information is accurate, valid and authentic. In accordance with the requirements of the specification, a qualified third party is hired to conduct LDAR every six months for workshops. Xinbeijiang Pharma entrusts a qualified professional third-party testing company to test the wastewater, waste gas and noise in the plant area every year in accordance with the project and frequency requirements of the self-monitoring program, and the test results in the first half of 2024 are up to standard.
Livzon Hecheng	Through self-monitoring, the requirements under the Technical Specification for Application and Issuance of Pollutant Permit Pharmacy Industry-Active Pharmaceutical Ingredient Manufacturing (《排污许可证申请与核发技术规范制药工业-原料药制造》)(HJ858.1-2017) were strictly implemented, and the monitoring and analysis instruments were examined and calibrated in strict compliance with relevant provisions. The automated monitoring equipment was installed in accordance with the requirements of environmental assessment technical standards, while online monitoring equipment for non-methane hydrocarbons, COD, ammonia nitrogen, pH level and total nitrogen were installed and connected with the national development platform as required. In 2024, a third party was entrusted to conduct LDAR inspection, discharge outlet inspection, factory boundary noise monitoring and soil inspection on a regular basis, and the inspection results were all up to the standard.
Gutian Fuxing	According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation)

	<p>(《国家重点监控企业自行监测及信息公开办法(试行)》), the company has completed the establishment of the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with Ningde Ecology and Environment Bureau and Ningde Gutian Ecology and Environment Bureau. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods; the monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements; the automated monitoring equipment has been installed in accordance with the requirements of environmental assessment technical standards, connected to the network of competent environmental protection authorities and passed the acceptance inspection conducted by the competent environmental protection authorities. The automated monitoring equipment was sound, and the monitoring information was accurate, valid and authentic. In April 2024, a qualified third party was engaged to complete the leakage detection and repair (LDAR) work of volatile organic compounds and relevant reports were obtained. Soil and groundwater self-monitoring was completed in November 2023. The monitoring results was recorded in the Qinqing service platform (亲清服务平台). Information publicity website: http://wryfb.fjmc.org.cn.</p>
Livzon Limin	<p>An entity with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. By considering its own specific conditions, the company appointed the inspection party to carry out water pollutant detection monitoring every quarter, boiler waste gas monitoring every month and R&D Center VOCs waste gas monitoring every six months, each time the monitoring would be conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data. The online monitoring equipment for COD and ammonia nitrogen in water passed the acceptance inspection and the equipment was put into operation in January 2021, and it will perform monitoring every 2 hours. Data should be completed and filed to the Pollutant Source Sharing Data Platform of the Shaoguan Municipal Ecology and Environment Bureau on a timely basis, and the relevant data would be announced to the public after being reviewed by the Shaoguan Municipal Ecology and Environment Bureau.</p>
Livzon Pharmaceutical Factory	<p>Inspection party with national qualification on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. By considering its own specific conditions, the company appointed the inspection party to carry out monitoring on wastewater and waste gas every month, each time the monitoring would be conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data. The installation and commissioning of the online sewage monitoring equipment was completed and it was put into use at the beginning of 2021. All test indicators were normal in 2024.</p>
Ningxia Pharma	<p>The company formulated the self-monitoring program, which was reviewed by and filed with Shizuishan Municipal Ecology and Environment Bureau. Monthly and quarterly monitoring was carried out strictly in accordance with the requirements of the program, which focused primarily on organized air emissions, air emissions from boilers, wastewater, underground water, soil, diffusive environmental air, noise and recycled water TOC at plant boundary. The monitoring results would be announced to the public through the System of National Pollution Sources Monitoring Information Management and Sharing (《全国污染源监测数据管理与共享系统》) and the System of Self-monitoring Information Open Platform for Enterprises in Shizuishan (《石嘴山市企业自行监测信息公开平台系统》). From September 2023, in accordance with the requirements of the Environmental Protection Bureau, the monthly detection of heavy metal pollution factors in the exhaust gas of hazardous waste from boiler incineration has been increased. The leakage detection and repair (LDAR) work of volatile organic compounds was carried out. The automated monitoring equipment passed the inspection and acceptance conducted by the competent environmental protection authority and connected to the network of the competent environmental protection authority. The automated monitoring equipment was sound, and the monitoring data was accurate, valid and authentic. In the first half of 2024, the company carried out self-monitoring and leakage detection and repair (LDAR) work as required.</p>
Jiaozuo Hecheng	<p>According to the relevant requirements of the Measures for Self-Monitoring and Information Disclosure by Enterprises subject to Intensive Monitoring and Control of the State (Trial Implementation) (《国家重点监控企业自行监测及信息公开办法(试行)》), the company implemented and completed the self-monitoring program based on its own situation in a timely manner and made the program available to the public after being examined by and filed with relevant competent environmental protection authorities. The analysis methods of the monitoring program comply with the national environmental monitoring technical standards and methods. The monitoring and analysis instruments have been examined and calibrated in strict compliance with the relevant national requirements. The leakage</p>

	<p>detection and repair (LDAR) of volatile organic compounds for the first half of 2024 was completed in May 2024. At the request of Livzon Group, the leakage detection of natural gas pipelines was also carried out, and a test report was issued. The inspection of equipment and facilities such as solvent pipes and flanges in the workshop was conducted and maintenance and rectification were carried out on the places where there was leakage. According to the requirements of environmental testing technical specifications, the company has installed online automatic sewage monitoring equipment, and also installed online monitoring equipment for COD, ammonia nitrogen, pH value, flow rate and total nitrogen, which were connected to the Guofa platform (国发平台) as required. The company has installed non-methane hydrocarbon online monitoring equipment for waste gas. The company carried out regular monitoring in strict compliance with the requirements of the established self-monitoring scheme every year, which focused primarily on organized emissions of waste gas, wastewater, diffusive environmental air and noise at plant boundary.</p>
Shanghai Livzon	<p>In accordance with the relevant requirements of the Self-Monitoring Technology Guidelines for Pollution Sources—General Rule (《排污单位自行监测技术指南总则》) (HJ 819-2017) and the pollutant discharge license, the company organized self-monitoring and information disclosure of the pollutants it has discharged, and formulated the self-monitoring program. In 2024, the company monitors main air emission outlets once a month, common discharge outlets once half a year, noise once every quarter and wastewater once a month. The monitoring items and frequency shall meet the requirements of the pollutant discharge license. The other three enterprises in the park and the third-party sewage treatment company in the park enter into an agreement to install an online monitoring comparator at the main discharge outlet for effective monitoring of sewage discharge.</p>
Livzon MAB	<p>The company entrusted an agency with national testing qualifications to carry out monitoring in strict compliance with relevant national laws, regulations and standards. By considering its own specific conditions, the company entrusted the inspection party to carry out monitoring on wastewater and waste gas on a regular basis in accordance with the requirements of the implementation plan of the pollutant discharge permit, and each time the monitoring was conducted strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data.</p>

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

Applicable N/A

7. Other environmental information to be disclosed

Applicable N/A

In January 2024, Jiaozuo Joincare disclosed its relevant environmental information in 2023 according to the requirements of the Measures for the Administration of the Law-based Disclosure of Environmental Information by Enterprises (《企业环境信息依法披露管理办法》).

The relevant environmental information was disclosed on the National Pollutant Discharge Permit Management Information Platform the National Pollution Source Monitoring Data Management and Sharing Platform. The annual environmental information disclosure report was prepared on the Green Development Service Platform of the Department of Ecology and Environment of Guangdong Province.

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

Applicable N/A

The Company's other subsidiaries strictly implemented and obeyed the Environmental Protection Law of the People's Republic of China, Cleaner Production Law of the People's Republic of China and other environmental protection and safe production laws and regulations. They constantly increased investment in environmental protection, continuously invested in energy conservation and consumption reduction projects, actively promoted cleaner production, improved comprehensive utilization efficiency

of resources, and reduced and avoided pollutants so as to ensure mental and physical health of employees and the coordinated and sustainable development of economic, environmental and social benefits.

1. Administrative penalties imposed for environmental issues

Applicable N/A

2. Other environmental information disclosed in accordance with the standards for key pollutant discharge units

Applicable N/A

3. Reason for non-disclosure of other environmental information

Applicable N/A

(III) Statement on subsequent progress or change in environmental information disclosed during the Reporting Period

Applicable N/A

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

Applicable N/A

Name of company	Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities
Jiaozuo Joincare	LDAR (leak detection and repair) for the first half of 2024 was completed. Carbon emission verification for the year 2023 was completed.
Taitai Pharmaceutical	Carbon emission verification for the year 2023 was completed. The Company was included in the positive list of enterprises for law enforcement by the Nanshan Management Bureau of the Municipal Department of Ecology and Environment.
Haibin Pharma	The water production process was optimized to reduce the discharge volume of concentrated water, thereby saving the consumption of tap water. 500 tons of tap water can be saved per month.
Xinxiang Haibin	LDAR (leak detection and repair) for the first half of the year 2024 was completed. Publicly commit to and fulfill environmental obligations other than those stipulated by law; Voluntarily purchase environmental pollution liability insurance not within the scope of compulsory insurance; Declare and pay environmental protection tax as required; Reduce emissions on the basis of meeting emission standards; Participate in and pass relevant national environmental protection certifications.
Joincare Haibin	All industrial wastewater was collected, treated by the wastewater station and reused for replenishing water for cooling tower after meeting the standards, so as to realize zero discharge of wastewater.
Fuzhou Fuxing	The leak detection and repair (LDAR) of volatile organic compounds (VOCs) for the first half of the year 2024 was completed; the environmental impact assessment reports on Glamiphene, Cyclosporin, Aluminum Sulfate, and Aluminum Ammonium Sulfate are being prepared. The monthly and quarterly self-monitoring on wastewater, waste gas and noise was completed as required in the first half of the year 2024. The detection results met the emission standards. Qualified companies were engaged for the compliant disposal of hazardous waste to reduce the risk of environmental pollution. A set of acidification pool waste gas treatment facilities was increased to ensure the emission of waste gas in compliance with the standards; a set of fermentation waste gas cooling facilities was increased to enhance the waste gas treatment efficiency and reduce the emission of waste gas pollutants. The preparation of clean production audit report was completed and the assessment opinion on the audit report was obtained.
Livzon Xinbeijiang	1. The leak detection and repair (LDAR) work was completed as required to reduce unorganized emission of VOCs; 2. The tube perforation of MVR's 3-effect evaporator caused the leakage of sugar water, so the MVR 3-effect evaporator was replaced, which increased the sugar water evaporation efficiency from 7.5 tons to 9.5 tons, and saved the electricity for sugar water evaporation and concentration by approximately 30,000 kWh / month;

	<p>3. The Company replaced the RTO rapid cooling tower and checked the abnormal exhaust of RTO, and repaired the corroded and perforated inlet chamber so as to prevent highly concentrated inlet gas from entering the outlet chamber, reduce the emission concentration of VOCs and reduce the emissions of VOCs;</p> <p>4. The old exhaust gas spray tower on the second refinery division was replaced to ensure effective treatment of the exhaust gas in workshops.</p> <p>5. The self-monitoring plan for the first half of the year 2024 was completed and the testing results of wastewater, exhaust gas and noise met the emission standards.</p> <p>6. A qualified third party was entrusted to dispose of the waste in compliance with laws and regulations, with the compliant disposal rate of 100%.</p>
Livzon Hecheng	<p>Two rounds of LDAR detection and repair were completed in the first half of 2024 to reduce unorganized emission of VOCs; the new RTO equipment operated normally and the emission of exhaust gas met the standards; replacement and upgrading of treatment facilities for exhaust gases generated from technical processes of Workshops 106 and 202 were completed; new MBR membrane facilities were increased, and wastewater treatment systems were under stable operation and the discharge was within the emission standards; qualified units were entrusted to treat hazardous waste with a compliant treatment rate of 100%. The self-monitoring plan was completed and environmental responsibilities were fulfilled as required. In 2023, the Company was rated as a green factory by the Ministry of Industry and Information Technology.</p>
Gutian Fuxing	<p>The leak detection and repair (LDAR) of volatile organic compounds (VOCs) for 2023 was completed and a report was obtained; cover and sealing were added to pools with high concentration and primary sedimentation pools for sewage treatment and waste gas was collected and treated so as to avoid odor emit; HV frame was replaced in the sewage treatment workshop; water content of sludge was reduced; total volume of sludge was reduced; sludge generated was entrusted to qualified units for treatment; the collection, recovery and treatment of VOCs were completed and online monitoring facilities were installed and put into operation to reduce unorganized emission of VOCs; and the entrusted testing of wastewater, waste gas, soil and groundwater for 2023 was completed, with the results showing they all met standards. The construction of the 12-ton biomass boiler and the upgrading and reconstruction of boiler tail gas treatment facilities were completed. The efficient exhaust gas treatment facilities with “SNCR denitration + cyclone dust removal + dry desulfurization + cloth bag dust removal + wet desulfurization” were adopted. Hazardous waste was entrusted to qualified companies for compliant treatment to reduce the risk of environmental pollution.</p>
Livzon Limin	<p>1. Pollutants were discharged according to the standards in the pollutant discharge license and the annual self-monitoring plan for pollutant discharge was formulated; a third-party environmental detection company was entrusted to conduct regular environmental test on the factory. Test results showed that there was no excessive discharge from January to June 2024;</p> <p>2. Facilities and equipment at waste water treatment stations were regularly maintained to ensure stable operation of the wastewater treatment system and compliance with the discharge standards. The compliance rate of wastewater discharge from January to June 2024 is 100%;</p> <p>3. Post-treated up-to-standard wastewater was used for watering flowers, trees and grass in the factory in three lines. The recycling of wastewater in 2024 was 1220 tons;</p> <p>4. Soil testing and underground water testing were carried out on hazardous waste warehouses and the test results were in line with the standards;</p> <p>5. Identification and updating of environmental factors were carried out in the whole factory. A total of 3610 environmental factors were identified, including 2679 general environmental factors and 931 key environmental factors;</p> <p>6. Comprehensive emergency response drills were conducted to effectively enhance the environmental pollution emergency response capability.</p>
Livzon Pharmaceutical Factory	<p>Livzon Pharmaceutical Factory effectively collected and treated the “Three Wastes”. For wastewater: an investment of over RMB10 million was made for phase I and phase II sewage treatment station with a designed treatment capacity of 1,000t/d, which adopted the CASS process for phase I and the A/O process for phase II, and the indicators of treated sewage were about 50% of standard limit, which was discharged through the municipal pipeline network into sewage treatment plants. For waste gas: currently, the Company uses the purchased steam and takes the boilers as backups, greatly reducing the emission of exhaust gas (sulfur dioxide and nitrogen oxides). The exhaust gas from the wastewater station is treated by a biological deodorization tower, which is a combined odor treatment equipment and consists of three areas, namely biochemical area, physical and chemical area and adsorption area. Biological deodorization in the biochemical area mainly uses microorganisms to remove odor, where odorous substances are</p>

	transformed through the physiological metabolism of microorganisms. As such, the target pollutants can be effectively decomposed and removed to achieve the control of exhaust gas.
Ningxia Pharma	<p>1. Optimization and improvement of equipment and facilities: The Company suspended the use of the wastewater treatment system of the former Xinbeijiang to reduce sources of odor gas; conducted comprehensive washing and maintenance of the spraying towers of the current 9 sets (30) exhaust gas treatment facilities; replaced DN300 drainage pipes with a length of nearly 1,000 meters; resealed the water-sealing groove of the cover plate of the sedimentation tank, replaced the original fan with air collection volume of 3000m³/h with a fan with air collection volume of 10,000m³/h, and changed the DN80 collection pipes with DN200 ones; and added a new set of waste gas collection facility in the mud press room, which include a 100-meter DN600 collection pipe, a fan with air collection volume of 35,000m³/h and other supporting facilities. The Company improved and maintained the exhaust gas treatment facilities for drying tryptophan products and renovated the exhaust gas discharge outlets; increased anti-leakage cofferdams for some outdoor storage tanks; and added a new set of exhaust gas treatment facilities for new products at Workshop 202, including all kinds of new pipelines, fans and dust collectors and other supporting facilities.</p> <p>2. Compliance procedures: The Company obtained the recognition as a green factory from Ningxia Hui Autonomous Region; obtained the rating as a “green card” enterprise in the appraisal on the environment and credit of enterprises in Ningxia Hui Autonomous Region for 2023; obtained the honor of an outstanding enterprise in pollutants treatment in Pingluo county in 2022; entrusted a third party to conduct repair, maintenance and operation of online monitoring equipment on VOCs in the exhaust gas from the RTO; completed LDAR leak detection and repair as required; and completed the standardized system reports relating to self-inspection, environmental statistics, pollutant discharge permits, and new sources of chemical substance pollution. The Company has completed: the environmental compliance procedures related to phenylalanine mother liquor and lovastatin concentrated waste liquid as raw materials of organic fertilizers; the hazardous waste identification of sludge and lovastatin bacteria residue; the environmental acceptance upon completion for the phenylalanine production capacity expansion project; the project establishment and environmental impact assessment procedures for tryptophan and isoleucine project; the environmental impact assessment procedures for the new product Demeclocycline Hydrochloride; change of pollutant discharge license (entry of new products), etc.</p>
Jiaozuo Hecheng	<p>The “Three Wastes” were collected and treated effectively in strict compliance with the “Three Simultaneous” system. The designed sewage treatment capacity was 3,000t/d, the treatment process of “hydrolytic acidification tank + anaerobic UASB + aerobic pool + materialized treatment” was adopted, and the treated wastewater would be discharged through the municipal pipeline network into the sewage treatment plant of Xiuwu Branch of Kangda Water Co., Ltd. (康达水务有限公司修武分公司). The sewage treatment facilities were under normal operation with compliant discharge. In 2024, an Operation and Maintenance Contract on the Online Continuous Monitoring System for Water Quality was signed with Jiaozuo Lansheng Environmental Technology Service Co., Ltd. (焦作市蓝晟环保技术服务有限公司). Exhaust gas: In 2024, high- and low-concentration waste gases in the workshop were classified and treated separately to reduce the treatment load of the activated carbon equipment and improve the treatment efficiency. The treatment process of high-concentration waste gas is “spraying + activated carbon + spraying + RTO incinerator equipment” and “-20°C condensation + dichloro films + spraying + activated carbon + spraying + RTO incineration”, while the treatment process of low-concentration waste gas is “two-level spraying + RTO incineration”. Biogas pipelines were increased in RTO, biogas was used as the RTO fuel, and interaction and switchover with the original natural gas pipelines were realized to reduce natural gas consumption. Solid waste and hazardous waste would be stored in the hazardous waste station constructed in compliance with the requirements of “Three Protections” (protection against leaks, erosion and rain) according to the requirements under the (Pilot) Guidelines for Standardized Management of Hazardous Waste in Henan Province (《河南省危险废物规范化管理工作指南(试行)》) for hazardous waste. In 2024, the Company entered into hazardous waste disposal contracts with qualified companies including the Hazardous Waste Disposal Contract for Waste Filter Cardboards with Qinyang Jinyu Jidong Environmental Protection Technology Co., Ltd. (沁阳金隅冀东环保科技有限公司), the Hazardous Waste Disposal Contract for Distillation Residue, Laboratory Waste Liquid and Waste Activated Carbon with Sanmenxia Zhongdan Environmental Protection Technology Co., Ltd. (三门峡中丹环保科技有限公司) and the Hazardous Waste Disposal Contract for Waste Mineral Oil with Henan Jiexiang New Energy Technology Co., Ltd. (河南嘉祥新能源科技有限公司). In January 2024, the Company entered into the Self-Monitoring and Automatic Monitoring Equipment Comparison Contract with Henan Chenjie</p>

	<p>Inspection Technology Co., Ltd. (河南晨颀检验技术有限公司) to monitor the discharge outlets of the Company on a regular basis.</p> <p>The renewal of the national pollutant discharge license was completed in May 2024, and the license has been issued by the Municipal Department of Ecology and Environment. Various environmental protection policies were strictly observed and various management tasks were implemented. In 2024, the Company carried out self-inspection in accordance with the Technical Specifications for Control of Unorganized Emission of Air Pollutants in Jiaozuo. Clean production audit was carried out in March 2023, and the final meeting was held on 4 January 2024 to complete clean production audit.</p>
Shanghai Livzon	<p>The Company discharged pollutants in strict accordance with the emission standards stated in the Pollutant Discharge License. An annual self-monitoring plan for pollutant discharge was formulated at the beginning of the year and implemented accordingly. A quarterly implementation report on the pollutant discharge license was completed, and no violation of laws or regulations was found. Meanwhile, the Company strengthened daily supervision on the operation of waste gas treatment facilities and wastewater treatment stations, and entrusted a third party to conduct monthly monitoring on the discharge of waste gas and wastewater to ensure the effective operation of equipment and facilities and the discharge of wastewater and waste gas in compliance with standards.</p> <p>In the first half of 2024, hazardous waste was entrusted to Shanghai Julang Environmental Protection Co., Ltd. (上海巨浪环保有限公司) and Shanghai Yimao Environmental Technology Co., Ltd. (上海奕茂环境科技有限公司) for treatment; general solid waste was entrusted to Shanghai Laicheng Industrial Co., Ltd. (上海来程实业有限公司) for treatment; highly toxic substances were entrusted to Shanghai Tianhan Environmental Resources Co., Ltd. (上海天汉环境资源有限公司) for disposal.</p> <p>The Company maintained the fan of exhaust pipes and replaced the activated carbon of exhaust pipes to ensure the effective operation of the exhaust gas emission facilities.</p>
Livzon MAB	<p>The Company entrusted a qualified third party CTI to test the wastewater and waste gas according to the requirements of the pollutant discharge license, and entrusted a qualified entity, Doumen Yongxingsheng Environmental Protection, Co., Ltd. under Dongjiang Environmental Protection (东江环保斗门永兴盛环保公司), to dispose of hazardous wastes in accordance with the regulations, so as to reduce the risk of environmental pollution. The Company carried out the environmental impact assessment on the new workshop according to the requirements of “Three Simultaneities” for construction of workshops newly built, rebuilt and expanded. The production and R&D sewage was uniformly discharged into the sewage station of Livzon Pharmaceutical Factory in Livzon Industrial Park for treatment and discharge up to the standard.</p>
Livzon Diagnostics	<p>Wastewater: An entity with national qualifications on inspection was engaged to conduct monitoring strictly in compliance with the relevant national laws and regulations and standards. The testing party carried out routine environmental monitoring on chemical oxygen demand, ammonia nitrogen, suspended solids and other indicators on water quality. The testing is carried out on a quarterly basis with every monitoring strictly in compliance with the relevant national requirements to ensure the accuracy, validity and authenticity of the monitoring data and meeting the discharge standards in the first half of the year.</p> <p>Exhaust gas and noise: An entity was engaged to conduct a test on exhaust gas and noise at the factory boundary each year and the monitoring data was accurate, valid and authentic and met the emission standards.</p> <p>Solid waste (including hazardous waste): Solid waste was collected in compliance with regulations, and a qualified third party was engaged for disposal. The platform was filed for validation.</p> <p>Environmental impact assessment and acceptance were conducted for newly built, rebuilt and expanded workshops, and emergency response plans were prepared and filed for sudden environmental incidents.</p>

(V) Measures for carbon emission reduction and effect during the reporting period

√Applicable □N/A

Name of company or subsidiary	Measures for carbon emission reduction and effect during the reporting period
Jiaozuo Joincare	<p>1. 4,000m³/d biogas treatment project</p> <p>Jiaozuo Joincare’s “4000m³/d biogas treatment project” utilized the purified biogas, which was generated from the anaerobic work section of the industrial wastewater workshop, as the incineration heat source of the RTO equipment, and the project was put into operation in January 2024.</p> <p>The anaerobic work section of the industrial wastewater workshop generates about 3,500m³ of biogas</p>

	<p>per day, with the hydrogen sulfide content of 20,000-60,000mg/m³ and the chloride content of 10,000mg/m³, which was previously discharged directly after combustion through a burner. To better utilize energy, a new 4,000m³/d biogas desulphurization and dechlorination facility was built to purify the biogas and replace the natural gas to serve as a heat source of RTO equipment. The total investment of the project is RMB1.79 million.</p> <p>After the completion of the project, it can meet the heat source demand of two RTOs from Jiaozuo Joincare and Jiaozuo Livzon. An energy cost of more than RMB1.50 million can be saved every year by using biogas instead of natural gas.</p> <p>2. Waste heat recovery project from air compressors in power workshops</p> <p>Jiaozuo Joincare's "waste heat recovery project from air compressors in power workshops" uses the heat generated by compressed air through after heat exchange to produce hot water for use in the production workshops, and the project has been put into operation in June 2024.</p> <p>The temperature of compressed air from air compressors in power workshops will reach around 108°C. When used in the workshop, the air temperature needs to be reduced to 30 °C ~ 40 °C. Such air cooling needs to consume a large amount of cooling water, which also causes a large amount of heat dissipation. In order to collect and make use of the dissipated heat, the Company increased three sets of heat recovery units, which can produce hot water for the workshop after heat exchange and replace the hot water produced by the workshop using the steam heating method. It can save about 80 tons of steam per day and about more than RMB3 million per year.</p>
Taitai Pharmaceutical	<ol style="list-style-type: none"> 1. Lighting facilities in the park were replaced with LED lamps in response to the call of the municipal government, with significant energy-saving effect; 2. In response to the energy-saving call of the municipal government, the Company replaced high-power motors in the factory with energy-efficient motors and installed frequency conversion devices to achieve the maximum energy-saving effect; 3. Employees were organized to learn energy conservation knowledge so as to achieve energy conservation and emission reduction in routine work by turning off lamps and cutting off machines after work.
Haibin Pharma	Steam pipelines were renovated for reuse of waste heat to reduce carbon emissions by 660 tons per year.
Xinxiang Haibin	New electric forklifts were purchased to reduce the use of fuel forklifts.
Joincare Haibin	New standard energy-saving equipment was purchased, and pure electric vehicles were used to reduce the use of fuel vehicles.
Fuzhou Fuxing	Used photovoltaic power generation to reduce power consumption; upgraded the three-phase asynchronous motors and frequency converters of the original operating fermentation tanks to permanent magnet vertical direct-drive motors and supporting automatic control systems, achieving a power saving rate of around 16%, and effectively reducing energy consumption; replaced 8 high-energy-consuming, low-efficiency water pump equipment, and reasonably selected high-efficiency energy-saving water pumps and energy-saving motors based on actual operating conditions, achieving a power saving rate of over 20%; vigorously promoted energy conservation and consumption reduction, and called on employees to realize the concept of "turning off lights, air conditioners and computers before leaving office" during their daily work.
Livzon Xinbeijiang	Used photovoltaic power generation to reduce power consumption. Replaced the original Roots blower with a magnetic levitation blower. Compared to traditional blowers, the new magnetic levitation blower is more energy-efficient due to the absence of mechanical friction. Replaced the existing 8-ton old boiler with a new low-nitrogen 3-ton boiler to improve the efficiency of natural gas utilization and reduce natural gas consumption. Launched a waste heat recovery project for air compressors, using technological modifications to utilize the waste heat from air compressors to heat the boiler soft water, and replacing the original steam heating method for soft water, thus reducing the consumption of steam and natural gas. Used LED lights to reduce power consumption, and raising employees' awareness in power conservation and safety; promoted to set the temperature of the air conditioner to not lower than 26°C; promoted green travels, encouraged the use of public transportation when going out to work, and set up shuttle buses to transport employees to and from work thereby reducing the use of private cars.
Livzon Hecheng	Upgraded the sewage treatment process from the CASS (Cyclic Activated Sludge System) process to the MBR (Membrane Bioreactor) process to reduce energy consumption for sewage treatment. It is estimated that this will save 700,000 kWh of electricity annually. The existing boiler was replaced with a new one, which is equipped with an additional waste heat recovery system to reduce energy consumption through waste heat recovery. Replaced sewage treatment Roots blowers in the environmental protection

	center with magnetic levitation blowers with an energy saving rate of about 30%, saving about 0.21 million kWh of electricity consumption per year; called on all employees of the factory to respond to electricity conservation, turn off lights and air conditioners before leaving office, and limited the minimum temperature of air conditioners; promoted green travel, encouraged the use of public transportation when going out to work, and set up shuttle buses to transport employees to and from work.
Gutian Fuxing	Installed 4 air compressors with a capacity of 130 m ³ /min to replace the original air compressor with high power consumption to reduce power consumption; replaced one chiller unit to reduce electricity consumption; replaced a 100 m ³ /min air suspension blower and three 55KW Roots air compressors to reduce power consumption and on-site noise; called on all employees to “save every drop of water, save every kilowatt of electricity”, so that the lights are turned off and the equipment is powered off before leaving office.
Livzon Limin	1. Installed an online remote automatic data monitoring system in the boiler room to analyze and judge the instantaneous flow rate monitoring of the flowmeter in the boiler room, checked whether the steam traps and exhaust valves in the factory were in sound condition, and thereby reduced the waste of steam. The average steam loss in the public pipelines of the factory was 15.6%. The steam loss was reduced to 11% via the relevant renovation of steam pipelines and it was expected that 1,242 tons of steam could be saved thereby; 2. The steam pipelines in the animal room of the R&D center were re-insulated and the steam traps were remodeled to prevent the occurrence of long-time steam exhaust due to the failure of water valves; 3. In the first and second traditional Chinese medicine extraction workshops, a total of 23 drainage devices were added to all condensate drainage pipelines with steam heating equipment to realize automatic drainage and improve the utilization rate of steam. It was expected that approximately 100 tons of steam could be saved thereby per year; in the first and second traditional Chinese medicine extraction workshops, the cooling method of purified water circulation system was changed from cooling by drinking water to cooling by recycled chilled water in order to reduce the consumption of drinking water. It was expected that the consumption of water could be thereby reduced by approximately 3,000 tons per year; 4. In the first traditional Chinese medicine extraction workshop, the existing n-butanol recovery SOP was improved and refined and the powder collection amount of Panax Notoginsenosides-XST was enhanced with an aim to reduce the unit consumption of n-butanol. Based on a production of 20 batches per year, approximately RMB24,800 could be saved per year.
Livzon Pharmaceutical Factory	Carried out low-nitrogen transformation for boilers to reduce nitrogen oxide emissions; by modifying the compressor, the heat from compression is recovered and reused in the form of hot water, and the recovered heat is used in the hot water circulation system, replacing the original steam heating method for heating the hot water circulation. The energy recovery efficiency can reach up to 90%, saving approximately 210 tons of steam annually. Deployed an efficient chiller plant control system, scientifically guided the rational allocation of resources while ensuring product quality and production safety to meet the management needs at multiple levels of the chiller plant system, and optimized the energy efficiency of the central air-conditioning system, saving approximately 900,000 kWh of electricity annually. Regularly switched on and off the air conditioners in QC, warehouses and other departments according to their needs, which could save about 700 kWh of electricity per day; further strengthened the energy-saving management of functional departments, and advocated employees to turn off the lights during the lunch break, and encouraged them to turn off the lights and shut down their computers when they leave their seats and the office to save electricity.
Ningxia Pharma	By installing new waste heat recovery equipment, the heat generated during the operation of the air compressor is recovered and used to heat water for dormitory and office area heating, as well as the hot water system in 201 workshop, and replacing the original steam-heated water for heating and the workshop hot water system, approximately 11,000 tons of steam can be saved annually. Replaced the original 4 ordinary circulating water pumps in the 103 fermentation workshop with high-efficiency energy-saving pumps, achieving power savings, and saving approximately 1,040,000 kWh of electricity annually. By adding a new high-efficiency air compressor with an air volume of 600 m ³ / min and power ≤1,800 kW to replace the existing two air compressors with a total air volume of 600 m ³ /min and power of 2,200 kW, approximately 400 kWh of electricity can be saved per hour. The recycling test of solid waste (slag, sludge) was completed and solid waste would no longer be landfilled when relevant facilities were put into use.
Jiaozuo Hecheng	Collected and reused steam condense to reduce steam consumption, so as to reduce carbon emissions; replaced the cooling tower packing in the circulating cooling tower workshop to reduce equipment running time and improve cooling efficiency, saving approximately 114,000 kWh of electricity annually. changed the packaging equipment to automatic packaging to improve production efficiency; vigorously promoted energy saving and consumption reduction internally, called on all employees to “save every drop of water,

	save every kilowatt of electricity”, and uniformly managed the paint in the workshop to eliminate waste; replaced the steam pipeline with the latest drainage valve to replace the old drainage valve to prevent additional steam consumption caused by steam leakage and reduce steam usage. Installed additional mirrors behind the steam pipeline drainage valves to observe whether there is steam loss; led the steam condense to the production auxiliary system of the hot water tank and the crystallization tank to reduce the use of steam; changed the lighting in the common areas of the workshop, corridors, etc. to sound- or light-controlled switches and gradually replaced the workshop lighting with LED lights; gradually replaced high energy consuming equipment and facilities in workshops with low energy consuming or automated interlocking devices.
Shanghai Livzon	Further strengthened the daily energy-saving management according to the established energy-saving plan, effectively improved the energy-saving awareness of employees through inspection, publicity and other means, and cultivated good habit of saving water and electricity among employees; optimized the peptide splicing process, increased the peptide splicing yield by more than 10%, thus reducing the power consumption per unit of product; transformed the solid preparation workshop into the powder injection workshop which produces less waste and conserves electricity; while comfortable air conditioning unit (cooling) utilized the chilled water unit in the power room, the multi-expansion air conditioning unit was placed outdoors to use air cooling, saving cooling capacity and reducing energy consumption. In order to reduce the air emission concentration and VOCs emissions, double-stage activated carbon was installed to the No. 4 exhaust funnel. After one more step of treatment, both the air emission concentration and the VOCs emissions could be reduced. In order to improve the efficiency of pure water production, the pure water equipment was replaced.
Livzon MAB	Formulated energy-saving and emission reduction measures in accordance with the ESG targets of the Company and made reasonable use of recycled wastewater; introduced purchased steam to reduce steam consumption effectively. Effectively improved the energy-saving awareness of employees through inspection, publicity and other means, and cultivated good habit of saving water and electricity among employees; used LED lights to reduce electricity consumption, and encouraged employees to turn off lights and computers to save electricity before leaving office. Set up shuttle buses to transport employees to and from work.

II Consolidation and expansion of achievements in poverty alleviation and rural revitalization

√Applicable □N/A

1. Industrial revitalization

The Company fully implements the spirit of the important instructions put forward by the CPC Central Committee and the General Secretary. In accordance with the relevant requirements, we have established and implemented the plan of “Astragalus Root (黄芪) Industry Revitalization” and adopted the model of “Company + Base” and “Company + Professional Cooperative + Planters”, encouraging locals to cultivate and process astragalus root and develop the astragalus root industry with reference to the local conditions to make it a pillar industry for poverty relief in the long-term. The Company will explore the development of the featured astragalus root industry to achieve poverty elimination and promote the construction of the “Chinese Medicine Ecological Base”.

“Astragalus Root (黄芪) Industry Revitalization” has been in place since 2017. Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源药材有限公司) (“Datong Livzon”), a controlling subsidiary of the Company, has established planting bases in Hunyuan County, Tianzhen County and Yanggao County of Datong City in Shanxi Province and Zizhou County of Yulin City in Shaanxi Province, respectively. During the Reporting Period, Datong Livzon renewed cooperation agreements with 8 cooperatives to continue jointly building astragalus root planting bases in accordance with production requirements of GAP and future development needs, thereby promoting the economic development of the corresponding areas in Datong, Shanxi and Yulin, Shaanxi. At present, all co-built bases of Datong Livzon

have been incorporated into the traditional Chinese medicinal materials GAP Production Management Traceability System of Livzon Group Limin Pharmaceutical Manufacturing Factory, and have passed the Guangdong Province traditional Chinese medicinal materials GAP extension inspection.

2. Access to public welfare for chronic diseases prevention and treatment

In order to respond positively to the call of national policy, the Company have cooperated and launched the “Public Welfare Program for Prevention and Treatment of Chronic Diseases (普惠慢病防治公益项目)” by combining their own industrial advantages. The program mainly targets at common chronic diseases such as hypertension, hyperlipidemia, cardiovascular and cerebrovascular diseases, and donates treatment drugs to remote areas, including Pravastatin Capsules (普伐他汀钠胶囊), Amlodipine Besylate Capsules (苯磺酸氨氯地平胶囊), Valsartan Capsules (缬沙坦胶囊), and Isosorbide Mononitrate Tablets (单硝酸异山梨酯片), etc., which can really help families with patients in remote areas, make it convenient for patients in the regions to take drugs nearby, improve the public’s awareness of chronic disease management, help the families with patients to alleviate medical pressures, facilitate the promotion and implementation of local general practitioner services, and provide timely assistance. Based on actual conditions, we also provide assistance for low-income families with patients in remote regions, which facilitates the local rural revitalization.

Since late 2018 onwards, with the support from local governments and the relevant competent authorities, the “Public Welfare Program for Prevention and Treatment of Chronic Diseases” was smoothly implemented successively in the areas including Chaotian District of Guangyuan City, Songpan County of Ngawa Tibetan and Qiang Autonomous Prefecture, Jinkouhe District of Leshan City, Jiange County and Pingwu County in Sichuan Province, Hunyuan County, Guangling County and Lingqiu County of Datong City in Shanxi Province, Dongxiang County, Tianzhu County, Linze County, Shandan County and Huining County in Gansu Province, Xianghai national nature reservation in Jilin Province, Macun District of Jiaozuo City in Henan Province, Huangshan District of Huangshan City in Anhui Province, Suining County in Hunan Province, Fenyi County in Jiangxi Province, Zayu County and Bomi County in Xizang Autonomous Region, Kashgar in Xinjiang Uygur Autonomous Region, Balin Left Banner and Tuoketuo County in Inner Mongolia, Ziyuan County in Guangxi Zhuang Autonomous Region and Jiangshan City in Zhejiang Province. As at the End of the Reporting Period, the Company has donated drugs worth RMB1 million to low-income chronic patients in each of the abovementioned regions for the treatment of chronic diseases.

As at the End of the Reporting Period, there were a total of 28 agreements in relation to the Public Welfare Program for Prevention and Treatment of Chronic Diseases, among which 25 were remote areas needing assistance. These projects covered 9 provinces and 4 autonomous regions across the country, helping more than 20 thousand low-income patients with chronic diseases. In 2024, the Company plansto donate drugs to more areas in need.

Chapter 6 Major Events

I Fulfillment of undertakings

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

√Applicable □N/A

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

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

Note 2: Whereas the domestically listed foreign shares of Livzon Group, a controlled subsidiary of the Company, sought listing on the Main Board of the Stock Exchange of Hong Kong Limited, in order to fully ensure smooth completion of the said event and in compliance with relevant requirements of the Stock Exchange of Hong Kong Limited, the controlling shareholders, de facto controller of the Company and the Company entered into relevant undertakings with Livzon Group as follows: 1. The controlling shareholders, de facto controller and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group did not or would not be, directly or indirectly, engaged in any business that constituted competitive relation or potential competitive relation with drug research, development, production

and sale businesses (“Restricted Businesses”) of Livzon Group from time to time. For the avoidance of doubt, the scope of Restricted Businesses did not cover products that were researched, developed, manufactured and sold on the date of relevant letter of undertaking by the controlling shareholders and de facto controller of the Company, the Company and its controlled subsidiaries except for Livzon Group; 2. If any new business opportunity was found to constitute competitive relation with Restricted Businesses, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlling subsidiaries except for Livzon Group would inform Livzon Group in written form immediately and firstly provide Livzon Group with the business opportunity in accordance with reasonable and fair terms and conditions. If Livzon Group gave up the business opportunity, the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group may accept the business opportunity in accordance with the terms and conditions that were not superior to those offered to Livzon Group; 3. If assets and businesses that directly or indirectly constituted competitive relation and potential competitive relation with Restricted Businesses were intended to be transferred, sold, leased, licensed to use or otherwise transferred or allowed to use (these Sales and Transfers), the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group would provide the right of first refusal for Livzon Group under the same condition. If Livzon Group gave up the right of first refusal, the controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would carry out these Sales and Transfers to a third party in accordance with main terms that were not superior to those offered to Livzon Group; 4. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not be engaged in or involved in any business that might damage the interests of Livzon Group and other shareholders through the relation with shareholders of Livzon Group or the identity of shareholders of Livzon Group; 5. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group would not or cause its contact persons (except for Livzon Group) to directly or indirectly: (1) induce or attempt to induce any director, senior management or consultant of any member of Livzon Group to terminate his/her employment with or to be an employee or consultant of Livzon Group at any time (whichever is applicable), no matter if relevant acts of the person were against the Employment Contract or Consultancy Agreement (if applicable); (2) Within three years after any person terminated to be the director, senior management or consultant of any member of Livzon Group, employ the person who had or might have any confidentiality information or business secret in relation to Restricted Businesses (except for the director, senior management or consultant of the Company and/or its controlling subsidiaries except for Livzon Group on the date of issuance of relevant letter of undertaking); (3) Recruit or lobby any person carrying out business in any member of Livzon Group, accept orders, or carry out business separately, through any other person or as any person, firm, or manager, advisor, consultant, employee, agent or shareholder of any company (competitor of any member of Livzon Group), or lobby or persuade the person making transaction with Livzon Group or negotiating with Livzon Group on Restricted Businesses to terminate its transaction with Livzon Group or reduce its normal business volume with Livzon Group, or ask for more favorable transaction terms to any member of Livzon Group. 6. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and its controlled subsidiaries except for Livzon Group further undertook that: (1) They would allow and cause relevant contact persons (except for Livzon Group) to allow independent directors of Livzon Group to review if the Company and its controlled subsidiaries except for Livzon Group obeyed the Letter of Undertaking at least once a year; (2) They would provide all the data required for annual review and implementation of the Letter of Undertaking for independent directors of Livzon Group; (3) They would allow Livzon Group to disclose the decision on whether the controlling shareholders and de facto controllers of the Company, the Company and its controlled subsidiaries except for Livzon Group obeyed and implemented the Letter of Undertaking reviewed by independent directors of Livzon Group through the annual report or announcement; (4) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company (and its controlled subsidiaries except for Livzon Group) would provide Livzon Group with the Letter of Confirmation in relation to compliance with clauses of the Letter of Undertaking every year so as to be included in the

annual report of Livzon Group. 7. The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, and the Company promise that they would bear corresponding legal responsibility and consequence arising from violation of any clause by the Company (or the Company's controlled subsidiaries except for Livzon Group or its contact persons), starting from the date of issuance of relevant letter of undertaking. 8. The said undertakings would terminate in case of the following circumstances (whichever is earlier): (1) The controlling shareholders, de facto controllers and persons acting-in-concert of the Company, the Company and any of its controlled subsidiaries were not the controlling shareholders of Livzon Group anymore; (2) Livzon Group terminated the listing of its shares on the Hong Kong Stock Exchange and other overseas stock exchanges (except that shares of Livzon Group stopped to be traded temporarily for any reason).

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

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

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

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

II Non-operating use of funds by the controlling shareholder and their related parties during the reporting period

Applicable N/A

III Information on Illegal guarantees□Applicable N/A**IV Audit of interim report**□Applicable N/A**V Information on changes and handling of matters related to non-standard audit opinions in the annual report for the previous year**□Applicable N/A**VI Matters related to bankruptcy reorganization**□Applicable N/A**VII Material Litigation and Arbitration Matters**

□During the Reporting Period, the Company had material litigation and arbitration matters.

During the Reporting Period, the Company did not have any material litigation or arbitration matters.**VIII Information on punishment and rectification of the listed company and its directors, supervisors, senior management, controlling shareholders, and de facto controllers due to violations of laws and regulations**□Applicable N/A**IX Integrity of the Company and its controlling shareholders and de facto controllers during the Reporting Period**□Applicable N/A**X Substantial related transactions****(I) Related transactions in the ordinary course of business****1. Ad Hoc Announcements without progress or change in subsequent implementation**Applicable N/A

Overview	Query index
<p>Pursuant to the “Resolution on Related Transactions in the Ordinary Course of Business of the Controlling Subsidiaries of Jiaozuo Joincare and Jinguan Electric Power” considered and approved at the 38th Meeting of the 8th Session of the Board on 2 April 2024, Jiaozuo Joincare intended to purchase no more than RMB300 million (inclusive) of steam and power from Jinguan Electric Power in 2024 so as to satisfy the demands of Jiaozuo Joincare for steam and power in the process of production and operation. The proposal has been considered and approved at the special meeting of the independent directors of the Company, on which the Supervisory Committee of the Company has also expressed its relevant audit opinion.</p> <p>Both parties referred to the market price to fix a price of the said related transactions. During the Reporting Period, the actual amount of the said related transactions was RMB132.2804 million.</p>	<p>See the Announcement on Resolutions Considered and Approved at the 38th Meeting of the 8th Session of the Board of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2024-017) and the Announcement on the Connected Transactions in the Ordinary Course of Jiaozuo Joincare and Jinguan Electric Power (Lin 2024-023) disclosed by the Company on 3 April 2024 for details.</p>

2. Matters that have been disclosed in the Ad Hoc announcements with progress or change in subsequent implementation□Applicable N/A**3. Matters that have not been disclosed in the Ad Hoc announcements**□Applicable N/A**(II) Related transactions relating to assets or equity acquisition and sale****1. Ad Hoc announcements without progress or change in subsequent implementation**□Applicable N/A**2. Matters that have been disclosed in the Ad Hoc announcements with progress or change in subsequent implementation**□Applicable N/A**3. Matters that have not been disclosed in the Ad Hoc announcements**□Applicable N/A**4. In case of performance agreement, information on performance realization during the Reporting Period shall be disclosed**□Applicable N/A**(III) Substantial related transactions of joint outbound investment****1. Ad Hoc announcements without progress or change in subsequent implementation**□Applicable N/A**2. Matters that have been disclosed in the Ad Hoc announcements with progress or change in subsequent implementation**□Applicable N/A**3. Matters that have not been disclosed in the Ad Hoc announcements**□Applicable N/A**(IV) Credits and debts with related parties****1. Ad Hoc announcements without progress or change in subsequent implementation**□Applicable N/A**2. Matters that have been disclosed in the Ad Hoc announcements with progress or change in subsequent implementation**□Applicable N/A**3. Matters that have not been disclosed in the Ad Hoc announcements**Applicable N/A

Unit: Yuan Currency: RMB

Related party	Relationship with related party	Provision of funds for related party			Provision of funds for the listed company by related party		
		Balance at the beginning of the period	Amount changed	Balance at the end of the period	Balance at the beginning of the period	Amount changed	Balance at the end of the period
Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	Others	10,148,233.52	5,957,670.44	16,105,903.96	1,078,598.23	1,019,001.77	2,097,600.00
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司及其子公司)	Others	434,422.80	-434,422.80	0.00	255,459.93	-244,748.21	10,711.72

Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	Others	0.00	39,360.00	39,360.00			
Jiangsu Yiyongjia Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司)	Others	29,816.00	-29,816.00	0.00			
Feellife Health Inc. (深圳来福士雾化医学有限公司)	Associated company	1,259,566.37	-70,749.55	1,188,816.82			
Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	Others	4,680.00	-4,680.00	0.00			
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	Others	469,895.78	0.00	469,895.78			
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Others	211,200.00	562,980.39	774,180.39			
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Others	183,084.64	-74,946.09	108,138.55			
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associated company	65,814,779.87	-23,450,080.97	42,364,698.90			
Total		78,555,678.98	-17,504,684.58	61,050,994.40	1,334,058.16	774,253.56	2,108,311.72
Reason for occurrence of credits and debts with related parties	During the Reporting Period, the Company had normal operating fund transactions with related parties						
Effect of credits and debts with related parties on the operating results and financial position of the Company	The said credits and debts with related parties are operating fund transactions; there was no non-operating use of funds of the Company by shareholders and related parties						

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

Applicable N/A

(VI) Other substantial related transactions

Applicable N/A

(VII) Others

Applicable N/A

XI Material contracts and their enforcement**1. Custody, contracting and leasing**

□Applicable √N/A

2. Major guarantees that have been performed and outstanding during the Reporting Period

√Applicable □N/A

Unit: 10,000 Yuan Currency: RMB

External guarantees of the Company (excluding guarantees to its subsidiaries)													
Guarantor	Relationship between the Guarantor and the listed company	Secured party	Amount of guarantee	Date of guarantee (date of signature of agreement)	Guarantee Start date	Guarantee Start date Guarantee Maturity date	Guarantee type	Fulfilled or not	Overdue or no	Overdue amount	Whether there's a counter-guarantee	Guaranteed for a related party or not	Relationship
Joincare	Headquarter of the Company	Jinguan Electric Power	1,495.20	2023/7/24	2023/7/24	2024/7/19	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	1,532.64	2023/7/28	2023/7/28	2024/7/28	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	332.01	2023/8/10	2023/8/10	2024/8/9	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	4,000.00	2023/9/22	2023/9/22	2024/9/20	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	5,076.44	2023/10/16	2023/10/16	2024/10/15	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	5,123.00	2023/10/19	2023/10/19	2024/10/18	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2023/11/9	2023/11/9	2024/8/15	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	2,790.00	2023/11/14	2023/11/14	2024/8/26	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,000.00	2023/11/24	2023/11/24	2024/11/22	Joint liability guarantee	No	No	0	Yes	Yes	Associated company

Jiaozuo Joincare	Wholly-owned subsidiary	Jinguan Electric Power	2,000.00	2023/12/6	2023/12/6	2024/12/6	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,100.00	2023/12/13	2023/12/13	2024/12/12	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	3,100.00	2023/12/19	2023/12/19	2024/12/18	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	1,000.00	2024/2/27	2024/2/27	2025/2/26	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Joincare	Headquarter of the Company	Jinguan Electric Power	2,400.00	2024/2/28	2024/2/28	2025/2/27	Joint liability guarantee	No	No	0	Yes	Yes	Associated company
Total guaranteed amount occurred during the Reporting Period (excluding guarantees to subsidiaries)							3,400.00						
Total guaranteed amount as of the end of the Reporting Period (A) (excluding guarantees to subsidiaries)							37,949.29						
Guarantee provided by the Company and its subsidiaries to subsidiaries													
Total amount of guarantees to subsidiaries during the Reporting Period							109,093.83						
Total amount of guarantees to subsidiaries as of the end of the Reporting Period (B)							302,949.23						
Total guaranteed amount of the Company (including guarantees to subsidiaries)													
Total guaranteed amount (A+B)							340,898.52						
Percentage of total guaranteed amount in the Company's net assets (%)							14.75						
In which:													
Amount of guarantees provided to shareholders, de facto controllers and their related parties (C)							0.00						
Amount of debt guarantee directly or indirectly provided to a guaranteed party with an asset-liability ratio exceeding 70% (D)							209,203.61						
Portion of total guaranteed amount exceeding 50% of net assets (E)							0.00						
Total guaranteed amount of the above three items (C+D+E)							209,203.61						
Statement on the contingent joint liability that might be assumed in connection with outstanding guarantee							N/A						
Statement on guarantees							The above connected guarantees are detailed in Note XII5(4) to the Financial Statements of this report.						

3. Other material contracts

□Applicable √N/A

XII Progress of Proceeds Usage

√Applicable □N/A

(I) Overall Usage of Proceeds

√Applicable □N/A

Unit: 10,000 Yuan

Sources of proceeds	Paid-in time of proceeds	Total amount of proceeds	Net amount of proceeds after deducting issuance expenses (1)	Total committed investment of proceeds stated in the prospectus or offering memorandum (2)	Total amount of proceeds from over-allotment (3) = (1) - (2)	Total investment amount of proceeds as at the end of the Reporting Period (4)	Including: Total investment amount of proceeds from over-allotment as at the end of the Reporting Period (5)	Progress of cumulative investment as at the end of the Reporting Period (%) (6) = (4)/(1)	Cumulative investment progress of proceeds from over-allotment as at the end of the Reporting Period (%) (7) = (5)/(3)	Investment amount during the year (8)	Percentage of investment amount in the year (%) (9) = (8)/(1)	Total amount of proceeds with change of usage
Others	16 October 2018	171,599.38	166,974.02	166,974.02	0.00	160,979.67	0.00	96.41	N/A	28,257.87	16.92	73,587.73
Others	26 September 2022	USD\$9,204	USD\$8,930.00	USD\$8,930.00	0.00	USD\$176.82	0.00	1.98	N/A	USD\$176.82	1.98	0.00

(II) Details of Investment Projects with Proceeds

√Applicable □N/A

1、Detailed Usage of Proceeds

√Applicable □N/A

Unit: 10,000 Yuan

Sources of proceeds	Name of project	Nature of project	Whether it is a committed investment project stated in the prospectus or offering memorandum	Whether involving any change in investment direction	Total amount of proceeds commitments for project (1)	Investment amount during the year	Total investment amount of proceeds as at the end of the Reporting Period (2)	Progress of cumulative investment as at the end of the Reporting Period (%) (3)=(2)/(1)	Date when the project reaches intended usable state
Others	Zhuhai Health Industry Base Construction Project	Production and construction	Yes	Yes, the project has been canceled	3,386.29	0	3,386.29	100.00	Termination
Others	Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project	Production and construction	Yes	No	90,000.00	551.66	88,946.87	98.83	December 2023
Others	New products R&D project	R&D	No	Yes, this is a new project	54,587.73	24,694.92	52,965.69	97.03	January 2027
Others	Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project	Production and construction	No	Yes, this is a new project	16,000.00	2,847.15	14,380.89	89.88	December 2025
Others	Information Platform Construction Project	Others	No	Yes, this is a new project	3,000.00	164.14	1,299.93	43.33	January 2025
Others	Global R&D and Industrialization Plan	R&D	Yes	No	USD\$6,251.00	USD\$173.85	USD\$173.85	2.81	N/A
Others	Construction of global product sales and after-sales network and service system	Operation management	Yes	No	USD\$893.00	USD\$1.51	USD\$1.51	0.17	N/A
Others	Replenishment of working capital and other general corporate purposes	Replenishment of working capital and repayment of loans	Yes	No	USD\$1,786.00	USD\$1.46	USD\$1.46	0.08	N/A

(Continued)

Name of project	Whether the project has been completed	Whether the investment progress was in line with the planned progress	Specific reasons why investment progress fell short of scheduled plan	Benefits generated during the year	Benefits or R&D achievements achieved in the project	Whether there was any significant change in the feasibility of project? If so, please describe details.	Surplus Balance
Zhuhai Health Industry Base Construction Project	Yes	Yes	N/A			Yes, see note 1 for details	
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project	Yes	Yes	N/A	19,430.90	Relevant respiratory formulation products have started production and sales	No	285.38
New products R&D project	No	Yes	N/A			No	
Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project	No	No	Note 2			No	
Information Platform Construction Project	No	Yes	N/A			No	
Global R&D and Industrialization Plan	No	Yes	N/A			No	
Construction of global product sales and after-sales network and service system	No	Yes	N/A			No	
Replenishment of working capital and other general corporate purposes	No	Yes	N/A			No	

Note 1: As considered at the 8th meeting of the eighth session of the Board held on 24 January 2022 and the First Extraordinary General Meeting of 2022 held on 11 February 2022, the Company changed the unutilized proceeds of RMB735.8773 million and its interest and cash management income (subject to the actual amount occurring in the past and in the future, to be distributed, utilized and disclosed according to the funding needs of each project in the future) for the Zhuhai Great Health Industry Base Construction Project to the New Products R&D project, Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project and Information Technology Platform Construction Project. Great changes have taken place in the feasibility and external environment of Zhuhai Great Health Industry Base Construction Project of the Company, with details described as follows:

(1) Specific situation of project delay: The Company completed the public offering of this rights issue in October 2018. Regarding Zhuhai Great Health Industry Base Construction Project invested with the proceeds through this offering, the Company has disclosed in the special reports on the deposit and use of proceeds in 2018, in the first half of 2019 and in 2019 that the project cannot commence because it failed to meet the construction conditions as the municipal supporting projects (three supplies and one leveling) on the construction site have not yet been completed. Moreover, the Company convened the 22nd meeting of the seventh session of the Board on 9 April 2020 and the 2019 Annual General Meeting of Shareholders on 29 May 2020, agreeing to postpone the commencement date of the project. The Company convened the 44th meeting of the seventh session of the Board 29 March 2021 and the 2020 Annual General Meeting of Shareholders on 21 May 2021, agreeing to postpone the commencement date of the project to the second half of 2021. As of 31 December 2021, the project still failed to meet the conditions for commencement.

(2) As the market environment has changed, the Company has adjusted its product development plan accordingly, and the feasibility of the original project has changed as well. The products originally planned to be produced by Zhuhai Great Health Industry Base Construction Project mainly include health care products, OTC drugs and a small amount of food, among which, health care products are the main investment target, and it is expected that revenue from the project after putting into production will account for approximately 70%. The Company originally planned to expand the production capacity of existing products and increase the production lines for new products through the implementation of the project, so as to realize the Company's rapid development in the field of health care products and OTC drugs. In recent years, more and more participants have joined the domestic health care market, and many foreign health care brands have entered the Chinese market, occupying a larger market share. This has not only contributed to the continued growth of the health care market, but also caused the increasingly fierce market competition. In addition, restricted by the national medical insurance policy and other reasons, the sales of health care products in pharmacies have been tightened. Although the OTC drugs market maintained steady growth, its proportion in the project was relatively small. The company's combined revenue from health products and OTC drugs was RMB 327 million, RMB 300 million, RMB327 million, and RMB160 million for 2018, 2019, 2020, and the first half of 2021, respectively, showing a steady development trend as a whole. Among them, revenue from health care products showed a downward trend, while revenue from OTC drugs increased slightly. Considering the market situation and the development of the Company's health care products and OTC drugs, we found through re-estimation that if we continued to implement the fundraising project according to the original plan, it would be impossible for us to gain favorable economic benefits.

(3) Some products of the Zhuhai Project have been transferred to other sites, some products are continuously implemented using existing sites or through outsourced production, and some products have been discontinued. The termination of the original project will not have any material adverse impact on the Company. As mentioned above, the Company's health care products and OTC drugs business has developed steadily in the recent three years. The respiratory drugs originally planned to be produced in Zhuhai Great Health Industry Base Construction Project, including budesonide inhalation aerosol, ipratropium bromide aerosol, budesonide inhalation suspension and compound ipratropium bromide inhalation solution, have been transferred to another investment project, Haibin Pharma Pingshan Pharmaceutical Industrialization Base Project, in February 2019; the OTC drugs such as Dexamethasone Tablets and Dysmenorrhea Regulating Oral Liquid, as well as the health care products such as Taohong Siwu Oral Liquid, Jingxin Zhumian Oral Liquid, Sugar-Free American Ginseng Tea, American Ginseng Lozenges and American Ginseng Beverage originally planned to be produced in the project will continue using the existing production bases, while a small number of other products such as foodstuff probiotic powder will be outsourced for production; the production of Coenzyme Q10 Soft Capsules and Rhapontisterone Capsules, as well as the health care product Ginseng and Astragalus Oral Liquid and the foodstuff Dampness Dispelling and Spleen Strengthening Drink, which were originally planned to be produced, have been terminated. Based on the Company's operations in the recent three years, it is reasonably expected that the Company's existing production sites can sustain the business development of its health care products and OTC drugs.

Note 2: The Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project was affected by the procurement lead time of imported equipment and the registration filing progress of the Company's new products. The Company has fulfilled the corresponding procedures for consideration and the project will be extended. The intended usable state of the project shall be extended from 24 January 2024 to 31 December 2025.

2、Detailed Usage of over-allotment

□Applicable √N/A

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

√Applicable □N/A

Unit: 10,000 Yuan

Name of project before change	Time of change (time of first announcement disclosure)	Total amount of proceeds before change/termination	Total investment amount of proceeds before change/termination	Name of project after change	Reasons for change/termination	Amount of proceeds used for replenishing working capital after change/termination	Description of decision-making procedures and information disclosure
New products R&D project	29 December 2023	54,587.73	28,270.77	New products R&D project	In order to adapt to the latest research and development status of the Company and enhance the efficiency of proceeds usage, the Company added new innovative drugs for the respiratory system, analgesia and other aspects into its new product research and development projects.	N/A	On 28 December 2023, the Company held the 36th Meeting of the 8th Session of the Board and the 28th Meeting of the 8th Session of the Supervisory Committee, which considered and approved the Proposal on Adjusting the Investment Content of Certain Projects Invested with Proceeds, and has been considered and approved by the Company's first extraordinary general meeting of 2024 on 18 January 2024. See the Announcement on Adjusting the Investment Content of Certain Projects Invested with Proceeds of Joincare Pharmaceutical Group Industry Co., Ltd. (No. 2023-144) and the the Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2024 First Extraordinary General Meeting (Lin 2024-008) for details.

(IV) Other information on the usage of proceeds during the Reporting Period**1、 Previous investment and replacement of projects invested with proceeds**

Applicable N/A

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

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

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

Applicable N/A

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

(2) On 13 May 2024, the Company made an early repayment of RMB100 million to the special account for proceeds; and on 12 July 2024, the Company repaid the remaining RMB100 million of temporarily replenished working capital to the special account for proceeds. The Company has notified the sponsor Minsheng Securities Co., Ltd. and the sponsor representative about the early repayment of the aforesaid proceeds. For details, please refer to the Announcement on Early Repayment of Certain Idle Proceeds Used for Temporarily Replenishing the Working Capital of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2024-045) and the Announcement on Full Repayment of the Idle Proceeds Used for Temporarily Replenishing the Working Capital of Joincare Pharmaceutical Group Industry Co., Ltd. (Lin 2024-061).

As at the disclosure date of this report, all of the Company's idle proceeds used for temporarily replenishing the working capital have been returned to the special account for proceeds.

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

Applicable N/A

4、 Others

Applicable N/A

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

Pursuant to the Proposal on the Payment of Projects Invested with Proceeds with Bank Acceptance Bills and the Equal Replacement with Proceeds considered and approved at the 25th Meeting of the 7th Session of the Board on 7 May 2020, it was agreed that during the implementation of projects invested with proceeds, the Company could use bank acceptance bills (or endorsed transfer) to pay for the amount relating to projects invested with the proceeds and could transfer an equal amount of capital from the special account of proceeds to replenish working capital. For details, please refer to the “Announcement on the Payment of Projects Invested with Proceeds with Bank Acceptance Bills and the Equal Replacement with Proceeds of Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2020-054).

As at 30 June 2024, the Company’s cumulative amount of bank acceptance bills used to pay for projects invested with the proceeds was RMB218.3720 million, and the cumulative amount for the equal replacement with the proceeds was RMB189.3829 million.

(2) Using letters of credit to pay for projects invested with proceeds and equal replacement with proceeds

Pursuant to the Proposal on the Payment of Projects Invested with Proceeds with Letters of Credit and the Equal Replacement with Proceeds considered and approved at the 39th Meeting of the 8th Session of the Board on 25 April 2024, it was agreed that during the implementation of projects invested with proceeds, the Company could use letters of credit to pay for the amount relating to projects invested with proceeds and could regularly replace it by transferring an equal amount of capital from the special account of proceeds to the Company's general account. For details, please refer to the “Announcement on the Using letters of credit to pay for projects invested with proceeds and equal replacement with proceeds of Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2024-040).

As at 30 June 2024, the Company’s cumulative amount of letters of credit used to pay for projects invested with the proceeds was RMB169.7578 million, and the cumulative amount for equal replacement with the proceeds was RMB23.8145 million.

(3) Extension of some projects invested with proceeds

Pursuant to the Proposal on the Extension of Some Projects Invested with Proceeds considered and approved at the 38th Meeting of the 8th Session of the Board and the 30th Meeting of the 8th Session of the Supervisory Committee on 2 April 2024, it was agreed that, due to the impact of the procurement lead time of imported equipment and the registration filing progress of the Company's new products, and in view of the actual construction situation of the project invested with proceeds,

Haibin Pharma Pingshan Pharmaceutical Industrialization Base Expansion Project could be extended under the precondition of not changing the implementation subject, investment purpose of the proceeds and investment scale of the investment project. The intended usable state of the project shall be extended from 24 January 2024 to 31 December 2025. The aforesaid proposal has been considered and approved at the 2024 Second Extraordinary General Meeting of the Company on 24 April 2024. For details, please refer to the “Announcement on Extension of Some Projects Invested with Proceeds of Joincare Pharmaceutical Group Industry Co., Ltd.” (Lin 2024-021) and “Announcement on Resolutions of Joincare Pharmaceutical Group Industry Co., Ltd. at the 2024 Second Extraordinary General Meeting” (Lin 2024-033).

XIII Other significant matters

Applicable N/A

Chapter 7 Changes in Equity and Shareholders

I Changes in Share Capital

(I) Table of changes in shares

1. Table of changes in shares

	Before the current change		Increase/decrease (+, -) due to the current change					After the current change	
	Number	Percentage (%)	Issuance of new shares	Issuance of bonus shares	Conversion of capital reserve to share capital	Others	Subtotal	Number	Percentage (%)
I. Shares subject to selling restrictions	0	0	0	0	0	0	0	0	0
1. Shares held by state government									
2. Shares held by state-owned entities									
3. Shares held by other domestic holders									
Of which: Shares held by domestic non-state-owned entities									
Shares held by domestic natural persons									
4. Shares held by foreign holders									
Including: Shares held by foreign entities									
Shares held by foreign natural persons									
II. Shares without selling restrictions	1,865,523,807	100	8,495,530	0	0	0	8,495,530	1,874,019,337	100
1. Ordinary shares denominated in Renminbi	1,865,523,807	100	8,495,530	0	0	0	8,495,530	1,874,019,337	100
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,865,523,807	100	8,495,530	0	0	0	8,495,530	1,874,019,337	100

2.Explanations on changes in shares

√Applicable □N/A

(1) Exercise of Rights under Share Options Incentive Scheme

The number of share options for the First Exercise Period of the First Grant under the 2022 Share Options Incentive Scheme of the Company was 18.8320 million, with the exercise period from 5 September 2023 to 4 September 2024. From 1 January 2024 to 30 June 2024, the cumulative

number of options completing share transfer registration through voluntary exercise at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited was 8,495,530 shares.

3. Impact of changes in shares on earnings per share, net assets per share and other financial indicators from the Reporting Period to the date of disclosure of the interim report (if any)

Applicable N/A

4. Other information deemed necessary by the Company or as required by the securities regulators

Applicable N/A

(II) Changes in shares with selling restrictions

Applicable N/A

II Shareholders

(I) Total number of shareholders:

Total number of ordinary shareholders at the end of the Reporting Period	73,331
Total number of shareholders of preferred shares with resumed voting rights at the end of the Reporting Period	Not applicable

(II) Shareholdings of the Top 10 shareholders and the Top 10 shareholders of tradable shares (or shareholders without selling restrictions) at the End of the Reporting Period

Unit: shares

Shareholdings of the Top 10 shareholders (excluding shares lent through refinancing business)							
Name of shareholder (Full name)	Change during the reporting period	Number of shares held at the end of the Period	Percentage (%)	Number of shares held with selling restrictions	Pledge, mark or lock-up		Nature of Shareholder
					Share status	Number	
Shenzhen Baiyeyuan Investment Co., Ltd. *	0	895,653,653	47.79	0	Pledge	75,679,725	Domestic non-state owned entity
Hong Kong Securities Clearing Company Limited	30,458,107	111,969,813	5.97	0	Unknown		Unknown
Might Seasons Limited	0	35,929,699	1.92	0	Unknown		Foreign entity
Perseverance Asset Management L.L.P–Gaoyi Xiaofeng No. 2 Zhixin Fund	-1,098,800	16,062,548	0.86	0	Unknown		Unknown
China Foreign Economy and Trade Trust Co., Ltd.–Foreign Trust–Gaoyi Xiaofeng Hongyuan Collection Fund Trust Plan	-1,899,048	14,778,100	0.79	0	Unknown		Unknown
Agriculture Bank of China Limited–CSI 500 Exchange Traded Index Securities Invest Fund	8,055,140	13,110,914	0.70	0	Unknown		Unknown
Huaxia Life Insurance Co., Ltd. –Proprietary	100,000	12,829,218	0.68	0	Unknown		Unknown

Abu Dhabi Investment Authority	1,445,824	11,647,653	0.62	0	Unknown		Foreign entity
CPIC Fund -China Pacific Life Insurance Co., Ltd. -with-profit insurance-CPIC Fund China Pacific Life Equity Relative Income (Guaranteed Dividend) single assets management plan	692,600	10,828,362	0.58	0	Unknown		Unknown
Joincare Pharmaceutical Group Industry Co., Ltd.-the Third Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme	0	9,370,400	0.50	0	Nil		Others
Shareholdings of the Top 10 shareholders without selling restrictions (excluding shares lent through refinancing business)							
Name of shareholder	Number of tradable shares held without selling restrictions	Class and number of shares					
		Class	Number				
Shenzhen Baiyeyuan Investment Co., Ltd. *	895,653,653	Ordinary shares denominated in Renminbi	895,653,653				
Hong Kong Securities Clearing Company Limited	111,969,813	Ordinary shares denominated in Renminbi	111,969,813				
Might Seasons Limited	35,929,699	Ordinary shares denominated in Renminbi	35,929,699				
Perseverance Asset Management L.L.P-Gaoyi Xiaofeng No. 2 Zhixin Fund	16,062,548	Ordinary shares denominated in Renminbi	16,062,548				
China Foreign Economy and Trade Trust Co., Ltd.-Foreign Trust-Gaoyi Xiaofeng Hongyuan Collection Fund Trust Plan	14,778,100	Ordinary shares denominated in Renminbi	14,778,100				
Agriculture Bank of China Limited-CSI 500 Exchange Traded Index Securities Invest Fund	13,110,914	Ordinary shares denominated in Renminbi	13,110,914				
Huaxia Life Insurance Co., Ltd. -Proprietary	12,829,218	Ordinary shares denominated in Renminbi	12,829,218				
Abu Dhabi Investment Authority	11,647,653	Ordinary shares denominated in Renminbi	11,647,653				
CPIC Fund -China Pacific Life Insurance Co., Ltd. -with-profit insurance-CPIC Fund China Pacific Life Equity Relative Income (Guaranteed Dividend) single assets management plan	10,828,362	Ordinary shares denominated in Renminbi	10,828,362				
Joincare Pharmaceutical Group Industry Co., Ltd.-the Third Phase Ownership Scheme under Medium to Long-term Business Partner Share Ownership Scheme	9,370,400	Ordinary shares denominated in Renminbi	9,370,400				
Notes on the special repurchase account among the top 10 shareholders	Not applicable						
Description of the above shareholders involved in entrustment/entrusted voting right and waiver of voting right	Not applicable						
Description of connection or acting-in-concert relationship of the above shareholders	There was no connection or acting-in-concert relationship between Shenzhen Baiyeyuan Investment Co., Ltd., a controlling shareholder of the Company, and other shareholders; whether there is connection or acting-in-concert relationship among other shareholders is unknown						
Description of holders of preferred shares with resumed voting rights and number of preferred shares	Not applicable						

Participation of shareholders holding over 5%, the top 10 shareholders, and the top 10 shareholders without selling restriction in securities lending transactions of refinancing business

Applicable N/A

Unit: shares

Participation of shareholders holding over 5%, the top 10 shareholders, and the top 10 shareholders without selling restriction in securities lending transactions of refinancing business								
Name of shareholder (Full name)	Number of shares held in ordinary and credit accounts at the beginning of the Period		Number of shares lent through refinancing business and not yet returned at the beginning of the Period		Number of shares held in ordinary and credit accounts at the end of the Period		Number of shares lent through refinancing business and not yet returned at the end of the Period	
	Total number	Proportion (%)	Total number	Proportion (%)	Total number	Proportion (%)	Total number	Proportion (%)
Agricultural Bank of China Limited – CSI 500 Exchange Traded Index Securities Investment Fund	5,055,774	0.27	1,509,200	0.08	13,110,914	0.70	453,900	0.02

Changes in the top 10 shareholders and the top 10 shareholders without selling restriction due to securities lending/returning transactions of refinancing business compared to the previous period

Applicable N/A

Unit: shares

Changes in the top 10 shareholders and the top 10 shareholders without selling restriction due to securities lending/returning transactions of refinancing business compared to the previous period					
Name of shareholder (Full name)	New / withdrawn shareholdings during the Period	Number of shares lent through refinancing business and not yet returned at the end of the Period		Number of shares held by shareholders in ordinary and credit accounts, and lent through refinancing business and not yet returned at the end of the Period	
		Total number	Proportion (%)	Total number	Proportion (%)
Agricultural Bank of China Limited –CSI 500 Exchange Traded Index Securities Investment Fund	New	453,900	0.02	13,564,814	0.72

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

Applicable N/A

(III) Strategic investors or general legal persons who became Top 10 shareholders through placement of new shares

Applicable N/A

III Information on directors, supervisors, and senior management

(I) Changes in shareholdings of current directors, supervisors, and senior management and those who resigned during the Reporting Period

Applicable N/A

Description of other information

Applicable N/A

(II) Equity incentive granted to directors, supervisors, and senior management during the Reporting Period

Applicable N/A

Unit: 10,000 shares

Name	Title	Number of share options held at the beginning of the year	Number of newly granted share options during the Reporting Period	Number of exercisable options during the Reporting Period	Number of exercised options during the Reporting Period	Number of share options held at the end of the period
Yu Xiong	Director	62	0	14	0	38
Lin Nanqi	Director	80	0	32	0	56
Qiu Qingfeng	Director	60	0	24	0	42
Zhao Fengguang	Senior executive	60	0	24	0	42
Zhang Leiming	Senior executive	45	0	18	0	31.5
Total	/	307	0	112	0	209.5

(III) Others

Applicable N/A

The change in the number of options for the above directors and senior executives during the Reporting Period was mainly due to the Company's cancellation of share options granted to all eligible incentive participants for the second exercise period of the first grant portion as the Company's performance in 2023 did not meet the performance assessment requirements.

IV Changes in controlling shareholders or de facto controllers

Applicable N/A

Chapter 8 Information on Preferred Shares

Applicable $\sqrt{N/A}$

Chapter 9 Information on Bonds

I Enterprise bonds, corporate bonds, and non-financial enterprise debt financing instruments

Applicable $\sqrt{N/A}$

II Information on convertible corporate bonds

Applicable $\sqrt{N/A}$

Chapter 10 Financial statements

I. Auditor's report

Applicable N/A

II. Financial statements

Consolidated Balance Sheet

30 June 2024

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

Unit: Yuan Currency: RMB

Item	Note	30 June 2024	31 December 2023
Current assets:			
Cash and bank balances	V.1	15,258,884,810.36	15,691,888,314.83
Financial assets held for trading	V.2	67,941,574.16	82,899,154.24
Notes receivable	V.3	1,935,409,221.86	1,941,200,568.00
Accounts receivable	V.4	2,914,597,896.01	2,692,941,866.24
Receivables financing			
Prepayments	V.5	256,855,472.62	280,102,860.94
Other receivables	V.6	74,787,590.93	46,010,624.61
Including: Interest receivables			
Dividend receivables		8,551,779.20	
Inventories	V.7	2,596,476,706.66	2,655,808,391.09
Contract assets			
Assets held-for-sale			
Non-current assets due within one year	V.8	400,109,817.89	406,376,425.44
Other current assets	V.9	97,857,616.95	77,402,185.01
Total current assets		23,602,920,707.44	23,874,630,390.40
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	V.10	1,447,558,964.98	1,411,036,353.95
Other equity instrument investments	V.11	1,100,529,600.38	1,155,283,408.36
Other non-current financial assets			
Investment properties	V.12	16,537,771.28	16,958,213.00
Fixed assets	V.13	5,524,758,299.32	5,664,352,555.97
Construction in progress	V.14	739,485,092.60	531,059,118.06
Productive biological assets			
Oil & gas assets			
Right-of-use assets	V.15	31,127,586.22	36,233,067.49
Intangible assets	V.16	759,154,063.80	683,337,333.73
Development cost	V.17	440,341,140.02	483,494,487.17
Goodwill	V.18	636,339,503.82	636,339,503.82
Long-term prepaid expenses	V.19	329,036,765.75	328,642,740.95
Deferred tax assets	V.20	617,903,795.29	579,534,830.15
Other non-current assets	V.21	1,250,384,015.30	957,224,255.77
Total non-current assets		12,893,156,598.76	12,483,495,868.42
Total assets		36,496,077,306.20	36,358,126,258.82
Current liabilities:			
Short-term loans	V.23	1,850,000,000.00	2,076,159,347.22

Financial liabilities held for trading	V.24	4,705,704.59	86,817.12
Notes payable	V.25	1,594,250,319.52	1,469,148,287.38
Accounts payable	V.26	790,115,965.56	894,286,243.28
Receipts in advance			
Contract liabilities	V.27	112,250,724.07	159,082,637.65
Employee benefits payable	V.28	320,422,378.15	399,466,473.91
Taxes payable	V.29	269,525,335.14	410,202,854.09
Other payables	V.30	4,577,408,887.35	3,682,604,038.73
Including: Interest payables			
Dividend payables		869,370,338.73	12,478,280.13
Liabilities held-for-sale			
Non-current liabilities due within one year	V.31	1,592,900,656.27	718,564,144.31
Other current liabilities	V.32	13,567,916.24	51,087,001.83
Total current liabilities		11,125,147,886.89	9,860,687,845.52
Non-current liabilities:			
Long-term loans	V.33	1,554,281,707.70	3,122,273,278.99
Bonds payable			
Lease liabilities	V.34	11,586,498.10	15,422,948.41
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income	V.35	354,038,455.59	370,179,550.82
Deferred tax liabilities	V.20	247,395,623.09	260,032,144.44
Other non-current liabilities	V.36	90,000,000.00	90,000,000.00
Total non-current liabilities		2,257,302,284.48	3,857,907,922.66
Total liabilities		13,382,450,171.37	13,718,595,768.18
Owner's equity (or shareholder's equity)			
Share capital	V.37	1,874,019,337.00	1,865,523,807.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	V.38	1,734,069,799.30	1,601,720,087.71
Less: Treasury shares			
Other comprehensive income	V.39	-35,256,791.14	-12,246,131.22
Special reserve			
Surplus reserve	V.40	859,046,203.77	859,046,203.77
Undistributed profits	V.41	9,880,264,417.20	9,441,857,956.80
Total shareholders' equity attributable to the parent		14,312,142,966.13	13,755,901,924.06
Minority shareholder's equity		8,801,484,168.70	8,883,628,566.58
Total owner's equity (or shareholder's equity)		23,113,627,134.83	22,639,530,490.64
Total liabilities and shareholders' equity (or shareholder's equity)		36,496,077,306.20	36,358,126,258.82

Person-in-charge of the
Company: Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Balance Sheet of the Parent Company

30 June 2024

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

Unit: Yuan Currency: RMB

Item	Note	30 June 2024	31 December 2023
Current assets:			
Cash and bank balances		1,579,217,791.73	2,216,321,523.93
Financial assets held for trading			
Notes receivable		161,842,055.77	191,417,091.37
Accounts receivable		206,355,944.55	315,179,282.98
Receivable financing			
Prepayments		106,723,230.17	142,404,994.03
Other receivables		687,016,087.52	686,367,834.30
Including: Interest receivables			
Dividends receivable		519,999,500.00	519,999,500.00
Inventories		31,741,143.34	88,930,104.82
Contract assets			
Assets held-for-sale			
Non-current assets due within one year		400,109,817.89	406,376,425.44
Other current assets		10,833,540.76	
Total current assets		3,183,839,611.73	4,046,997,256.87
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment		3,748,797,432.30	3,748,495,719.02
Other equity instrument investment		157,765,269.75	161,234,048.68
Other non-current financial assets			
Investment properties		6,191,475.43	6,191,475.43
Fixed assets		44,860,750.57	44,824,960.31
Construction in progress		5,681,470.43	8,212,014.32
Productive biological assets			
Oil & gas assets			
Right-of-use assets		1,376,381.13	3,440,952.82
Intangible assets		105,742,903.56	39,456,409.04
Development cost		130,392,739.02	139,141,503.86
Goodwill			
Long-term prepaid expenses		10,106,973.79	10,365,585.94
Deferred income tax assets		116,130,313.87	97,251,604.00
Other non-current assets		708,257,894.71	641,144,559.34
Total non-current assets		5,035,303,604.56	4,899,758,832.76
Total assets		8,219,143,216.29	8,946,756,089.63
Current liabilities:			
Short-term loans			200,149,722.22
Financial liabilities held for trading			
Notes payable		306,810,743.03	371,735,241.80
Accounts payable		59,495,655.37	91,377,730.30
Receipts in advance			
Contract liabilities		16,905,821.27	10,456,371.81
Employee benefits payable		19,042,043.43	43,877,751.41

Taxes payable		4,659,671.49	26,917,149.98
Other payables		660,923,075.93	460,037,009.32
Including: Interest payables			
Dividends payable		176,135,898.06	
Liabilities held-for-sale			
Non-current liabilities due within one year		20,996,559.05	52,732,739.68
Other current liabilities		2,153,296.85	1,308,875.01
Total current liabilities		1,090,986,866.42	1,258,592,591.53
Non-current liabilities:			
Long-term loans		745,000,000.00	1,312,000,000.00
Bonds payable			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Estimated liabilities			
Deferred income		10,667,400.00	11,109,600.00
Deferred tax liabilities		1,706,386.66	2,742,846.41
Other non-current liabilities			
Total non-current liabilities		757,373,786.66	1,325,852,446.41
Total liabilities		1,848,360,653.08	2,584,445,037.94
Owner's equity (or shareholder's equity):			
Share capital		1,874,019,337.00	1,865,523,807.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		1,061,885,099.80	972,063,254.79
Less: Treasury shares			
Other comprehensive income		1,431,015.54	4,379,477.64
Special reserve			
Surplus reserve		770,444,255.39	770,444,255.39
Undistributed profits		2,663,002,855.48	2,749,900,256.87
Total owner's equity (or shareholder's equity)		6,370,782,563.21	6,362,311,051.69
Total liabilities and owner's equity (or shareholder's equity)		8,219,143,216.29	8,946,756,089.63

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Consolidated Income Statement

January to June, 2024

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

Unit: Yuan Currency: RMB

Item	Note	First half of 2024	First half of 2023
I. Total Revenues	V.42	8,234,634,099.45	8,719,741,599.23
Including: Operating revenues	V.42	8,234,634,099.45	8,719,741,599.23
II. Total operating costs	V.42	6,247,787,990.98	6,852,636,758.88
Including: Operating costs	V.42	3,021,125,884.33	3,273,420,227.03
Operating tax and surcharges	V.43	93,999,188.76	102,706,433.95
Selling expenses	V.44	2,096,637,821.45	2,399,063,230.20
Administrative expenses	V.45	445,024,332.82	434,867,895.32
R&D expenses	V.46	714,729,729.75	765,166,559.76
Financial expenses	V.47	-123,728,966.13	-122,587,587.38
Including: Interest expenses		72,457,072.68	70,061,146.58
Interest income		187,438,919.12	135,947,800.19
Add: Other income	V.48	70,438,830.56	125,925,260.26
Investment income("-" for loss)	V.49	35,345,305.87	56,854,039.45
Including: Income from investments in associates and joint ventures		23,799,217.29	44,824,481.29
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure of hedging("-" for loss)			
Gains from changes in fair value("-" for loss)	V.50	-19,576,467.55	-39,314,888.38
Losses of credit impairment ("-" for loss)	V.51	-3,873,446.70	-22,209,391.69
Impairment loss of assets ("-" for loss)	V.52	-82,185,254.98	-30,171,594.37
Gains from disposal of assets("-" for loss)	V.53	-76,440.36	-342,359.46
III. Operating profit("-" for loss)		1,986,918,635.31	1,957,845,906.16
Add: Non-operating income	V.54	4,941,102.08	1,757,450.18
Less: Non-operating expenses	V.55	9,830,386.52	7,370,028.41
IV. Total profit("-" for loss)		1,982,029,350.87	1,952,233,327.93
Less: Income tax expenses	V.56	285,813,843.86	324,663,062.10
V. Net profit("-" for net loss)		1,696,215,507.01	1,627,570,265.83
(I) Classified by continuity of operations:			
1. Net profit from continuing operations ("-" for net loss)		1,696,215,507.01	1,627,570,265.83
2. Net profit from discontinued operations ("-" for net loss)			
(II) Classified by attribution to ownership:			
1. Net profit attributable to shareholders of the parent ("-" for net loss)		776,424,466.87	815,434,734.90
2. Net profit attributable to minority interests ("-" for net loss)		919,791,040.14	812,135,530.93
VI. Other comprehensive income, net of tax		-29,097,306.90	30,080,133.76

(I) Other comprehensive income attributable to shareholders of the parent, net of tax		-23,675,110.79	31,181,824.98
1. Other comprehensive income not reclassified into profit or loss subsequently		-35,799,853.32	-11,322,857.19
(1) Changes in remeasurement of defined benefit plan			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments		-35,799,853.32	-11,322,857.19
(4) Changes in fair value of the Company's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss subsequently		12,124,742.53	42,504,682.17
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		39,671.05	
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Reserve for cash flow hedges			
(6) Exchange differences on translation of financial statements denominated in foreign currencies		12,085,071.48	42,504,682.17
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-5,422,196.11	-1,101,691.23
VII. Total comprehensive income		1,667,118,200.11	1,657,650,399.59
(I) Total comprehensive income attributable to owners of the parent company		752,749,356.08	846,616,559.88
(II) Total comprehensive income attributable to minority shareholders		914,368,844.03	811,033,839.70
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)		0.4158	0.4264
(II) Diluted earnings per share (RMB/share)		0.4154	0.4251

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Income Statement of the Parent Company

January to June, 2024

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

Unit: Yuan Currency: RMB

Item	Note	First half of 2024	First half of 2023
I. Total Revenues		973,915,823.86	1,089,533,681.48
Less: Operating costs		576,175,343.32	562,374,480.65
Operating tax and surcharges		7,406,570.41	9,684,525.66
Selling expenses		297,686,805.43	401,053,309.98
Administrative expenses		51,085,332.63	43,383,375.37
R&D expenses		147,404,985.50	29,929,993.32
Financial expenses		-28,612,165.69	-58,939,252.75
Including: Interest expenses		23,108,693.32	17,039,482.75
Interest income		47,714,262.11	52,611,530.57
Add: Other income		1,024,961.91	2,329,988.11
Investment income("-" for loss)		322,471,744.99	381,330,039.01
Including: Income from investments in associates and joint ventures		249,535.69	-562,949.79
Gains from derecognition of financial assets at amortized cost			
Gains from net exposure of hedging("-" for loss)			
Gains from changes in fair value("-" for loss)			
Losses of credit impairment("-" for loss)		723,705.70	768,574.70
Impairment loss of assets("-" for loss)		-13,220,847.32	
Gains from disposal of assets("-" for loss)			
II. Operating profit ("-" for loss)		233,768,517.54	486,475,851.07
Add: Non-operating income		16,931.59	25,293.97
Less: Non-operating expenses		2,041,518.75	36,018.67
III. Total profit ("-" for loss)		231,743,930.38	486,465,126.37
Less: Income tax expenses		-18,712,223.83	10,759,313.57
IV. Net profit ("-" for net loss)		250,456,154.21	475,705,812.80
(I) Net profit from continuing operations ("-" for net loss)		250,456,154.21	475,705,812.80
(II) Net profit from discontinued operations ("-" for net loss)			
V. Other comprehensive income, net of tax		-2,948,462.10	-618,949.95
(I) Other comprehensive income not reclassified into profit or loss subsequently		-2,948,462.10	-618,949.95
1.Changes in remeasurement of defined benefit plan			
2.Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments		-2,948,462.10	-618,949.95
4.Changes in fair value of the Company's own credit risks			

(II) Other comprehensive income that will be reclassified into profit or loss subsequently			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Reserve for cash flow hedges			
6. Exchange differences on translation of financial statements denominated in foreign currencies			
7. Others			
VI. Total comprehensive income		247,507,692.11	475,086,862.85
VII. Earnings per share			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Consolidated Cash Flow Statement

January to June, 2024

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

Unit: Yuan Currency: RMB

Item	Note	First half of 2024	First half of 2023
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		8,630,833,677.32	8,906,333,555.96
Tax refund received		72,459,734.72	90,738,446.12
Other cash received relating to operating activities	V.57	325,370,440.46	389,179,917.76
Sub-total of cash inflows		9,028,663,852.50	9,386,251,919.84
Cash paid for goods and services		2,502,345,117.25	3,008,508,020.45
Cash paid to and on behalf of employees		1,420,206,600.87	1,280,962,434.80
Payments of all types of taxes		1,074,560,743.25	1,016,910,155.51
Other cash paid relating to operating activities	V.57	2,294,251,618.88	2,822,663,623.54
Sub-total of cash outflows		7,291,364,080.25	8,129,044,234.30
Net cash flows from operating activities		1,737,299,772.25	1,257,207,685.54
II. Cash flows from investing activities:			
Cash received from disposal of investments		714,926,475.99	374,334,588.68
Cash received from returns on investments		6,997,674.74	26,682,920.81
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		421,623.00	335,824.60
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities	V.57		297,725,238.13
Sub-total of cash inflows from investing activities		722,345,773.73	699,078,572.22
Cash paid to acquire fixed assets, intangible assets and other long-term assets		534,425,720.03	541,421,314.72
Cash paid to acquire investments		668,660,272.66	429,194,136.52
Net cash paid for acquisition of subsidiaries and other business units			22,461,951.59
Other cash paid relating to investing activities	V.57	931,044.37	215,261,350.77
Sub-total of cash outflows in investing activities		1,204,017,037.06	1,208,338,753.60
Net cash flows from investing activities		-481,671,263.33	-509,260,181.38
III. Cash flows from financing activities :			
Cash received from capital contribution		253,821,632.83	6,700,000.00
Including: Cash received from investment by minority interests of subsidiaries		159,683,115.63	6,700,000.00
Cash received from borrowings		1,984,343,152.42	2,272,549,701.83
Other cash received related to financing activities	V.57	1,040,757.54	20,000,000.00
Subtotal of cash inflow from financing activities		2,239,205,542.79	2,299,249,701.83
Cash repayments of amounts borrowed		2,902,045,056.78	1,435,273,289.94

Cash payments for interest expenses and distribution of dividends or profits		559,261,076.53	1,119,156,231.94
Including: Dividend paid to minority interests of subsidiaries		324,042,427.50	881,913,452.00
Other cash payments relating to financing activities	V.57	153,731,977.05	649,256,623.95
Sub-total of cash outflows in financing activities		3,615,038,110.36	3,203,686,145.83
Net cash flows from financing activities		-1,375,832,567.57	-904,436,444.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		19,345,926.07	82,691,655.27
V. Net increase in cash and cash equivalents		-100,858,132.58	-73,797,284.57
Add: Opening balance of cash and cash equivalents		15,340,869,372.73	14,178,465,686.40
VI. Closing balance of cash and cash equivalents		15,240,011,240.15	14,104,668,401.83

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Cash Flow Statement of Parent Company

January to June, 2024

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

Unit: Yuan Currency: RMB

Item	Note	First half of 2024	First half of 2023
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		1,240,331,647.48	1,186,543,577.01
Tax refund received			
Other cash received relating to operating activities		3,408,533,265.86	675,490,295.47
Sub-total of cash inflows		4,648,864,913.34	1,862,033,872.48
Cash paid for goods and services		676,503,773.85	520,976,342.45
Cash paid to and on behalf of employees		154,051,671.13	110,926,580.85
Payments of all types of taxes		88,151,311.60	78,549,138.25
Other cash paid relating to operating activities		3,703,191,676.08	1,608,207,704.80
Sub-total of cash outflows		4,621,898,432.66	2,318,659,766.35
Net cash flows from operating activities		26,966,480.68	-456,625,893.87
II. Cash flows from investing activities:			
Cash received from disposal of investments		310,855,000.00	
Cash received from returns on investments		322,407,848.19	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		22,890.00	10,500.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			291,590,000.00
Sub-total of cash inflows from investing activities		633,285,738.19	291,600,500.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		62,639,667.27	3,629,530.81
Cash paid to acquire investments		350,199,497.71	56,790,000.00
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid relating to investing activities			200,000,000.00
Sub-total of cash outflows in investing activities		412,839,164.98	260,419,530.81
Net cash flows from investing activities		220,446,573.21	31,180,969.19
III. Cash flows from financing activities :			
Cash received from capital contribution		94,138,517.20	
Cash received from borrowings			300,000,000.00
Other cash received related to financing activities			

Subtotal of cash inflow from financing activities		94,138,517.20	300,000,000.00
Cash repayments of amounts borrowed		796,000,000.00	217,000,000.00
Cash payments for interest expenses and distribution of dividends or profits		184,858,834.62	178,476,531.68
Other cash payments relating to financing activities		1,969,948.84	370,702,308.51
Sub-total of cash outflows in financing activities		982,828,783.46	766,178,840.19
Net cash flows from financing activities		-888,690,266.26	-466,178,840.19
IV. Effect of foreign exchange rate changes on cash and cash equivalents		4,173,480.17	20,771,674.01
V. Net increase in cash and cash equivalents		-637,103,732.20	-870,852,090.86
Add: Opening balance of cash and cash equivalents		2,216,321,523.93	2,858,062,020.22
VI. Closing balance of cash and cash equivalents		1,579,217,791.73	1,987,209,929.36

Person-in-charge of the
Company:
Zhu Baoguo

Person-in-charge of the
Company's accounting work:
Qiu Qingfeng

Person-in-charge of the
accounting department:
Guo Chenlu

Consolidated Statement of Changes in Owner's Equity

January to June, 2024

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

Unit: Yuan Currency: RMB

Item	First half of 2024													
	Owner's equity attributable to the parent company											Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits			Subtotal
Preferred share		Perpetual bonds	Others											
I. Balance at the end of previous year	1,865,523,807.00				1,601,720,087.71		-12,246,131.22		859,046,203.77		9,441,857,956.80	13,755,901,924.06	8,883,628,566.58	22,639,530,490.64
Add: Change of accounting policies														
Correction to errors of the previous period														
Others														
II. Balance in beginning of year	1,865,523,807.00				1,601,720,087.71		-12,246,131.22		859,046,203.77		9,441,857,956.80	13,755,901,924.06	8,883,628,566.58	22,639,530,490.64
III. Increase and decrease of the period ("-" for decrease)	8,495,530.00				132,349,711.59		-23,010,659.92				438,406,460.40	556,241,042.07	-82,144,397.88	474,096,644.19
(I) Total comprehensive income							-23,675,110.79				776,424,466.87	752,749,356.08	914,368,844.03	1,667,118,200.11
(II). Capital contribution or reduction from shareholders	8,495,530.00				75,517,032.03							84,012,562.03	126,209,017.86	210,221,579.89
1. Capital contribution from shareholders	8,495,530.00				85,465,031.80							93,960,561.80	165,101,999.95	259,062,561.75
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity					-9,947,999.77							-9,947,999.77		-9,947,999.77
4. Others													-38,892,982.09	-38,892,982.09
(III). Profit distribution											-337,353,555.60	-337,353,555.60	-1,002,321,005.27	-1,339,674,560.87

1. Accrual of surplus reserve														
2. Accrual of general risk provision														
3. Amount distributed to owners (or shareholders)											-337,353,555.60	-337,353,555.60	-1,002,321,005.27	-1,339,674,560.87
4. Others														
(IV).Internal carrying forward of owner's equity							664,450.87				-664,450.87			
1. Capital reserve transferred to increase capital (or share capital)														
2. Surplus reserve transferred to increase capital (or share capital)														
3. Surplus reserve compensating losses														
4. Retained earnings carried over from changes in the defined benefit plan														
5. Retained earnings carried over from other comprehensive income							664,450.87				-664,450.87			
6. Others														
. Special reserve														
1. Accrual of the current year														
2. Amount utilized in the current period														
. Others					56,832,679.56							56,832,679.56	-120,401,254.50	-63,568,574.94
IV. Balance at end of period	1,874,019,337.00				1,734,069,799.30		-35,256,791.14		859,046,203.77		9,880,264,417.20	14,312,142,966.13	8,801,484,168.70	23,113,627,134.83

Item	First half of 2023													
	Owner's equity attributable to the parent company											Minority shareholder's equity	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits			Subtotal
	Preferred shares	Perpetual bonds	Others											
I. Balance at the end of previous year	1,929,189,374.00				2,343,693,215.99	347,176,561.29	4,704,473.53		734,766,581.50		8,456,778,287.49	13,121,955,371.22	8,898,418,947.86	22,020,374,319.08
Add: Change of accounting policies														
Correction to errors of the previous period														
Others														
II. Balance in beginning of year	1,929,189,374.00				2,343,693,215.99	347,176,561.29	4,704,473.53		734,766,581.50		8,456,778,287.49	13,121,955,371.22	8,898,418,947.86	22,020,374,319.08
III. Increase and decrease of the period ("-" for decrease)					-29,476,311.12	369,959,019.79	31,181,824.98				480,616,323.34	112,362,817.41	-365,513,296.81	-253,150,479.39
(I). Total comprehensive income							31,181,824.98				815,434,734.90	846,616,559.88	811,033,839.70	1,657,650,399.59
(II) Capital contribution or reduction from shareholders					14,628,670.02	369,959,019.79						-355,330,349.77	-73,940,616.66	-429,270,966.43
1. Capital contribution from shareholders						369,959,019.79						-369,959,019.79	6,700,000.00	-363,259,019.79
2. Capitals invested by other equity instrument holders														
3. Amount of share-based payment included in owner's equity					14,628,670.02							14,628,670.02		14,628,670.02
4. Others													-80,640,616.66	-80,640,616.66
(III). Profit distribution											-336,792,056.76	-336,792,056.76	-1,123,591,995.09	-1,460,384,051.85
1. Accrual of surplus reserve														
2. Accrual of general risk provision														
3. Amount distributed to owners (or shareholders)											-336,792,056.76	-336,792,056.76	-1,123,591,995.09	-1,460,384,051.85
4. Others														

(IV). Internal carrying forward of owner's equity											1,973,645.20	1,973,645.20	2,434,430.12	4,408,075.32	
1. Capital reserve transferred to increase capital (or share capital)															
2. Surplus reserve transferred to increase capital (or share capital)															
3. Surplus reserve compensating losses															
4. Retained earnings carried over from changes in the defined benefit plan															
5. Retained earnings carried over from other comprehensive income											1,973,645.20	1,973,645.20	2,434,430.12	4,408,075.32	
6. Others															
(V). Special reserve															
1. Accrual of the current year															
2. Amount utilized in the current period															
(VI). Others						-44,104,981.14						-44,104,981.14	18,551,045.12	-25,553,936.02	
IV. Balance at end of period	1,929,189,374.00					2,314,216,904.87	717,135,581.08	35,886,298.52		734,766,581.50		8,937,394,610.83	13,234,318,188.64	8,532,905,651.05	21,767,223,839.69

Person-in-charge of the Company:
Zhu Baoguo

Person-in-charge of the Company's accounting work:
Qiu Qingfeng

Person-in-charge of the accounting department:
Guo Chenlu

Statement of Changes in Owner's Equity of the Parent Company

January to June, 2024

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

Unit: Yuan Currency: RMB

Item	First half of 2024										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Preferred share	Perpetual bonds	Others							
I. Balance at the end of previous year	1,865,523,807.00				972,063,254.79		4,379,477.64		770,444,255.39	2,749,900,256.87	6,362,311,051.69
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Balance in beginning of year	1,865,523,807.00				972,063,254.79		4,379,477.64		770,444,255.39	2,749,900,256.87	6,362,311,051.69
III. Increase and decrease of the period ("-" for decrease)	8,495,530.00				89,821,845.01		-2,948,462.10			-86,897,401.39	8,471,511.52
(I). Total comprehensive income							-2,948,462.10			250,456,154.21	247,507,692.11
(II) Capital contribution or reduction from shareholders	8,495,530.00				89,769,667.42						98,265,197.42
1. Capital contribution from shareholders	8,495,530.00				85,465,031.80						93,960,561.80
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity					4,304,635.62						4,304,635.62
4. Others											
(III). Profit distribution										-337,353,555.60	-337,353,555.60
1. Accrual of surplus reserve											
2. Amount distributed to owners (or shareholders)										-337,353,555.60	-337,353,555.60
3. Others											
(IV).. Internal carrying forward of owner's equity											
1. Capital reserve transferred to increase capital (or share capital)											
2. Surplus reserve transferred to increase capital (or share capital)											
3. Surplus reserve compensating losses											
4. Retained earnings carried over from changes in the defined benefit plan											
5. Retained earnings carried over from other comprehensive income											
6. Others											
(V). Special reserve											
1. Accrual of the current year											
2. Amount utilized in the current period											
(VI). Others					52,177.59						52,177.59
IV. Balance at end of period	1,874,019,337.00				1,061,885,099.80		1,431,015.54		770,444,255.39	2,663,002,855.48	6,370,782,563.21

Item	First half of 2023										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
		Preferred share	Perpetual bonds	Others							
I. Balance at the end of previous year	1,929,189,374.00				1,678,414,507.96	347,176,561.29	726,576.72		646,164,633.12	1,968,175,713.20	5,875,494,243.71
Add: Change of accounting policies											
Correction to errors of the previous period											
Others											
II. Opening balance of the current year	1,929,189,374.00				1,678,414,507.96	347,176,561.29	726,576.72		646,164,633.12	1,968,175,713.20	5,875,494,243.71
III. Increase and decrease of the period ("–" for decrease)					14,628,670.02	369,959,019.79	-618,949.95			138,913,756.04	-217,035,543.68
(I). Total comprehensive income							-618,949.95			475,705,812.80	475,086,862.85
(II). Capital contribution or reduction from shareholders					14,628,670.02	369,959,019.79					-355,330,349.77
1. Capital contribution from shareholders						369,959,019.79					-369,959,019.79
2. Capitals invested by other equity instrument holders											
3. Amount of share-based payment included in owner's equity					14,628,670.02						14,628,670.02
4. Others											
(III). Profit distribution										-336,792,056.76	-336,792,056.76
1. Accrual of surplus reserve											
2. Amount distributed to owners (or shareholders)										-336,792,056.76	-336,792,056.76
3. Others											
(IV). Internal carrying forward of owner's equity											
1. Capital reserve transferred to increase capital (or share capital)											
2. Surplus reserve transferred to increase capital (or share capital)											
3. Surplus reserve compensating losses											
4. Retained earnings carried over from changes in the defined benefit plan											
5. Retained earnings carried over from other comprehensive income											
6. Others											
(V).Special reserve											
1. Accrual of the current year											
2. Amount utilized in the current period											
Others											
IV. Balance at end of year	1,929,189,374.00				1,693,043,177.98	717,135,581.08	107,626.77		646,164,633.12	2,107,089,469.24	5,658,458,700.03

Person-in-charge of the Company:
Zhu Baoguo

Person-in-charge of the Company's accounting work:
Qiu Qingfeng

Person-in-charge of the accounting department:
Guo Chenlu

Joincare Pharmaceutical Group Industry Co., Ltd

Notes to the financial statements

(All amounts in RMB Yuan unless otherwise stated)

I Company Profile

1. Overview

Applicable N/A

Joincare Pharmaceutical Group Industry Co., Ltd. (hereinafter referred to as the "Company" or "the Company"), formerly known as Shenzhen Aimier Food Co., Ltd. (深圳爱迷尔食品有限公司), was a Sino-foreign joint venture officially established on 18 December 1992 with the approval from Shenzhen Administration for Industry and Commerce.

On 24 November 1999, the Company was reorganized as a joint stock limited company.

On 6 February 2001, the Company was approved by the China Securities Regulatory Commission to issue domestically listed shares (A shares) to the public. On 8 June 2001, shares of the Company were listed and traded on Shanghai Stock Exchange.

As of 30 June 2024, the total share capital of the Company was RMB1,874,019,337 and the total number of shares of the Company was 1,874,019,337. The controlling shareholder of the Company is Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司), and the ultimate controlling party is Zhu Baoguo (朱保国).

The company is registered and headquartered in Joincare Pharmaceutical Group Building, No. 17, Langshan Road, North District, High-tech Zone, Nanshan District, Shenzhen.

The Company is engaged in the integrated pharmaceutical industry.

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

The financial statements and notes to the financial statements of the Company were approved at the 43th Meeting of the 8th Session of the Board on 23 August 2024.

II Basis of Preparation for the Financial Statements

1. Basis of preparation

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

2. Continuing operation

Applicable N/A

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidance, interpretations

and the other related provisions (collectively, the “Accounting Standards for Business Enterprises”). In addition, the Company also discloses relevant financial information in accordance with the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2023 Revision) issued by the China Securities Regulatory Commission.

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

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

III Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimate tips:

Applicable N/A

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

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

The financial statements comply with the Accounting Standards for Business Enterprises, which gave a true and complete view of the consolidated and the Company's financial positions as at June 30, 2024, and the consolidated and the Company's operating results and the consolidated and the Company's cash flows and other relevant information for the 6 months period ending June 30, 2024.

2. Accounting period

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

3. Business cycle

Applicable N/A

The Company's operating cycle is 12 months.

4. Functional currency

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

5. Determination and selection basis of materiality criteria

Item	Materiality criteria
Material receivables subject to provision for bad debt individually	Individual debtor accounts for more than 5% of all types of receivables and the amount exceeds RMB50 million
Material receivables write-off in the period	Individual write-off amount accounts for more than 5% of all types of receivables and the amount exceeds RMB50 million
Material construction in progress	Budget investment amount for a single project account for more than 5% of consolidated total assets and the amount exceeds RMB100 million
Material contract liabilities aged over one year	Individual contract liability aged over one-year accounts for more than 10% of consolidated total liabilities and the amount exceeds RMB50 million
Material accounts payable and other payables aged over one year	Individual accounts payable/other payable aged over one-year accounts for more than 10% of total accounts payables/other payables and the amount exceeds RMB50 million
Material non-wholly owned subsidiaries	One or both of the subsidiary's total assets, operating income, net profit (or absolute value of loss) accounts for more than 10% of the corresponding items in the consolidated financial statements
Material capitalized research and development projects	Closing balance of a single project accounts for more than 10% of the closing balance of development expenditures and the amount exceeds RMB100 million
Material investment activities	Single investment activity accounts for more than 10% of the total cash inflows or outflows related to investment activities received or paid and the amount exceeds RMB100 million
Material joint ventures or associates	Carrying amount of long-term equity investments in a single investee accounts for more than 3% of the total consolidated net assets and the amount exceeds RMB500 million, or investment profits and losses under the equity method of long-term equity investment accounts for more than 10% of the consolidated net profit

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

Applicable N/A

(1). Business combinations involving enterprises under common control

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

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

In the separate financial statements, the initial investment cost will be recognised at the carrying amount of the Company's share in the combined party's net assets in the consolidated financial statements of the ultimate controlling party on the date of combination. The difference

between the initial investment cost and the sum of the carrying amount of the investment held and the carrying amount of consideration paid for the combination at the combination date is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

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

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

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

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

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

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

measured at fair value, the cumulative changes in fair value recognised in other comprehensive income shall be transferred to profit or loss for current period when accounted for using cost method.

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

(3). Transaction fees attribution during the combination

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

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

Applicable N/A

(1) Basis in determination of control

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

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

(2) Method for preparation of the consolidated financial statements

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

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

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

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

(3) Purchase of the minority stake in the subsidiary

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

(4) Treatment of loss of control of subsidiaries

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

Other comprehensive income in relation to the original subsidiary's equity investment are transferred to profit or loss for the current period when control ceases, except for those arising from re-measuring net assets or net liabilities of defined benefit plan by the investee.

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

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

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

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

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

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

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

Applicable N/A

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

(1) Joint operation

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

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

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

(2) Joint ventures

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

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

9. Standards for determination of cash and cash equivalents

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

10. Foreign currency transactions and translation of financial statements in foreign currency

Applicable N/A

(1) Foreign currency transactions

Foreign currency transactions incurred by the Company are translated to the functional currency at the spot exchange rates on the date of the transactions upon initial recognition.

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

(2) Translation of financial statements in foreign currency

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

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

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

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

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

11. Financial instruments

Applicable N/A

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

(1) Recognition and De-recognition of financial instruments

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

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

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

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

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

(2) Classification and measurement of financial assets

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

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

Financial assets at amortised cost

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

A. The Company's business model for managing the financial assets is to collect contractual cash flow;

B. The terms of the financial asset contract stipulate that the cash flow generated on a specific date is only the payment for principal and interest accrued on the outstanding principal.

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

Financial assets at fair value through other comprehensive income

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

A. The Company's business model for managing the financial assets is both to collect contractual cash flows and to sell the financial assets;

B. The terms of the financial asset contract stipulate that the cash flow generated on a specific date is only the payment for principal and interest accrued on the outstanding principal.

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

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

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

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

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

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

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

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

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

(3) Classification and measurement of financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortised cost

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

Distinction between financial liabilities and equity instruments

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

- ① Contractual obligation to deliver cash or other financial instruments to another entity.
- ② Under potential adverse condition, contractual obligation to exchange financial assets or financial liabilities with other parties.
- ③ A contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.
- ④ A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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

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

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

(4) Derivative financial instruments and embedded derivatives

The Company's derivative financial instruments include forward foreign exchange contracts, and are initially measured at fair value on the date of the derivative contract signed and are subsequently measured at fair value. A derivative with positive fair value shall be recognised as an

asset, otherwise that with negative fair value shall be recognised as a liability. Any profit or loss arising from changes of fair value and not compliance with the accounting provision of hedge shall be recognised as profit or loss for current period.

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

(5) Fair value of the financial instrument

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

(6) Impairment of financial assets

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

A. Financial assets measured at amortised cost;

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

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

D. Lease receivables;

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

Measurement of expected credit loss (ECLs)

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

The Company takes into account reasonable and valid information on past events, current conditions and forecasts of future economic conditions, with the risk of default as the weight, to calculate the probabilistic weighted amount of the present value of the difference between the cash

flow receivable from contract and the expected cash flow to be received and recognise the expected credit loss.

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

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

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

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

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

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

Notes receivable, trade receivables and contract assets

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

If the expected credit losses of one individual financial asset cannot be estimated at a reasonable cost, the Company classifies notes receivable and trade receivables into portfolios based

on credit risk characteristics, and measures expected credit losses on portfolios basis to determine portfolios by the following basis:

A. Notes receivable

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

B. Accounts receivables

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

Contract assets

- Contract assets portfolio: Sale of products

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

For accounts receivables classified as portfolio, the Company measures expected credit losses through preparing a table of concordance between the aging of trade receivables and lifetime expected credit losses rate with reference to the historical credit loss experience, current situation and forecasts of future economic conditions.

Other receivables

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

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

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

Long-term receivables

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

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

A. Finance lease receivables

- Portfolio of finance lease receivables: other receivables

B. Other long-term receivables

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

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

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

Debt investments and other debt investments

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

Assessment of significant increase in credit risk

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

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

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

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

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

Credit-impaired financial assets

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

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

Presentation of allowance for ECL

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

Write-off

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

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

(7) Transfer of financial assets

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

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

The Company neither transfers nor retains substantially all the risks and rewards of ownership, shows as the following circumstances: if the Company has forgone control over the financial assets, derecognise the financial assets and verify the assets and liabilities; if the Company retains its

control of the financial asset, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset and recognise an associated liability is recognised.

(8) Offsetting financial assets and financial liabilities

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

12. Fair value measurement

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

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

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

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

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

For the assets and liabilities measured or disclosed at fair value on financial statements, fair value hierarchies are categorized into three levels as the lowest level input that is significant to the entire fair value measurement: Level 1: inputs are quoted prices (unadjusted) in active markets for

identical assets and liabilities. Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: inputs are unobservable inputs for the asset or liability.

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

13. Inventories

√Applicable □N/A

(1) Classification of inventories

The Company's inventories include raw materials, packaging materials, finished goods, work-in-progress, low-value consumables, subcontracting materials, inventory goods and expendable biological assets.

(2) Method of costing for inventory acquisition and distribution

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

(3) Inventory system

The Company maintains a perpetual inventory system.

(4) Amortisation methods of consumables

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

Determination basis and provision method for decline in value of inventories

√Applicable □N/A

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

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

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

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

14. Held for sale and discontinued operations

Applicable N/A

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

Applicable N/A

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

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

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

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

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

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

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

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

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

② The recoverable amount.

Recognition standards and presentation of discontinued operation

Applicable N/A

(1) Recognition standards of discontinued operation

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

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

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

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

(2) Presentation

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

The Company presents the profit and loss for continuing operation and profit and loss for discontinued operation in the income statement, respectively. The impairment loss and reversal

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

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

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

15. Long-term equity investment

Applicable N/A

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

(1) Determination of initial investment cost

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

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

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

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

For the long-term equity investment accounted for using cost method, except for the price actually paid upon the investment or the cash dividend or profit in the consideration that has been

declared but not released, the cash dividend or profit declared and distributed by the investee is recognised as the investment income and recorded into the profit and loss for the current period.

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

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

If the Company is able to exert significant influence or implement joint control (which does not constitute control) on the investee through additional investment or other reason, the sum of the fair value of the original equity plus the additional investment cost will be used as the initial investment cost, which will be accounted for with equity method, on the conversion date. The difference between the fair value of the original equity on the conversion date and its carrying amount, and the accumulated change of fair value recorded into other comprehensive income will be transferred into the profit and loss for the current period, which will be accounted for using equity method.

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

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

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

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

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

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

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

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

(4) Held-for-sale equity investment

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

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

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

(5) Impairment test and impairment provision

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

16. Investment properties

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

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

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

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

17. Fixed assets

(1) Conditions for recognition of fixed assets

Applicable N/A

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

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

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

(2) Method of depreciation

Applicable N/A

Category	Depreciation method	Useful years (year)	Residual rate	Annual depreciation
Properties and Buildings	Straight-line method	20	5%-10%	4.5%-4.75%
Machine and equipment	Straight-line method	10	5%-10%	9%-9.5%
Transportation equipment	Straight-line method	5	5%-10%	18%-19%
Electric equipment and others	Straight-line method	5-10	5%-10%	18%-19%

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

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

(4) Recognition basis, valuation and depreciation method of financial leased fixed assets

When the Company's leased fixed assets meet one or more of the following criteria, it is recognized as finance leased fixed assets:

① At the expiration of the lease term, the ownership of the leased assets is transferred to the Company.

② The Company has the option to purchase leased assets. The agreed purchase price is expected to be much lower than the fair value of the leased asset when the option is exercised. Therefore, it can be reasonably determined that the Company will exercise this option on the lease start date.

③ Even if the ownership of the asset is not transferred, the lease term occupies most of the useful life of the leased asset.

④ The present value of the Company's minimum lease payment on the lease start date is almost equivalent to the fair value of the leased assets on the lease start date.

⑤ The leased assets are of special nature, and only our company can use them if they don't undergo major transformation.

For fixed assets leased by finance leases, the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment shall be the entry value. The minimum lease payment is taken as the entry value of the long-term payable, and the difference is taken as the unrecognized financing expense. In the process of lease negotiation and signing of the

lease contract, the initial direct costs attributable to the lease item, such as handling fees, attorney fees, travel expenses, stamp duty, etc., are included in the value of the leased asset. The unrecognized financing costs shall be amortized by the effective interest method during each period of the lease term.

The fixed assets acquired by finance lease adopt the same policy as self-owned fixed assets to calculate the depreciation of leased assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the end of the lease term, depreciation shall be accrued on the useful life of the leased asset; if it cannot be reasonably determined that the ownership of the leased asset will be obtained at the end of the lease term, depreciation is accrued in the shorter of the lease period and the useful life of the leased asset.

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

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

(6) Overhaul costs

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

18. Construction in progress

Applicable N/A

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

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

Category	Basis for transferring construction in progress to fixed assets
Buildings and structures	(1) Main construction project and supporting works have been substantially completed. (2) Construction works have met the predetermined design requirements, verified and accepted by survey, design, construction, supervision, and other units. (3) Approved by fire safety, land administration, and urban planning departments. (4) If GMP certification is required, it must pass the GMP on-site inspection and receive a GMP compliance inspection report. (5) For construction projects that have reached the predetermined status of use but have not yet undergone final settlement, fixed assets are transferred based on the estimated value according to the actual project cost from the date of reaching the predetermined usable state.
Production and ancillary equipment requiring installation and debugging	(1) The relevant equipment and other supporting facilities have been installed. (2) The equipment has been debugged and can maintain normal and stable operation for a period of time. (3) The production equipment is capable of consistently producing qualified products for a period of time. (4) The equipment has been verified and accepted by the asset management personnel and users. (5) If GMP certification is required, it must pass the GMP on-site inspection and receive a GMP compliance inspection report.

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

In the balance sheet, the ending balance of construction materials is presented under “construction in progress”.

19. Borrowing costs

√Applicable □N/A

(1) Recognition principle of capitalisation of borrowing costs

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

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

② Borrowing costs incurred;

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

(2) Capitalisation period of borrowing costs

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

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

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

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

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

20. Biological assets

√Applicable □N/A

(1) Determination of biological assets

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

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

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

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

(2) Classification of biological assets

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

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

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

(3) Impairment of biological assets

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

21. Intangible assets

(1) Pricing methods, useful lives and impairment tests

√Applicable □N/A

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

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

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

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

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

The useful life for an intangible asset with a finite useful life and the method of amortisation are reviewed at least once at the end of each financial year. If the useful life and amortisation method for the intangible assets are different from the previous estimate, the change of amortisation is recognised prospectively as the change of accounting estimate.

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

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

22. Research and development expenditures

√Applicable □N/A

The research and development (R&D) expenses of our company consist of expenses directly related to R&D activities, including salaries of R&D personnel, direct input costs, depreciation and amortization of long-term assets, equipment debugging costs, amortization of intangible assets, expenses for outsourcing research and development, clinical trial expenses, and other expenses. Among these, the salaries of R&D personnel are allocated to R&D expenses based on project hours. Equipment, production lines, and premises shared between R&D activities and other production operations are allocated to R&D expenses based on the proportion of hours or area utilized.

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

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

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

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

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

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

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

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

③ External technology transfer fees and the cost of purchasing clinical approvals can be recognised directly as development expenditures, and subsequent expenditures are accounted for in accordance with ① and ② above.

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

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

Please refer to note III.23 for the impairment testing methodology and impairment provision for intangible assets.

23. Impairment of assets

√Applicable □N/A

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

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

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

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

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

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

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

24. Long-term deferred expenses

√Applicable N/A

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

25. Employee compensation

(1) The scope of employee compensation

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

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

(2) Short-term employee compensation

√ Applicable N/A

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

(3) Post-employment benefits

√Applicable N/A

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

Defined contribution plans include basic pension insurance and unemployment insurance.

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

(4) Termination benefits

√Applicable N/A

The liability of employee compensation arising from termination benefits is recognised and included in profit or loss for the current period in the earlier date of the followings: The Company cannot unilaterally withdraw the offer of termination benefits because of an employment

termination plan or a curtailment proposal; the Company recognises costs or expenses related to the restructuring that involves the payment of termination benefits.

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

(5) Other long-term employee benefits

Applicable N/A

When other long-term employee benefits provided to the employees by the Company are satisfied the conditions of a defined contribution plan, those benefits shall be accounted for in accordance with the relevant provisions of the above defined contribution plans. When the benefits are satisfied the conditions of a defined benefit plan, those benefits shall be accounted for in accordance with the relevant provisions of the above defined benefit plans, except that the “change in remeasurement of the net liability or net assets of the defined benefit plans” in the cost of the related employee compensation shall be included in profit or loss for the current period or related asset costs.

26. Provision for liabilities

Applicable N/A

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

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

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

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

27. Share-based payment and equity instruments

Applicable N/A

(1) Accounting treatment of share-based payment

Share-based payments are transactions in which equity instruments are granted or liabilities are assumed on the basis of equity instruments in order to obtain services from employees or other parties. Share-based payment is classified into equity-settled share-based payment and cash-settled share-based payment.

① Equity-settled share-based payment

Equity-settled share-based payment is measured at the fair value of the equity instruments granted to employees. If vesting is conditional upon completion of services in the pending period or fulfilment of performance conditions, at each balance sheet date during the pending period, based on the best estimates of the number of vested equity instruments, the services received for the period are recognised as the costs or expenses on a straight-line basis. Instruments which are vested immediately upon the grant are included in relevant costs or expenses at the fair value of equity instruments on the date of grant and capital reserves are increased accordingly.

At each balance sheet date during the pending period, the Company makes the best estimate and revises the number of equity instruments expected to be exercisable based on subsequent information such as changes in the number of exercisable employees obtained from the latest available information. The effect of the above estimates is recognised as the relevant cost or expense in the current period, and capital surplus is adjusted accordingly.

For the equity instruments granted under an equity-settled share-based payment for services from other parties, if the fair value of services received from other parties can be measured reliably, the fair value of the equity instruments is measured at the fair value of services from other parties on the grant date; if the fair value of services received from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, the fair value of the equity instruments on the date on which services are received shall be recognised as related costs or expenses, with a corresponding increase in owners' equity.

② Cash-settled share-based payment

Cash-settled share-based payments are measured at the fair value of the liabilities (share-based or other equity instrument-based) assumed by the Company. Instruments which are vested immediately upon the grant are included in relevant costs or expenses at the fair value of liabilities assumed by the Company on the date of grant and liabilities are increased accordingly. If vesting is conditional upon completion of services in the pending period or fulfilment of performance conditions, at each balance sheet date during the pending period, based on the best estimates of the vesting situation, the services received for the period are recognised as the costs or expenses and corresponding liabilities at fair value of the liabilities assumed by the Company.

At each balance sheet date and settlement date before the relevant liabilities are settled, the fair value of liabilities is re-measured and the resulting changes are included in the profit and loss for the current period.

(2) Accounting treatment for amendment and termination of share-based payments

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

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

(3) Accounting treatment for share-based payments involving the Company and the shareholders or the de facto controller of the Company

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

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

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

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

For a share-based payment transaction occurring among enterprises under the Company where the enterprise receiving services and the settlement enterprise are not the same enterprise, such

share-based payment transaction shall be recognised and measured in each of the respective financial statements of the enterprise receiving services and the settlement enterprise by reference to the above principles.

28. Preferred shares, perpetual bonds and other financial instruments

Applicable N/A

(1) Classification of financial liabilities and equity instruments

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

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

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

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

29. Revenue

(1). Disclosure of accounting policies used for revenue recognition and measurement by type of business

Applicable N/A

(1) General principle

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

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

and the revenue is measured according to the transaction price allocated to each performance obligation.

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

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

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

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

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

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

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

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

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

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

⑤ When the customer has accepted the goods or services.

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

A contract asset represents the Company's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditioned on factors other than passage of time, for which the loss allowances for expected credit loss is recognised (see Note III.11(6)). The Company shall present any unconditional (i.e. if only the passage of time is required) rights to consideration separately as a receivable. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from the customer.

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

(2) Specific method

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

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

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

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

(2). Different revenue recognition and measurement methods for the same type of business adopting different business models

Applicable N/A

30. Contract costs

Applicable N/A

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

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

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

① The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs

that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;

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

③ The costs are expected to be recovered.

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

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

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

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

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

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

31. Government grants

Applicable N/A

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

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

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

Regarding to the government grant not clearly defined in the official documents and can form long term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related

to income. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to income.

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

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

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

32. Deferred tax assets and deferred tax liabilities

Applicable N/A

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

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

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

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

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

The Company recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences,

deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

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

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

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

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

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

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

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

33. Leases

(1) Identification of leases

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

(2) The Company as the lessee

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

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

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

Short-term lease

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

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

Leases of low-value assets

Leases of low value assets refer to lease of a single leased asset whose value is less than 40,000 yuan when it is a brand-new asset.

The Company recognised the lease payments for the leases of low-value assets in the relevant asset cost or the profit or loss for the current period on a straight-line basis over each period of the lease term.

For leases of low value assets, the Company chooses to adopt the above simplified method according to the specific situation of each lease.

(3) The Company as the lessor

When the Company is the lessor, the lease that substantially transfers all the risks and rewards related to the ownership of assets is recognised as a finance lease, and leases other than finance leases are recognised as operating leases.

Finance leases

In a financial lease, the Company uses the net investment in leases as the carrying amount of finance lease receivables at the inception of a lease. The net investment in leases is the sum of the unguaranteed residual value and the present value of the outstanding lease payment at the inception of a lease, discounted using the interest rate implicit in the lease. The Company, as the lessor, calculates and recognises the interest income over each period of the lease term at a fixed periodic interest rate. Variable lease payments not included in the measurement of the lease liability, which are obtained by the Company as a lessor, are recognised in profit or loss as incurred.

The termination of recognition and impairment of financial lease receivables is accounted for in accordance with the provisions of “Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instrument” and “Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets”.

Operating lease

For the rental of operating leases, the Company recognises it in the profit or loss for the current period on a straight- line basis over each period of the lease term. The initial direct cost incurred in connection with an operating lease shall be capitalised and amortised on the same basis for recognition of rental income during the lease term, and shall be included in instalments in the profit or loss for the current period. The variable lease payment, which is obtained in connection with an operating lease and not included in the lease receivables, shall be included in the profit and loss for the current period when they actually occur.

34. Right-of-use assets

Applicable N/A

(1) Recognition condition of right-of-use assets

The right-of-use assets of the Company are defined as the right of underlying assets in the lease term for the Company as a lessee.

Right-of-use assets are initially measured at cost as at the commencement date of the lease, which consists of: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease less any lease incentives received if any; initial direct expenses incurred by the Company as a lessee; costs to be incurred by the Company as a lessee in dismantling and removing a leased asset, restoring the site on which it is located or restoring the leased assets to the condition required by the terms and conditions of the lease. The Company as a lessee recognises and measures the costs of demolition and restoration according to “Accounting Standards for Business Enterprises No.13 – Contingencies”, and subsequently adjusts for any remeasurement of lease liability.

(2) Depreciation method of right-of-use assets

The Company calculates depreciation on a straight-line basis. Right-of-use assets in which the Company as a lessee is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated over the remaining useful life. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and its remaining useful life.

(3) For methods of impairment testing and provision for impairment for right-of-use assets, please refer to note III. 23.

35. Repurchase of shares

Prior to cancellation or transfer of shares repurchased, the Company recognises all expenditures arising from share repurchase as cost of treasury shares in the treasury share account.

Considerations and transaction fee incurred from the repurchase of shares shall lead to the elimination of owners' equity and does not recognise profit or loss when shares of the Company are repurchased, transferred or cancelled.

The difference between the actual amount received and the carrying amount of the treasury stock are recognised as capital reserve when the treasury stocks are transferred, if the capital reserve is not sufficient to be offset, the excess amount shall be recognised to offset surplus reserve and undistributed profit. When the treasury stocks are cancelled, the capital shall be eliminated according to the number of shares and par value of cancellation shares, the difference between the actual amount received and the carrying amount of the treasury stock are recognised as capital reserve, if the capital reserve is not sufficient to be offset, the excess amount shall be recognised to offset surplus reserve and undistributed profit.

36. Other significant accounting judgements and estimates

√Applicable □N/A

Significant accounting judgements and estimates

Significant accounting estimates and critical assumptions adopted by the Company are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The significant accounting estimates and critical assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are set out below:

(1) Classification of financial assets

Significant judgements involved in determining the classification of financial assets include analysis of business mode and characteristics of the contractual cash flows.

Factors considered by the Company in determining the business model of financial assets management for a group of financial assets include past experience on how financial asset's performance is evaluated and reported to key management personnel, how risks affecting the performance of financial asset are assessed and managed and how managers of related businesses are compensated.

When assessing whether the contractual cash flows of financial assets are consistent with basic lending arrangement, the Company adopts the following significant judgements: whether the time distribution or amounts of the principal within the duration may change due to early repayment and other reasons; whether the interest includes only the time value of money, credit risk, other basic lending risks and the consideration for cost and profit. For example, the amounts of early repayment only reflect principal unpaid, the interest based on principal unpaid and reasonable compensation paid for early termination of a contract.

(2) Measurement of ECL for accounts receivables

The Company calculates ECL of accounts receivables according to their exposure at default and ECL rate, and determines ECL rate based on probability of default and loss given default. When

determining ECL rate, the Company adopts data like historical credit loss experience in combination with current situation and forward-looking information to adjust historical data. When considering forward-looking information, the Company uses indicators including the risk of economic downturn, external market environment, technology environment and changes on customer situation. The Company periodically monitors and reviews assumptions relevant to the measurement of ECL.

(3) Impairment of non-current assets other than financial assets (other than goodwill)

On the balance sheet date, the Company assesses whether there are indications of impairment for non-current assets other than financial assets. For intangible assets that have not yet reached the status of use, impairment testing is conducted when there are indications of impairment, in addition to the annual impairment test. For non-current assets other than financial assets, impairment testing is conducted when there are indications that their carrying amounts may not be recoverable. Impairment is recognized when the carrying amount of an asset or asset group exceeds the higher of its recoverable amount, which is the net amount of fair value less disposal costs and the present value of estimated future cash flows. The net amount of fair value less disposal costs is determined by reference to the selling price in similar assets in fair transactions or observable market prices, minus incremental costs directly attributable to the asset disposal. In estimating the present value of future cash flows, management estimates the expected future cash flows of the asset or asset group and selects an appropriate discount rate to determine the present value of future cash flows.

(4) Impairment of goodwill

The Company evaluates whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the asset groups to which the goodwill is allocated. In estimating the value in use, the Company needs to estimate the future cash flows generated from the asset groups and also to choose an appropriate discount rate in order to calculate the present value of the future cash flows.

(5) Development costs

Determining the amounts to be capitalised requires the management to make assumptions regarding the expected future cash flows generated from the relevant assets, discount rates to be applied and the expected period of benefits.

(6) Deferred tax assets

The deferred income tax assets will be recognised for all unused tax losses to the extent that it is probable that there will be sufficient taxable profits against which the loss is utilised. This requires the management to exert numerous judgments to estimate the timing and amount of the future taxable profits so as to determine the amount of deferred income tax assets to be recognised with reference to the tax planning strategy.

(7) Revenue recognition

As stated in note III. 29, the Company makes the following significant accounting judgements and estimates in terms of revenue recognition: identifying customer contracts; estimating the recoverability of the considerations that are entitled to be obtained by transferring goods to

customers; identifying the performance obligation in the contract; estimating the variable consideration in the contract and cumulative revenue recognised where it is highly probable that a significant reversal therein will not occur when the relevant uncertainty is resolved; assessing whether there is a significant financing component in the contract; estimating the individual selling price of the individual performance obligation in the contract, etc. The Company makes judgments primarily based on historical experiences and works. Changes in these significant judgments and estimates may have significant impacts on the operating income, operating costs, and profit or loss of the current or subsequent periods.

(8) Determination of the fair value of unlisted equity investment

The fair value of unlisted equity investments represents the expected future cash flows discounted at the prevailing discount rate of items with similar terms and risk characteristics. It requires the Company to estimate the expected future cash flows and discount rates, and therefore there is uncertainty. Under limited circumstances, if the information used to determine the fair value is insufficient, or the possible estimated amount of fair value is widely distributed, and cost represents the best estimate of the fair value within such scope, the cost may represent an appropriate estimate of the fair value within such distribution scope.

37. Changes in significant accounting policies and accounting estimates and correction to accounting errors

(1) Changes in significant accounting policies

Applicable N/A

(2) Changes in significant accounting estimates

Applicable N/A

(3) Adjustments to the opening items and amounts of the financial statements for the year of the first implementation due to the first implementation of new accounting standards, standard interpretations, etc. from 2023.

Applicable N/A

IV. Taxation

1. Major taxes and their tax rates

Applicable N/A

Tax category	Basis of taxation	Statutory tax rate
Value added tax	Taxable revenue	3%, 6%, 13%
Urban maintenance and construction tax	Subject to turnover tax to be paid	1%, 5%, 7%
Education surcharges	Subject to turnover tax to be paid	3%
Local education surcharge	Subject to turnover tax to be paid	Note 1
Enterprise income tax	Subject to taxable profit	Note 2

Note 1: The Company and its subsidiaries that are incorporated in Shenzhen and Zhuhai shall pay local education surcharges that are charged as 2% of the turnover tax payable. Other subsidiaries shall pay local education surcharges according to the tax rate as specified at their places of incorporation on the basis of turnover tax payable.

Note 2: The implementation of enterprise income tax rate is as follows:

Disclosure of taxpayers (if any) with different rates of enterprise income tax

√Applicable □N/A

Taxpayer	Rate of enterprise income tax (%)
Hong Kong Health Pharmaceutical Industry Company Limited (香港健康药业有限公司), Livzon Pharmaceutical Biotechnology Co., Ltd. (丽珠医药生物科技有限公司), Lian (Hong Kong) Co., Ltd. (丽安香港有限公司), Livzon Biologics Hong Kong Limited (丽珠生物科技香港有限公司)	16.5
Companhia de Macau Carason Limitada (澳门嘉安信有限公司), Li Zhu (Macau) Limitada (丽珠(澳门)有限公司), Macau Livzon Traditional Chinese Medicine Modern Technology Co., Ltd. (澳门丽珠中药现代化科技有限公司)	0 or 12 (Tax rate is 12% where the taxable income is MOP600,000 or more; for those with taxable income less than MOP600,000, they are exempted from income taxes.)
The Company and Shenzhen Taitai Pharmaceutical Industry Co., Ltd. (深圳太太药业有限公司)(Taitai Pharmaceutical), Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司)(Haibin Pharma), Xinxiang Haibin Pharmaceutical Co., Ltd.(新乡海滨药业有限公司)(Xinxiang Haibin), Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司)(Jiaozuo Joincare), Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司)(Shanghai Frontier), Guangzhou Respiratory Medicine Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司)(Guangzhou Respiratory), Joincare Haibin Pharmaceutical Co., Ltd. (健康元海滨药业有限公司)(Joincare Haibin), Livzon Group and subsidiaries of Livzon Group, including Livzon Group Limin Pharmaceutical Manufacturing Factory (丽珠集团利民制药厂), Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂), Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司), Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司), Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司), Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司), Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司), Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司), Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (丽珠集团(宁夏)制药有限公司), Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司), Zhuhai Lihe Medical Diagnostic Products Co., Ltd. (珠海丽禾医疗诊断产品有限公司), Zhuhai Livzon Chinese Medicine Modern Technology Co., Ltd. (珠海市丽珠中药现代化科技有限公司)	15
Livzon MAB Pharm (US) Inc. (丽珠单抗生物技术(美国)有限公司)	21
LIVZON BIOLOGICS (MALAYSIA) SDN. BHD.,	17 or 24 (registered capital of less than MYR 2.5 million, the tax rate is 17% on the first profit less than MYR 600,000; the registered capital exceeds MYR 2.5 million or the profit exceeds MYR 600,000, the tax rate is 24%)
Health Investment Holdings Ltd, Joincare Pharmaceutical Group Industry Co.,Ltd., Livzon International Ventures, Livzon International Ventures I, Livzon International Ventures II	0 (Note 1)
Other subsidiaries	25 or enjoy preferential tax policies for small and micro-profit enterprises

Note 1: Companies registered in the British Virgin Islands and the Cayman Islands are not subject to enterprise income tax.

2. Tax incentives

Applicable N/A

(1) Preferential value added tax

In accordance with the Announcement on Value Added Tax on Biological Products Sold by Pharmaceutical Operation Enterprises issued by the State Administration of Taxation (Announcement of State Administration of Taxation 2012 No. 20) and the Notice of the Ministry of Finance, the General Administration of Customs, the State Administration of Taxation and the State Drug Administration on the Value-Added Tax Policies for Anti-Cancer Drugs (Caishui [2018] No. 47), the biological products sold by the Company are subject to value added tax at 3% by the simple approach.

(2) Preferential enterprise income tax

The Company's subsidiary Joincare Haibin (健康元海滨) has been eligible for preferential enterprise income tax policies for high-tech enterprises for a duration of 3 years starting from 2021. The Company and its subsidiaries Jiaozuo Joincare (焦作健康元) and Guangzhou Respiratory (广州呼吸) have been eligible for preferential enterprise income tax policies for high-tech enterprises for a duration of 3 years starting from 2022. The Company's subsidiaries Taitai Pharmaceutical (太太药业), Haibin Pharma (海滨制药), Xinxiang Haibin (新乡海滨), and Shanghai Frontier (上海方予) are eligible for preferential enterprise income tax policies for high-tech enterprises for a duration of 3 years starting from 2023.

Livzon Group and its subsidiaries, including Livzon Group Limin Pharmaceutical Manufacturing Factory (丽珠集团利民制药厂), Livzon Pharmaceutical Factory (丽珠制药厂), Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司), Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司), Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司), and Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司) are eligible for preferential enterprise income tax policies for high-tech enterprises for a period of 3 years starting from 2023. Shanghai Livzon Biotechnology Co., Ltd. (上海丽珠生物科技有限公司) has reapplied for recognition of high-tech enterprises in the period. Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司), Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司), and Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司) has been eligible preferential enterprise income tax policies for high-tech enterprises for a duration of 3 years since 2022. Livzon Group (Ningxia) Pharmaceutical Manufacturing Co., Ltd. (丽珠集团(宁夏)制药有限公司) has been verified to benefit from tax incentives for encouraged industries in the western region. The above companies were subject to enterprise income tax rate of 15% for the period.

In accordance with Article 27 of the enterprise income tax Law of the People's Republic of China and Article 86 of the Regulations for the Implementation of the enterprise income tax Law of the People's Republic of China, the business of planting Chinese herbal medicines engaged by the subsidiaries of the Livzon, Datong Livzon Qiyuan Medicine Co., Ltd. (大同丽珠芪源药材有限公司) and Longxi Livzon Shenyuan Medicine Co., Ltd. (陇西丽珠参源药材有限公司) are exempted from enterprise income tax.

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the Preferential Policies for enterprise income tax in the Hengqin Guangdong-Macao Deep Cooperation Zone" (Cai Shui [2022] No. 19), enterprise income tax is levied at a reduced rate of 15% for qualified industrial enterprises located in the Hengqin Guangdong-Macao Deep Cooperation Zone. The Livzon Group's subsidiaries, Zhuhai Lihe Medical Diagnostic Products Co., Ltd. (珠海丽禾医疗诊断产品有限公司) and Zhuhai Livzon Chinese Medicine Modern Technology Co., Ltd. (珠海市丽珠中药现代化科技有限公司) meet the relevant conditions and are subjected to 15% enterprise income tax rate for the current period.

According to the preferential tax policies for small low-profit enterprises, until 31 December 2027, the portion of annual taxable income of a small low-profit enterprise which does not exceed RMB3 million is subject to enterprise income tax at a tax rate of 5%.

3. Others

Applicable N/A

V. Notes to the items of consolidated financial statements

1. Cash and bank balances

Applicable N/A

Unit: Yuan Currency: RMB

Items	Balance at the End of the Period	Balance at the Beginning of the Period
Cash on hand	415,135.73	355,538.62
Cash at bank	15,116,606,778.94	15,580,242,256.39
Other monetary funds	141,862,895.69	111,290,519.82
Total	15,258,884,810.36	15,691,888,314.83
Including: total overseas deposits	1,889,093,934.49	1,502,820,057.55

Other descriptions:

① Other monetary funds are mainly deposits for investments, deposits under guarantee of letter of guarantee and issuing letters of credit, etc.

② Restricted funds relating to issuing letters of credit and foreign exchange forward contracts, etc. in other monetary funds were deducted from cash and cash equivalents in the cash flow statement. Apart from these restricted funds, there is no other charge, pledge or lock up on the balance of cash at bank and on hand that may limit its use, is kept outside China and may have probable risks in its collection. Below are the details of the use of restricted monetary funds:

Item	30 June 2024	31 December 2023
Deposits for letter of credit	0.00	602,957.38
Guarantees and other business deposits	9,385,768.41	4,965,960.88

Deposits for other business	896,462.38	1,058,531.40
Total	10,282,230.79	6,627,449.66

2. Financial assets held for trading

√Applicable □N/A

(1) Classification

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Financial asset measured at fair value through profit or loss	67,941,574.16	82,899,154.24
Including:		
Debt instrument investments	978,860.38	937,588.47
Equity instrument investments	66,961,565.41	78,238,516.48
Derivative financial assets	1,148.37	3,136,735.29
Bank wealth management products	0.00	586,314.00
Total	67,941,574.16	82,899,154.24

Other descriptions:

√Applicable □N/A

① The Company's investments in equity instruments and debt instruments for financial assets held for trading at the End of the Period were listed for trading on Shenzhen Stock Exchange, Hong Kong Stock Exchange and NASDAQ in the United States. The fair value was determined based on the closing price on the last trading day in the Reporting Period.

② Derivative financial assets represent foreign currency forward contracts, futures contracts and gains from unexpired contracts measured at fair value which were recognised as financial assets as at the balance sheet date.

(2) No restrictive financial asset measured at fair value through profit or loss was realised in the closing balance.

(3) No hedging instruments in the closing balance and no hedging transactions have occurred during the period.

3. Notes receivable

(1) Classified presentation of notes receivable

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,935,409,221.86	1,941,200,568.00
Provision for bad debts	0.00	0.00
Total	1,935,409,221.86	1,941,200,568.00

(2) Notes receivable pledged at period end

√Applicable □N/A

Unit: Yuan Currency: RMB

Category	Amount pledged at year end
Bank acceptance bills	800,494,559.02
Total	800,494,559.02

As at 30 June 2024, bank acceptance bills with carrying amount of RMB800,494,559.02 (31 December 2023: RMB519,789,027.16) have been used as pledge for opening of bills.

(3) Bills endorsed or discounted to other parties but not yet expired at balance sheet date

Applicable N/A

Unit: Yuan Currency: RMB

Category	Derecognised amount at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills not yet mature but already endorsed	276,118,314.99	0.00
Bank acceptance bills not yet mature but already discounted	9,767,218.08	0.00
Total	285,885,533.07	0.00

In the current period, the Company discounted bank acceptance bills of RMB9,767.22 thousand (previous period: RMB206,754.53 thousand). Since the major risks and rewards such as interest rate risk related to these bank acceptance bills have been transferred to the bank, the Company derecognizes the discounted unexpired bank acceptance bills. Factoring expenses incurred was RMB73.91 thousand (previous period: RMB1,494.62 thousand).

(4) Disclosure by method of provision for bad debts

Applicable N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Provision for bad debts on portfolio basis	1,935,409,221.86	100.00	0.00	0.00	1,935,409,221.86	1,941,200,568.00	100.00	0.00	0.00	1,941,200,568.00
Including:										
Bank acceptance bills	1,935,409,221.86	100.00	0.00	0.00	1,935,409,221.86	1,941,200,568.00	100.00	0.00	0.00	1,941,200,568.00
Total	1,935,409,221.86	/	0.00	/	1,935,409,221.86	1,941,200,568.00	/	0.00	/	1,941,200,568.00

Provision for bad debts on individual item:

Applicable N/A

Provision for bad debt on portfolio basis:

Applicable N/A

Provision for bad debts on portfolio basis: Bank acceptance bills

Item	Balance at the End of the Period		
	Notes receivable	Provision for bad debts	Expected credit loss rate (%)
Within one year	1,935,409,221.86	0.00	0.00
Total	1,935,409,221.86	0.00	0.00

Notes to bad debt provisions accrued according to the combination

Applicable N/A

Bad debt provisions accrued according to the general model of expected credit losses

Applicable N/A

Notes to the significant changes in the book balance of bills receivable arising from changes in the provision for losses in the current period:

Applicable N/A

(5) Provision for bad debts

Applicable N/A

Significant bad debt provision amounts recovered or reversed in the current period:

Applicable N/A

(6) Actual write-off of notes receivable in the period

Applicable N/A

Including: Write-off of significant notes receivable:

Applicable N/A

Notes to the write-off of notes receivable

Applicable N/A

4. Accounts receivable

(1) Disclosed by aging

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period	Balance at the Beginning of the Period
Subtotal within 1 year:	2,903,028,562.09	2,647,481,728.60
1-2 years	61,091,000.51	101,092,502.23
2-3 years	10,866,951.32	2,963,960.00
3-4 years	1,795,614.17	3,083,562.86
4-5 years	618,216.02	10,440,914.56
Over 5 years	23,727,776.14	14,187,114.03
Total	3,001,128,120.25	2,779,249,782.28

According to the credit policy of the Company, the Company usually grants a credit period ranging from 30 to 90 days to customers.

(2) Disclosure by method of provision for bad debts

Applicable N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)		Amount	Ratio (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual item	9,831,212.75	0.33	9,831,212.75	100.00	0.00	9,830,879.27	0.36	9,830,879.27	100.00	0.00
Including:										
Receivables from domestic customers	9,683,865.98	0.32	9,683,865.98	100.00	0.00	9,683,532.50	0.35	9,683,532.50	100.00	0.00
Receivables from overseas customers	147,346.77	0.01	147,346.77	100.00	0.00	147,346.77	0.01	147,346.77	100.00	0.00
Provision for bad debts on portfolio basis	2,991,296,907.50	99.67	76,699,011.49	2.56	2,914,597,896.01	2,769,418,903.01	99.64	76,477,036.77	2.76	2,692,941,866.24
Including:										
Receivables from domestic customers	2,349,661,414.69	78.29	67,264,194.36	2.86	2,282,397,220.33	2,334,140,677.67	83.98	69,784,726.72	2.99	2,264,355,950.95
Receivables from overseas customers	641,635,492.81	21.38	9,434,817.13	1.47	632,200,675.68	435,278,225.34	15.66	6,692,310.05	1.54	428,585,915.29
Total	3,001,128,120.25	100.00	86,530,224.24	2.88	2,914,597,896.01	2,779,249,782.28	100.00	86,307,916.04	3.11	2,692,941,866.24

Provision for bad debt on individual item:

Applicable N/A

Unit: Yuan Currency: RMB

Name	Closing balance			Reason of provision
	Book balance	Provision for bad debts	Expected credit loss rate (%)	
Purchase of goods	9,831,212.75	9,831,212.75	100.00	Not expected to be recoverable
Total	9,831,212.75	9,831,212.75	100.00	/

Descriptions of Provision for bad debt on individual item:

Applicable N/A

Provision for bad debts on portfolio basis:

Applicable N/A

Provision for bad debts on portfolio basis: Receivables from domestic customers

Unit: Yuan Currency: RMB

Ageing	Closing balance		
	Account receivables	Provision for bad debt	Expected credit loss rate (%)
Within 1 year:	2,260,806,973.61	31,548,020.18	1.40
1 to 2 years (inclusive of 2 years)	60,599,000.98	11,670,948.16	19.26
2 to 3 years (inclusive of 3 years)	10,859,824.52	7,006,230.55	64.52
3 to 4 years (inclusive of 4 years)	1,795,614.17	1,466,482.30	81.67
4 to 5 years (inclusive of 5 years)	618,216.02	590,727.78	95.55
Over 5 years	14,981,785.39	14,981,785.39	100.00
Total	2,349,661,414.69	67,264,194.36	2.86

Standards of provision for bad debts on portfolio basis and descriptions thereof:

Applicable N/A

Provision for bad debts on portfolio basis: Receivables from overseas customers

Unit: Yuan Currency: RMB

Ageing	Closing balance		
	Account receivables	Provision for bad debt	Expected credit loss rate (%)
Within 1 year:	640,783,746.14	9,260,904.40	1.45
1 to 2 years	844,619.87	168,923.97	20.00
2 to 3 years	7,126.80	4,988.76	70.00
Total	641,635,492.81	9,434,817.13	1.47

Standards of provision for bad debts on portfolio basis and descriptions thereof:

Applicable N/A

If the provision for bad debts is made in accordance with the general model of expected credit losses, please refer to other receivables disclosure:

Applicable N/A

(3) Provision for bad debts

Applicable N/A

Unit: Yuan Currency: RMB

Category	Beginning balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Removal/write-off	Others	
Provision for bad debts	86,307,916.04	1,625,649.65	0.00	1,403,341.45	0.00	86,530,224.24
Total	86,307,916.04	1,625,649.65	0.00	1,403,341.45	0.00	86,530,224.24

Significant recovery or reversal of bad debt provision for the current period:

Applicable N/A

(4) Actual write-off of accounts receivable in this period

Applicable N/A

Unit: Yuan Currency: RMB

Item	Amount written-off
Accounts receivable actually written off	1,403,341.45

Significant accounts receivable that are written off:

Applicable N/A

Descriptions of write-off of accounts receivable:

Applicable N/A

(5)Accounts receivable due from the top five debtors

Applicable N/A

Unit: Yuan Currency: RMB

Company name	Closing balance	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage in the total balance at the end of the period of accounts receivable(%)	Balance of bad debt provisions at the end of the period
1	92,197,238.88	0.00	92,197,238.88	3.07	1,292,840.37
2	74,195,050.43	0.00	74,195,050.43	2.47	741,950.50
3	48,568,138.65	0.00	48,568,138.65	1.62	485,681.39
4	44,890,287.84	0.00	44,890,287.84	1.50	448,902.88
5	39,606,000.00	0.00	39,606,000.00	1.32	396,060.00
Total	299,456,715.80	0.00	299,456,715.80	9.98	3,365,435.14

Other descriptions:

As of 30 June 2024, the total amount of the top five debtors in closing balance is RMB299,456,715.80, accounting for 9.98% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB3,365,435.14.

(6) No accounts receivable derecognized due to the transfer of financial assets in reporting period.

(7) No assets or liabilities formed by the continuing involvement of transferred accounts receivables in reporting period.

5. Prepayments

(1) Disclosure of prepayments by aging analysis

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		Balance at the Beginning of the Period	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	235,198,835.31	91.57	261,832,941.82	93.48
1 to 2 years	9,987,364.57	3.89	9,471,130.48	3.38
2 to 3 years	7,214,833.62	2.81	6,936,952.00	2.48
Over 3 years	4,454,439.12	1.73	1,861,836.64	0.66
Total	256,855,472.62	100.00	280,102,860.94	100.00

(2) Prepayments due from the top five debtors

Applicable N/A

As of 30 June 2024, the total amount of the top five prepayments in closing balance is RMB67,785,647.76, accounting for 26.39% of the total amount of closing balance of prepayments.

Other descriptions:

Applicable N/A

6. Other receivables

Line items

√Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	8,551,779.20	0.00
Other receivables	66,235,811.73	46,010,624.61
Total	74,787,590.93	46,010,624.61

Other descriptions:

Applicable N/A**Dividends receivable**

(1) Dividends receivable

√Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Qianhai Equity Investment Fund	8,551,779.20	0.00
Total	8,551,779.20	0.00

(2) Significant dividends receivable aged over 1 year.

Applicable N/A

(3) Provision made for bad debts

Applicable N/A**Other receivables**

(1) Disclosed by aging

√Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period	Balance at the Beginning of the Period
Subtotal within 1 year	56,587,965.05	37,991,559.91
1 to 2 years	13,095,791.83	7,058,808.33
2 to 3 years	2,030,794.72	3,902,904.05
3 to 4 years	1,660,479.44	1,311,234.02
4 to 5 years	1,183,820.96	1,268,993.52
Over 5 years	30,409,528.10	30,945,575.08
Total	104,968,380.10	82,479,074.91

(2) Disclosure by nature

√Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Security deposits, deposits and rental fees	12,430,470.44	13,157,467.26
Reserved fund and advances	27,702,375.96	20,493,420.45
Related party balances	1,377,660.02	1,337,073.19
External entities balances	9,258,859.04	15,256,745.76
Tax refund on exports	13,784,729.58	7,931,105.45
Treasury bonds and security deposits	16,954,735.37	16,954,735.37
Amounts of exercised options	5,838,168.92	597,240.00
Others	17,621,380.77	6,751,287.43
Total	104,968,380.10	82,479,074.91

(3) Information of provision for bad debts

√Applicable N/A

Unit: Yuan Currency: RMB

Provision for bad debt	First stage	Second stage	Third stage	Total
	Expected credit loss	Expected credit loss for lifetime (no	Expected credit loss for lifetime (credit	

	within 12 months	credit impairment occurred)	impairment has occurred)	
Beginning balance	0.00	9,267,855.90	27,200,594.40	36,468,450.30
Movement of beginning balance during the period				
--transfer to second stage	0.00	0.00	0.00	0.00
--transfer to third stage	0.00	0.00	0.00	0.00
--Reverse to second stage	0.00	0.00	0.00	0.00
--Reverse to first stage	0.00	0.00	0.00	0.00
Provision for the period	0.00	2,247,797.05	0.00	2,247,797.05
Reversal in the period	0.00	0.00	0.00	0.00
Transfer in the period	0.00	0.00	0.00	0.00
Write-off in the period	0.00	0.00	0.00	0.00
Other movement	0.00	16,321.02	0.00	16,321.02
Closing balance	0.00	11,531,973.97	27,200,594.40	38,732,568.37

At the End of the Period, provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	5,838,168.92	0.00	0.00	5,838,168.92	
Amounts of exercised options	5,838,168.92	0.00	0.00	5,838,168.92	Expected to be recovered
Total	5,838,168.92	0.00	0.00	5,838,168.92	

At the End of the Period, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	
Provision for bad debts on portfolio basis	71,929,616.78	16.03	11,531,973.97	60,397,642.81	
Export tax refund receivable	13,784,729.58	3.40	469,115.08	13,315,614.50	
Security deposits, deposits and rental receivable	12,430,470.44	26.48	3,292,129.51	9,138,340.93	
Other receivables	45,714,416.76	17.00	7,770,729.38	37,943,687.38	
Total	71,929,616.78	16.03	11,531,973.97	60,397,642.81	

At the End of the Period, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	27,200,594.40	100.00	27,200,594.40	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Not expected to be recoverable
Other receivables	10,245,859.03	100.00	10,245,859.03	0.00	Not expected to be recoverable
Total	27,200,594.40	100.00	27,200,594.40	0.00	

As of 31 December 2023, information of provision for bad debts:

As of 31 December 2023, Provision for bad debts on those in first stage:

Category	Book balance	Expected credit loss rate in the next 12 months (%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	597,240.00	0.00	0.00	597,240.00	

Amounts of exercised options	597,240.00	0.00	0.00	597,240.00	Expected to be recovered
Total	597,240.00	0.00	0.00	597,240.00	

As of 31 December 2023, Provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	0.00	0.00	0.00	0.00	--
Provision for bad debts on portfolio basis	54,681,240.51	16.95	9,267,855.90	45,413,384.61	
Export tax refund receivable	7,931,105.45	4.71	373,263.13	7,557,842.32	
Security deposits, deposits and rental receivable	13,157,467.26	28.73	3,780,044.47	9,377,422.79	
Other receivables	33,592,667.80	15.23	5,114,548.30	28,478,119.50	
Total	54,681,240.51	16.95	9,267,855.90	45,413,384.61	

As of 31 December 2023, Provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for the lifetime(%)	Provision for bad debts	Carrying amount	Reason
Provision for bad debts on individual item	27,200,594.40	100.00	27,200,594.40	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Not expected to be recoverable
Other receivables	10,245,859.03	100.00	10,245,859.03	0.00	Not expected to be recoverable
Total	27,200,594.40	100.00	27,200,594.40	0.00	

Descriptions of the significant changes in the gross carrying amount of other receivables for which the changes in loss allowance occur for the current period

Applicable N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable N/A

(4) Particulars on bad debt provisions

Applicable N/A

Significant bad debt provision amounts reversed or recovered in the current period:

Applicable N/A

(5) Actual written-off of other receivables in this period

Applicable N/A

Unit: Yuan Currency: RMB

Item	Amount written off
Other receivables actually written off	0.00

Significant other receivables that are written off:

Applicable N/A

Descriptions of write-off of other receivables:

Applicable N/A

(6) Other receivables due from the top five debtors

Applicable N/A

Unit: Yuan Currency: RMB

Name of entity	Nature	Other receivables Closing balance	Ageing	Proportion to total other receivables (%)	Provision for bad debts Closing balance
Hua Xia Securities Co., Ltd. (华夏证券股份有限公司)	Treasury bonds and security deposits	16,954,735.37	Over 5 years	16.15	16,954,735.37
Export tax refunds receivable	Export tax refund	13,784,729.58	Within 2 years	13.13	469,115.08
China Securities Depository and Clearing Corporation Limited (中国证券登记结算有限责任公司)	Amount of exercised options	5,838,168.92	Within 1 year	5.56	0.00
Guangzhou Galaxy Sunshine Biological Products Co., Ltd. (广州银河阳光生物制品有限公司)	Loan	5,000,000.00	Over 3 years	4.76	5,000,000.00
Zhongnuo Kailin Pharmaceutical Development (Suzhou) Co., Ltd. (中诺凯琳医药发展(苏州)有限公司)	Security deposits	2,620,000.00	Within 1 year and over 3years	2.50	415,000.00
Total	/	44,197,633.87	/	42.10	22,838,850.45

(7) Other receivables reported due to centralised management of funds

Applicable N/A

(8) No other receivables derecognized due to transfer of financial assets.

(9) No assets or liabilities formed by the continuing involvement of transferred other receivable.

7. Inventories

(1) Inventories by category

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Raw materials	587,946,864.37	50,782,896.77	537,163,967.60	718,552,382.00	70,207,573.94	648,344,808.06
Packaging materials	138,794,061.46	16,887,358.47	121,906,702.99	129,848,977.45	15,944,825.79	113,904,151.66
Goods in process and Proprietary semi-finished goods	853,414,713.17	91,137,355.99	762,277,357.18	769,971,425.39	101,298,495.05	668,672,930.34
Low-value consumables	62,200,803.25	239,913.40	61,960,889.85	71,912,394.69	686,883.88	71,225,510.81
Finished goods and stock goods	1,137,166,182.41	50,345,449.46	1,086,820,732.95	1,305,371,756.83	201,497,635.93	1,103,874,120.90
Subcontracting processing materials	2,227,982.25	0.00	2,227,982.25	2,918,287.46	0.00	2,918,287.46
Consumptive biological assets	15,565,572.87	0.00	15,565,572.87	15,384,338.39	0.00	15,384,338.39
Issued goods	8,553,500.97	0.00	8,553,500.97	31,484,243.47	0.00	31,484,243.47
Total	2,805,869,680.75	209,392,974.09	2,596,476,706.66	3,045,443,805.68	389,635,414.59	2,655,808,391.09

(2) Provision for diminution in value of inventories and provision for diminution in value of contract performance costs

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase during the Period		Decrease during the Period		Balance at the End of the Period
		Provision	Others	Reversal or written-off	Others	

Raw materials	70,207,573.94	21,138,878.06	0.00	40,563,555.23	0.00	50,782,896.77
Packaging materials	15,944,825.79	3,659,238.74	0.00	2,716,706.06	0.00	1,6887,358.47
Goods in process and Proprietary semi-finished goods	101,298,495.05	703,205.19	0.00	10,864,344.25	0.00	91,137,355.99
Low-value consumables	686,883.88	0.00	0.00	446,970.48	0.00	239,913.40
Finished goods and stock goods	201,497,635.93	15,111,042.13	0.00	166,263,228.60	0.00	50,345,449.46
Total	389,635,414.59	40,612,364.12	0.00	220,854,804.62	0.00	209,392,974.09

Reason for reversal or written-off of provision for decline in value of inventories during the period
Applicable N/A

Item	Basis in determination of net recoverable amount/residual value and cost to be incurred	Reason for reversal or written-off of provision for decline in value of inventories
Raw materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Packaging materials	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing, sale of finished goods and discard
Goods in process and Proprietary semi-finished goods	The estimated selling price less the estimated costs of completion, selling expenses and related taxes	Processing of finished goods and discard
Low-value consumables	The estimated selling price less the related taxes	Used or discard
Finished goods and stock goods	The estimated selling price less the estimated selling expenses and related taxes	Sale and discard

(3) Descriptions at the End of the Period of inventories including capitalised amount of borrowing costs
Applicable N/A

(4) Description of amortization amount of contract performance cost in the current period
Applicable N/A

Other descriptions:
Applicable N/A

8. Non-current assets due within one year

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Fixed deposits due within 1 year	400,109,817.89	406,376,425.44
Total	400,109,817.89	406,376,425.44

9. Other current assets

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Input VAT pending deduction /Input tax pending for verification	51,790,276.33	63,118,496.24
Prepaid income tax	43,021,051.40	7,497,071.94
Return cost receivable	1,405,461.96	6,536,364.62
Others	1,640,827.26	250,252.21
Total	97,857,616.95	77,402,185.01

10. Long-term equity investment

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	Balance at the End of the Period	Beginning balance of provision for impairment	Movement in the year								Balance at the Beginning of the Period	Closing balance of provision for impairment
			Additions in investment	Decrease in investment	Investment gain or loss under equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
①Subsidiaries												
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	6,337,823.35	6,337,823.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,337,823.35	6,337,823.35
Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司)	1,949,893.45	1,949,893.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,949,893.45	1,949,893.45
Subtotal	8,287,716.80	8,287,716.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,287,716.80	8,287,716.80
②Associates												
Livzon Medical Electronic Equipment (Plant) Co., Ltd. (丽珠集团丽珠医用电子设备有限公司)	1,200,000.00	1,200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,200,000.00	1,200,000.00
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	107,727,601.81	0.00	0.00	0.00	7,860,987.41	0.00	0.00	3,825,000.00	0.00	0.00	111,763,589.22	0.00
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	1,564,214.37	0.00	0.00	0.00	-107,007.99	0.00	0.00	0.00	0.00	0.00	1,457,206.38	0.00
AbCyte Therapeutics Inc.	11,905,367.79	0.00	0.00	0.00	-220,691.87	0.00	0.00	0.00	0.00	0.00	11,684,675.92	0.00
L&L Biopharma, Co. Ltd. (上海健信生物医药科技有限公司)	15,162,780.96	0.00	0.00	0.00	-796,164.45	0.00	0.00	0.00	0.00	0.00	14,366,616.51	0.00
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	38,519,844.60	0.00	0.00	0.00	-9,883,992.39	98,635.67	15,402,326.76	0.00	0.00	0.00	44,136,814.64	0.00
Aetio Biotherapy, Inc.	15,313,840.38	0.00	0.00	0.00	27,056.06	0.00	0.00	0.00	0.00	0.00	15,340,896.44	0.00
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd. (江苏新元素医药科技有限公司)	101,038,745.69	0.00	0.00	0.00	-11,734,237.97	-11,109.34	672,572.35	0.00	0.00	0.00	89,965,970.73	0.00
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	705,604,432.89	0.00	0.00	0.00	30,710,681.28	0.00	0.00	0.00	0.00	0.00	736,315,114.17	0.00
Infinite Intelligence Pharmaceutical Co. Ltd.	17,570,478.01	0.00	0.00	0.00	-75,723.94	0.00	0.00	0.00	0.00	0.00	17,494,754.07	0.00

Investee	Balance at the End of the Period	Beginning balance of provision for impairment	Movement in the year								Balance at the Beginning of the Period	Closing balance of provision for impairment
			Additions in investment	Decrease in investment	Investment gain or loss under equity method	Adjustment in other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
(北京英飞智药科技有限公司)												
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物医药科技有限公司)	9,888,400.85	0.00	0.00	0.00	-11,640.57	0.00	307,701.63	0.00	0.00	0.00	10,184,461.91	0.00
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	294,756,376.49	0.00	0.00	0.00	8,356,377.92	0.00	0.00	0.00	0.00	0.00	303,112,754.41	0.00
Ningbo Ningrong Biomedical Co., Ltd. (宁波宁融生物医药有限公司)	27,785,384.63	0.00	0.00	0.00	-114,311.19	0.00	0.00	0.00	0.00	0.00	27,671,073.44	0.00
Feellife Health Inc. (深圳来福士雾化医学有限公司)	13,775,416.81	0.00	0.00	0.00	-1,186,756.02	0.00	78,266.67	0.00	0.00	0.00	12,666,927.46	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd. (江苏百宁盈创医疗科技有限公司)	30,097,462.89	0.00	0.00	0.00	1,256,104.04	0.00	0.00	0.00	0.00	0.00	31,353,566.93	0.00
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	18,710,267.75	0.00	0.00	0.00	-283,040.13	0.00	0.00	0.00	0.00	0.00	18,427,227.62	0.00
Haisong Precision Parts (Taicang) Co., Ltd. (海嵩精密零部件(太仓)有限公司)	1,615,738.03	0.00	0.00	0.00	1,577.10	0.00	0.00	0.00	0.00	0.00	1,617,315.13	0.00
Subtotal	1,412,236,353.95	1,200,000.00	0.00	0.00	23,799,217.29	87,526.33	16,460,867.41	3,825,000.00	0.00	0.00	1,448,758,964.98	1,200,000.00
Total	1,420,524,070.75	9,487,716.80	0.00	0.00	23,799,217.29	87,526.33	16,460,867.41	3,825,000.00	0.00	0.00	1,457,046,681.78	9,487,716.80

11. Other equity instruments investment**(1) Other equity instruments investment**

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase/decrease during the period					Balance at the End of the Period	Dividend income recognised in the current period	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reason for designation as at fair value through other comprehensive income
		Additional investment	Withdrawn investment	Gains included in other comprehensive income in the current period	Accumulated losses included in other comprehensive income in the current period	Others					
Shanghai Yunfeng Xinchuang Equity Investment Center (上海云锋新创股权投资中心)	57,858,983.79				2,374,336.70	-419,000.59	55,065,646.50		562,919.91		non-transaction
Shanghai JingYi Investment Center (上海经颐投资中心)	73,365,064.89				574,125.39	-101,316.25	72,689,623.25		868,095.64		non-transaction
Qianhai Equity Investment Fund (前海股权投资基金)	253,730,084.00				26,095,108.31	-4,605,019.11	223,029,956.58	8,551,779.20	19,575,463.09		non-transaction
Apricot Forest, Inc (杏树林)	101,475,500.00			723,369.30			102,198,869.30			76,660,596.91	non-transaction
Chengdu Jinrui Jiye Biotechnology Co., Ltd. (成都金瑞基业生物科技有限公司)	20,000,000.00						20,000,000.00		0.00		non-transaction
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	10,000,000.00						10,000,000.00		0.00		non-transaction
Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	226,644,000.00					-	226,644,000.00		128,620,504.00		non-transaction

GLOBAL HEALTH SCIENCE	205,217,490.01			8,148,801.70		-	213,366,291.71		18,643,036.98		non-transaction
Nextech V Oncology S.C.S., SICAV-SIF	15,837,395.11		3,195,885.26	3,487,093.13		1,465,979.64	17,594,582.62			12,367,776.96	non-transaction
Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海)有限公司)	35,147,356.03					-	35,147,356.03		2,199,036.10		non-transaction
ELICIO THERAPEUTICS, INC.	7,820,060.93				3,942,294.43		3,877,766.50			31,485,535.55	non-transaction
CARISMA THERAPEUTICS, INC.	14,907,045.58				7,125,546.10		7,781,499.48			31,025,766.52	non-transaction
Beijing Luzhu Biotechnology Co., Ltd. (北京绿竹生物技术股份有限公司)	63,219,286.50				12,369,751.54	-4,123,250.51	46,726,284.45		12,544,713.33		non-transaction
Guangzhou Keentai Biotechnology Co., Ltd. (广州科恩泰生物医药科技有限公司) (Note)	12,000,000.00					-	12,000,000.00		0.00		non-transaction
Others	58,061,141.52				3,105,820.57	-547,596.99	54,407,723.96		31,319,882.86		non-transaction
Total	1,155,283,408.36	0.00	3,195,885.26	12,359,264.13	55,586,983.04	-8,330,203.81	1,100,529,600.38	8,551,779.20	214,333,651.91	151,539,675.94	/

Note: Guangzhou Keentai Biotechnology Co., Ltd. (广州科恩泰生物医药科技有限公司) was formally known as Shanghai Keentai Biotechnology Co., Ltd. (上海科恩泰生物医药科技有限公司)

As the above items are investments that the Company intends to hold for a long period of time for strategic purposes, the Company designates them as financial assets measured at fair value through other comprehensive income.

(2) Explanation of the existence of derecognition during the period√Applicable N/A

Unit: Yuan Currency: RMB

Item	Cumulative gains that are transferred to retained earnings due to derecognition	Cumulative losses that are transferred to retained earnings due to derecognition	Reason of derecognition
Nextech V Oncology S.C.S., SICAV-SIF	0.00	1,465,979.64	Disposal of partial investments
Total	0.00	1,465,979.64	/

Other descriptions:

Applicable N/A**12. Investment properties**

Measurement of investment properties

(1) Investment properties measured at cost

Unit: Yuan Currency: RMB

Item	Housing and buildings	Total
I. Book value		
1.Beginning balance	79,641,895.79	79,641,895.79
2.Increase	0.00	0.00
(1) Transfer to fixed assets	0.00	0.00
3.Decrease	0.00	0.00
4.Closing balance	79,641,895.79	79,641,895.79
II. Accumulated depreciation and amortisation		
1.Beginning balance	62,683,682.79	62,683,682.79
2.Increase	420,441.72	420,441.72
(1) Amortisation for the year	420,441.72	420,441.72
(2) Transfer to fixed assets	0.00	0.00
3.Decrease	0.00	0.00
4.Closing balance	63,104,124.51	63,104,124.51
III. Provision for impairment		
1.Beginning balance	0.00	0.00
2.Increase	0.00	0.00
3. Decrease	0.00	0.00
4.Closing balance	0.00	0.00
IV. Carrying amount		
1.Carrying value at year end	16,537,771.28	16,537,771.28
2.Carrying value at beginning of year	16,958,213.00	16,958,213.00

(2) Investment properties whose title certificate has not completed:

Applicable N/A

(3) Impairment test of investment properties measured at cost

Applicable N/A**13. Fixed assets**

Line items

√Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Year
Fixed assets	5,485,949,667.48	5,625,543,924.13
Fixed assets for disposal	38,808,631.84	38,808,631.84
Total	5,524,758,299.32	5,664,352,555.97

Fixed assets

(1) Details of fixed assets

√Applicable N/A

Unit: Yuan Currency: RMB

Item	Housing and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Total
I. Book value:					
1.Beginning balance	4,645,022,127.63	6,140,163,666.67	112,710,141.13	930,887,529.64	11,828,783,465.07
2.Increase	24,612,045.50	142,313,741.23	4,079,945.80	38,401,607.73	209,407,340.26
(1) Purchase	10,675,375.47	74,056,812.34	3,679,120.28	30,924,286.62	119,335,594.71
(2) Transfer from construction in progress	13,936,670.03	68,256,928.89	400,825.52	7,477,321.11	90,071,745.55
(3) Changes in consolidation scope	0.00	0.00	0.00	0.00	0.00
(4) Others	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	42,460,151.01	3,790,605.86	8,883,820.62	55,134,577.49
(1) Disposal or scrap	0.00	42,460,151.01	3,790,605.86	8,883,820.62	55,134,577.49
(2) Transfer in investment property	0.00	0.00	0.00	0.00	0.00
4.Closing balance	4,669,634,173.13	6,240,017,256.89	112,999,481.07	960,405,316.75	11,983,056,227.84
II. Accumulated depreciation					
1.Beginning balance	1,976,446,596.15	3,450,765,845.75	85,337,677.97	588,779,088.76	6,101,329,208.63
2.Increase	102,791,628.81	170,474,952.16	4,140,140.32	45,705,692.34	323,112,413.63
(1) Provision	102,791,628.81	170,474,952.16	4,140,140.32	45,705,692.34	323,112,413.63
(2) Changes in consolidation scope	0.00	0.00	0.00	0.00	0.00
(3) Other increase	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	17,156,969.75	3,122,224.06	7,536,964.14	27,816,157.95
(1) Disposal or scrap	0.00	17,156,969.75	3,122,224.06	7,536,964.14	27,816,157.95
(2) Transfer out investment property	0.00	0.00	0.00	0.00	0.00
4.Closing balance	2,079,238,224.96	3,604,083,828.16	86,355,594.23	626,947,816.96	6,396,625,464.31
III. Provision for impairment					
1.Beginning balance	26,436,637.83	56,641,616.97	0.00	18,832,077.51	101,910,332.31
2.Increase	0.00	12,914.55	0.00	12,584.39	25,498.94
(1) Provision	0.00	12,914.55	0.00	12,584.39	25,498.94
3.Decrease	0.00	1,392,845.40	0.00	61,889.80	1,454,735.20
(1) Disposal or scrap	0.00	1,392,845.40	0.00	61,889.80	1,454,735.20
4.Closing balance	26,436,637.83	55,261,686.12	0.00	18,782,772.10	100,481,096.05
IV. Carrying amount					
1. Carrying amount at year end	2,563,959,310.34	2,580,671,742.61	26,643,886.84	314,674,727.69	5,485,949,667.48
2. Carrying value at beginning of year	2,642,138,893.65	2,632,756,203.95	27,372,463.16	323,276,363.37	5,625,543,924.13

(2) Fixed assets with temporary idle

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Book value	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Housing and buildings	25,180,164.97	16,763,464.89	5,155,770.80	3,260,929.28	
Machinery and equipment	173,831,301.65	117,163,049.43	35,512,532.59	21,155,719.63	
Electronic equipment and others	1,673,873.31	1,123,129.20	133,231.39	417,512.72	
Total	200,685,339.93	135,049,643.52	40,801,534.78	24,834,161.63	

(3) Fixed assets leased out under operating leases

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount
Housing and buildings	1,368,885.98

(4) Fixed assets without property certificate

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Carrying Amount	Reason for pending for certificate of ownership
Housing and buildings	139,577,972.79	Application in progress

(5) Impairment test of fixed assets

□Applicable √N/A

Other descriptions

√Applicable □N/A

At the balance sheet date, the Company engaged appraisers to conduct impairment testing on production equipment with low capacity utilization. When estimating the recoverable amount of the cost input, an assets group associated with the production equipment was used to forecast the present value of future cash flows. As tested, no impairment was identified in the assets groups.

The projected future cash flows of the assets group are determined based on the financial budget for the expected useful life of the production equipment established by the management.

The main assumptions for impairment testing using the discounted future cash flow method are as follows:

The calculation of the present value of projected future cash flows for the assets group adopts key assumptions, including a 73.65% to 74.35% gross profit margin, revenue growth rates ranging from 0% to 5%, and a discount rate of 15.00% for cash flow discounting. These assumptions are determined by the management based on historical performance and forecasts of market development.

Disposal of fixed assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Relocation and expansion project of Sichuan Guangda Pharmaceutical Manufacturing	38,808,631.84	38,808,631.84
Total	38,808,631.84	38,808,631.84

14. Construction in progress

Line items

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Construction in progress	739,020,297.61	530,594,323.07
Construction materials	464,794.99	464,794.99
Total	739,485,092.60	531,059,118.06

Construction in progress

(1) Descriptions of construction in progress

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	241,937,885.95	11,068,266.54	230,869,619.41	153,355,903.52	11,068,266.54	142,287,636.98
Project of Shijiao New Factory (石角新厂项目)	14,252,057.52	0.00	14,252,057.52	11,242,321.59	0.00	11,242,321.59
Semaglutide project (司美项目)	53,598,139.39	0.00	53,598,139.39	53,876,039.98	0.00	53,876,039.98
Pharmaceutical factory workshop renovation project	99,518,331.79	0.00	99,518,331.79	100,095,507.68	0.00	100,095,507.68
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂 P04/P05 建设项目)	1,710,588.82	0.00	1,710,588.82	1,710,588.82	0.00	1,710,588.82
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂) P03 建设项目	21,303,358.22	0.00	21,303,358.22	243,501.31	0.00	243,501.31
Jiaozuo new factory relocation project (焦作新厂迁建项目)	102,449,980.49	0.00	102,449,980.49	67,116,236.97	0.00	67,116,236.97
Others	215,487,562.43	169,340.46	215,318,221.97	154,191,830.20	169,340.46	154,022,489.74
Total	750,257,904.61	11,237,607.00	739,020,297.61	541,831,930.07	11,237,607.00	530,594,323.07

(2) Changes in significant construction in progress

√Applicable □N/A

Unit: Yuan Currency: RMB

Project item	Budget	Balance at the Beginning of the Period	Increase	Transfer to fixed assets	Other decrease	Balance at the End of the Period	Proportion of cumulative input to budget %	Progress
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	1,436,107,400.00	153,355,903.52	89,109,585.72	422,304.29	105,299.00	241,937,885.95	80.18	Completion of some projects
Project of Shijiao New Factory (石角新厂项目)	377,005,000.00	11,242,321.59	3,547,909.94	538,174.01	0.00	14,252,057.52	91.21	Completion of some projects
Semaglutide project (司美项目)	168,900,000.00	53,876,039.98	11,208,775.67	11,486,676.26	0.00	53,598,139.39	59.18	Completion of some projects

Pharmaceutical factory workshop renovation project	306,558,388.48	100,095,507.68	29,753,167.79	30,330,343.68	0.00	99,518,331.79	95.57	Completion of some projects
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂 P04/P05 建设项目)	126,880,000.00	1,710,588.82	0.00	0.00	0.00	1,710,588.82	1.35	Under construction
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂) P03 建设项目	106,033,900.00	243,501.31	21,059,856.91	0.00	0.00	21,303,358.22	20.09	Under construction
Jiaozuo new factory relocation project (焦作新厂迁建项目)	184,261,900.00	67,116,236.97	35,333,743.52	0.00	0.00	102,449,980.49	55.60	Under construction
Total	2,705,746,588.48	387,640,099.87	190,013,039.55	42,777,498.24	105,299.00	534,770,342.18		

(Continued)

Project item	Cumulative amount of interest capitalised	Interest capitalisation rate for the year (%)	Including: interest capitalised in the year	Source of fund
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	0.00	0.00	0.00	Self-funding and funds raised
Project of Shijiao New Factory (石角新厂项目)	0.00	0.00	0.00	Self-funding and funds raised
Semaglutide project (司美项目)	0.00	0.00	0.00	Self-funding
Pharmaceutical factory workshop renovation project	0.00	0.00	0.00	Self-funding
P04/P05 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂 P04/P05 建设项目)	0.00	0.00	0.00	Self-funding
P03 Construction Project of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂) P03 建设项目	0.00	0.00	0.00	Self-funding
Jiaozuo new factory relocation project (焦作新厂迁建项目)	0.00	0.00	0.00	Self-funding
Total	0.00	0.00	0.00	-

Other decrease is mainly transferred to long-term deferred expenses.

(3). Provision for impairment of construction in progress in the current period

Applicable N/A

(4) Impairment test of construction in progress

Applicable N/A

Engineering materials

□Applicable √N/A

15. Right-of-use assets**(1) Particulars on right-of-use assets**

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Housing and buildings	Total
I. Book value:		
1.Beginning balance	94,076,986.83	94,076,986.83
2.Increase	11,571,656.96	11,571,656.96
(1) Leasing	11,571,656.96	11,571,656.96
3.Decrease	8,007,305.13	8,007,305.13
4. Closing balance	97,641,338.66	97,641,338.66
II. Accumulated depreciation		
1.Beginning balance	57,843,919.34	57,843,919.34
2.Increase	16,677,138.23	16,677,138.23
(1) Provision	16,677,138.23	16,677,138.23
3.Decrease	8,007,305.13	8,007,305.13
4.Closing balance	66,513,752.44	66,513,752.44
III. Provision for impairment		
1.Beginning balance	0.00	0.00
2.Increase	0.00	0.00
3.Decrease	0.00	0.00
4.Closing balance	0.00	0.00
IV. Carrying amount		
1.Carrying value at period end	31,127,586.22	31,127,586.22
2.Carrying value at beginning of the period	36,233,067.49	36,233,067.49

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

□Applicable √N/A

Other descriptions:

During the period, the Company recognised lease expenses related to short-term leases and the leases of low value assets of RMB2.7963 million.

16. Intangible assets**(1) Details of intangible assets**

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Land use rights	Patent and technical know-how	Software	Trademark rights	Others	Total
I. Book value						
1.Beginning balance	444,471,846.04	1,231,143,631.23	95,029,825.66	62,769,716.98	10,985,294.53	1,844,400,314.44
2.Increase	22,536,800.00	96,319,087.90	5,959,229.22	0.00	0.00	124,815,117.12
(1) Purchase	22,536,800.00	14,434,786.96	5,959,229.22	0.00	0.00	42,930,816.18
(2) Internal research and development	0.00	81,884,300.94	0.00	0.00	0.00	81,884,300.94
3.Decrease	0.00	1,025,000.00	0.00	0.00	0.00	1,025,000.00
(1) Disposals or write-offs	0.00	1,025,000.00	0.00	0.00	0.00	1,025,000.00
4.Closing balance	467,008,646.04	1,326,437,719.13	100,989,054.88	62,769,716.98	10,985,294.53	1,968,190,431.56

II. Accumulated amortisation						
1.Beginning balance	141,457,777.29	861,960,989.47	71,377,050.33	62,766,139.99	7,781,250.27	1,145,343,207.35
2.Increase	4,692,301.94	39,230,834.08	4,525,915.45	0.00	549,500.58	48,998,552.05
(1) Provision	4,692,301.94	39,230,834.08	4,525,915.45	0.00	549,500.58	48,998,552.05
3.Decrease	0.00	1,025,165.00	0.00	0.00	0.00	1,025,165.00
(1) Disposals or write-offs	0.00	1,025,165.00	0.00	0.00	0.00	1,025,165.00
4.Closing balance	146,150,079.23	900,166,658.55	75,902,965.78	62,766,139.99	8,330,750.85	1,193,316,594.40
III. Provision for impairment						
1.Beginning balance	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36
2.Increase	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00
3.Decrease	0.00	0.00	0.00	0.00	0.00	0.00
4.Closing balance	981,826.94	14,737,946.42	0.00	0.00	0.00	15,719,773.36
IV. Carrying amount						
1.Carrying amount at the end of period	319,876,739.87	411,533,114.16	25,086,089.10	3,576.99	2,654,543.68	759,154,063.80
2.Carrying value at beginning of period	302,032,241.81	354,444,695.34	23,652,775.33	3,576.99	3,204,044.26	683,337,333.73

The proportion of intangible assets created due to the internal R&D in the balance of intangible assets at the End of the Period is 56.15%.

(2) Data resources recognized as intangible assets

Applicable N/A

(3) Particulars on use rights of land of which the property ownership certificates have not been obtained

Applicable N/A

(4) Impairment test of intangible assets

Applicable N/A

Other descriptions

Applicable N/A

At the balance sheet date, the Company engaged an appraiser to conduct an impairment test on the biological drug technology that was capitalized during the current period. When estimating the recoverable amount of the cost input, an assets group related to the biological technology was used to estimate the present value of future cash flows. As tested, no impairment was identified in this assets group.

The projected future cash flows of the assets group are determined based on the financial budget for the expected useful life of the biological drug technology established by management.

The main assumptions for impairment testing using the discounted future cash flow method are as follows:

The calculation of the present value of projected future cash flows for the assets group related to the biological technology utilized key assumptions of gross profit margins ranging from 80.65% to 81.94%, operating income growth rates ranging from 5.26% to 91.59%, and a discount rate of 15.00% for cash flow discounting. These assumptions were determined by management based on historical performance and forecasts of market development.

The land use rights represent the state-owned land use rights obtained by the Company in accordance with PRC laws in China, and the term of grant will be 50 years commencing from the date of obtaining the land use rights

17. Development Costs

Applicable N/A

	2023.12.31	Increase	Decrease	2024.6.30
Development costs	483,494,487.17	96,080,850.92	139,234,198.07	440,341,140.02

Specific details refer to Note VI Research and development expenditures.

18. Goodwill

(1) Book value of goodwill

Applicable N/A

Unit: Yuan Currency: RMB

Name of investee or matter from which goodwill arose	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Formation by business combination	Others	Disposal	Others	
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海丽珠制药有限公司)	2,045,990.12	0.00	0.00	0.00	0.00	2,045,990.12
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保税区丽珠合成制药有限公司)	3,492,752.58	0.00	0.00	0.00	0.00	3,492,752.58
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司)	13,863,330.24	0.00	0.00	0.00	0.00	13,863,330.24
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司)	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司)	46,926,155.25	0.00	0.00	0.00	0.00	46,926,155.25
Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂)	47,912,269.66	0.00	0.00	0.00	0.00	47,912,269.66

Livzon Group	395,306,126.41	0.00	0.00	0.00	0.00	395,306,126.41
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司)	91,878,068.72	0.00	0.00	0.00	0.00	91,878,068.72
Joincare Daily-Use & Health Care Co., Ltd. (健康元日用保健品有限公司)	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Shenzhen Taitai Pharmaceutical Co., Ltd. (深圳太太药业有限公司)	635,417.23	0.00	0.00	0.00	0.00	635,417.23
Health Pharmaceuticals (China) Limited (健康药业(中国)有限公司)	23,516,552.65	0.00	0.00	0.00	0.00	23,516,552.65
Shenzhen Hiyeah Industry Co., Ltd (深圳市喜悦实业有限公司)	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Jiaozuo Joincare Bio Technological Co., Ltd. (焦作健康元生物制品有限公司)	92,035.87	0.00	0.00	0.00	0.00	92,035.87
Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公司)	21,870,805.09	0.00	0.00	0.00	0.00	21,870,805.09
Total	662,420,858.76	0.00	0.00	0.00	0.00	662,420,858.76

(2) Provision for impairment of goodwill

Applicable N/A

Unit: Yuan Currency: RMB

Investee or matters formed the goodwill	Balance at the Beginning of the Period	Increase for the Period		Decrease for the Period		Balance at the End of the Period
		Provision	Others	Disposal	Others	
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司)	7,271,307.03	0.00	0.00	0.00	0.00	7,271,307.03
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司)	11,200,000.00	0.00	0.00	0.00	0.00	11,200,000.00
Shenzhen Hiyeah Industry Co., Ltd (深圳市喜悦实业有限公司)	6,000,000.00	0.00	0.00	0.00	0.00	6,000,000.00
Joincare Daily-Use & Health Care Co., Ltd. (健康元日用保健品有限公司)	1,610,047.91	0.00	0.00	0.00	0.00	1,610,047.91
Total	26,081,354.94	0.00	0.00	0.00	0.00	26,081,354.94

(3) Information regarding the asset group or the combination of asset groups to which goodwill belongs

Applicable N/A

Changes in asset groups or combinations of asset groups

Applicable N/A

Other descriptions:

Applicable N/A

On the balance sheet date, the Company conducts an impairment test on goodwill. When estimating the recoverable amount of input costs, it uses a assets group related to goodwill to estimate the present value of future cash flows.

The estimated future cash flow of asset groups is calculated according to the five-year financial budget plan made by the management, the cash flows in the years beyond the five-year budget plan remain stable.

Key assumptions of discounted future cash flow for goodwill impairment test are as follows:

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Livzon Group, key assumptions are a gross margin of 63.58%-63.74% and a business revenue growth rate of 0~10.68% as well as a cash flow discount rate of 12.11%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司), key assumptions are a gross margin of 36.41%-37.26% and a business revenue growth rate of 2.65%~3.28% as well as a cash flow discount rate of 12.28%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Livzon Group Livzon Pharmaceutical Factory (丽珠制药厂), key assumptions are a gross margin of 84.51%-85.77% and a business revenue growth rate of -0.32%~18.40% as well as a cash flow discount rate of 14.72%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大制药有限公司), key assumptions are a gross margin of 56.83%-57.83% and a business revenue growth rate of 0~16.73% as well as a cash flow discount rate of 15.15%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Fuzhou Fuxing Pharmaceutical Co., Ltd. (丽珠集团福州福兴医药有限公司), key assumptions are a gross margin of 61.26%-63.22% and a business revenue growth rate of 0~5.17% as well as a cash flow discount rate of 15.04%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

For the calculation of estimated present value of future cash flow of the asset groups related to goodwill of Shanghai Zhongtuo Pharmaceutical Technology Co., Ltd. (上海中拓医药科技有限公

司)], key assumptions are a gross margin of 8.98%-57.71% and a business revenue growth rate of 0~816.92% as well as a cash flow discount rate of 15.53%. The management took into account historical conditions and predictions for future market development in making the above assumptions.

As tested, the management of the Company expects that no impairment provision is needed during the period.

(4) Specific determination method for recoverable amount

The recoverable amount is determined as the net fair value less disposal costs

Applicable N/A

The recoverable amount is determined as the present value of the expected future cash flows

Applicable N/A

The differences between the foregoing information and the data used in impairment testing in previous years, or external information, are due to apparent reasons

Applicable N/A

The reasons for the disparity between the information used in impairment testing in previous years and the actual situation of the current year are evident for the Company

Applicable N/A

(5) Performance commitments and corresponding goodwill impairment

Performance commitments existed at the time goodwill was formed and are within the performance commitment period in the current period or the previous period

Applicable N/A

Other descriptions:

Applicable N/A

19. Long-term deferred expenses

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Amortisation	Other decrease	Balance at the End of the Period
Renovation costs of offices	35,302,408.26	1,537,939.57	4,179,721.94	0.00	32,660,625.89
Renovation costs of plants	207,838,742.07	33,545,157.98	33,868,541.05	0.00	207,515,359.00
Others	85,501,590.62	47,650,348.62	44,291,158.38	0.00	88,860,780.86
Total	328,642,740.95	82,733,446.17	82,339,421.37	0.00	329,036,765.75

20. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Deductible timing differences	Deferred tax assets	Deductible timing differences	Deferred tax assets
Provision for impairment of assets	400,987,128.45	63,726,397.52	343,045,560.65	53,742,321.13
Deductible difference arising from accrued expenses	1,048,283,420.59	157,608,736.15	1,023,821,672.31	154,078,627.18
Deductible difference arising from tax loss	790,547,070.48	120,970,821.25	570,748,121.27	88,985,237.05
Deferred income	296,545,816.35	50,303,193.80	351,168,477.14	52,689,271.55
Unrealised gains from intra-company transactions	466,466,789.71	69,933,360.33	557,959,823.99	83,860,590.27
Changes in fair value of other equity instruments	184,410,673.74	45,173,686.33	171,808,020.60	42,952,005.15
Deductible difference arising from share incentive expenses	405,789,083.87	60,894,225.32	181,626,652.70	27,320,365.15
Lease liabilities	30,971,222.81	4,699,593.18	36,032,491.62	5,448,312.71
Other deductible temporary difference	296,984,239.95	44,593,781.41	468,711,151.45	70,458,099.96
Total	3,920,985,445.95	617,903,795.29	3,704,921,971.73	579,534,830.15

(2) Deferred tax liabilities before offsetting

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period		Balance at the Beginning of the Period	
	Taxable timing difference	Deferred tax liabilities	Taxable timing difference	Deferred tax liabilities
Changes in fair value of financial assets held for trading	9,148,562.87	1,493,614.83	18,136,499.46	2,804,773.32
Accelerated depreciation of fixed assets	1,162,657,772.30	175,610,240.01	1,168,361,877.72	176,372,768.51
Changes in fair value of other equity instrument investments	282,497,474.34	44,985,095.36	336,006,149.00	54,781,912.31
Unrealised gains from intra-company transactions	138,606,666.67	20,791,000.00	105,940,000.00	20,791,000.00
Right-of-use assets	29,751,205.07	4,515,672.89	34,915,576.08	5,281,690.30
Total	1,622,661,681.25	247,395,623.09	1,663,360,102.26	260,032,144.44

(3) Deferred income tax assets or liabilities listed as net amount after offset

□Applicable √N/A

(4) Details of unrecognized deferred tax assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Deductible temporary difference	539,148,666.32	708,195,629.77
Deductible tax losses	3,601,383,076.70	3,347,867,061.97
Total	4,140,531,743.02	4,056,062,691.74

(5) Expiry of deductible tax losses in subsequent period

√Applicable □N/A

Unit: Yuan Currency: RMB

Year	Balance at the End of the Period	Balance at the Beginning of the Period	Note
2024	338,130,234.30	347,767,088.05	/
2025	411,044,182.50	411,145,375.34	/
2026	571,664,193.86	571,314,623.42	/
2027	751,614,751.44	756,928,429.68	/
2028	1,134,653,669.32	1,126,656,130.74	/
2029	253,063,918.35	0.00	/
Indefinite	141,212,126.93	134,055,414.74	/
Total	3,601,383,076.70	3,347,867,061.97	/

Other descriptions:

□Applicable √N/A

21. Other non-current assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book Balance	Provision for impairment	Carrying amount	Book Balance	Provision for impairment	Carrying amount
Term deposit and interests	911,841,888.12	0.00	911,841,888.12	639,386,083.31	0.00	639,386,083.31
VAT carry forward	3,338,832.19	0.00	3,338,832.19	3,338,552.19	0.00	3,338,552.19
Prepayment for acquisition of project and equipment	335,203,294.99	0.00	335,203,294.99	314,499,620.27	0.00	314,499,620.27
Total	1,250,384,015.30	0.00	1,250,384,015.30	957,224,255.77	0.00	957,224,255.77

22. Ownership or using rights of assets subject to restriction

√Applicable □N/A

Item	Balance at the End of the Period				Balance at the Beginning of the Period			
	Book Balance	Carrying amount	Type of restriction	Restriction details	Book Balance	Carrying amount	Type of restriction	Restriction details
Other cash and bank balances	10,282,230.79	10,282,230.79	Frozen	Deposits for bank acceptance bills	6,627,449.66	6,627,449.66	Frozen	Deposits for bank acceptance bills
Notes receivable	800,494,559.02	800,494,559.02	Pledge	Acceptance bills and pledged notes receivable	519,789,027.16	519,789,027.16	Pledge	Acceptance bills and pledged notes receivable
Total	810,776,789.81	810,776,789.81	/	/	526,416,476.82	526,416,476.82	/	/

23. Short-term loans

(1) Short-term loans by category

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Unsecured loans	1,850,000,000.00	2,066,149,722.22
Guaranteed loans	0.00	10,009,625.00
Total	1,850,000,000.00	2,076,159,347.22

(2) Overdue short-term loans

Applicable N/A

Other descriptions:

Applicable N/A

24. Financial liabilities held for trading

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Balance at the End of the Period	Rationale and basis for designation
Financial liabilities held for trading	86,817.12	4,705,704.59	/
Including:			
Derivative financial liabilities	86,817.12	4,705,704.59	/
Total	86,817.12	4,705,704.59	/

Other descriptions:

Derivative financial liabilities represent foreign currency forward contracts. The loss from unexpired onerous contracts measured at fair value on balance sheet date was recognised as financial liabilities held for trading.

25. Notes payable

Applicable N/A

Unit: Yuan Currency: RMB

Type	Balance at the End of the Period	Balance at the Beginning of the Period
Bank acceptance bills	1,594,250,319.52	1,469,148,287.38
Total	1,594,250,319.52	1,469,148,287.38

The total of bills payable due but not yet paid during the period is RMB 0.00.

26. Accounts payable

(1) Presentations of accounts payable

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	637,855,890.20	725,938,902.30
Over 1 year	152,260,075.36	168,347,340.98
Total	790,115,965.56	894,286,243.28

(2) Significant accounts payable aged aging over one year

Applicable N/A

Other descriptions:

Applicable N/A

The aging of accounts payable is calculated from the date of entry.

27. Contract liabilities

(1) Descriptions of contract liabilities

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	102,726,816.24	137,475,266.94
Over 1 year	9,523,907.83	21,607,370.71
Total	112,250,724.07	159,082,637.65

(2) Significant contract liabilities with an age of more than one year

Applicable N/A

(3) Amount of and reason for significant changes in carrying value during the Reporting Period

Applicable N/A

Other descriptions:

Applicable N/A

The amount of contract liabilities at beginning of the period recognised as revenue during the period is RMB107,840,528.60.

28. Employee benefits payables

(1) Descriptions of employee benefits payables

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
I. Short-term employee benefits	397,854,738.78	1,257,284,089.75	1,334,906,372.94	320,232,455.59
II. Post-employment benefits -Defined contribution plans	328,993.13	88,370,577.09	88,527,647.66	171,922.56
III. Termination benefits	1,282,742.00	478,670.31	1,743,412.31	18,000.00
Total	399,466,473.91	1,346,133,337.15	1,425,177,432.91	320,422,378.15

(2) Descriptions of Short-term employee benefits

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase for the Period	Decrease for the Period	Balance at the End of the Period
I Salaries, bonus and allowances	390,452,878.39	1,141,969,284.20	1,219,494,525.60	312,927,636.99
II Staff welfare	4,869,883.41	44,275,429.22	44,280,021.29	4,865,291.34
III Social insurances	495,466.33	33,908,548.48	34,132,115.06	271,899.75
Including: 1. Medical insurance	387,530.95	29,760,922.84	30,022,359.91	126,093.88
2. Work injury insurance	75,009.82	2,637,572.53	2,600,571.68	112,010.67
3. Maternity insurance	32,925.56	1,510,053.11	1,509,183.47	33,795.20
IV Housing fund	1,614,248.64	33,701,516.53	33,765,865.89	1,549,899.28
V Union funds and staff education	422,260.44	3,429,311.32	3,233,845.10	617,726.66
VI Stock Ownership Plan Special Fund	1.57	0.00	0.00	1.57
Total	397,854,738.78	1,257,284,089.75	1,334,906,372.94	320,232,455.59

(3) Defined contribution plans

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
1. Basic pension insurance	281,295.93	84,988,372.48	85,130,030.47	139,637.94
2. Unemployment insurance	47,697.20	3,382,204.61	3,397,617.19	32,284.62
Total	328,993.13	88,370,577.09	88,527,647.66	171,922.56

Other descriptions:

Applicable N/A

The Company participates in pension insurance and unemployment insurance plans established by the government in accordance with relevant requirements. According to the plans, the Company

makes contributions to these plans in accordance with relevant requirements of the local government. Save for the above contributions, the Company no longer undertakes further payment obligation. The corresponding cost is charged to the profit or loss for the current period or the cost of relevant assets when it occurs.

29. Taxes payable

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Value-added tax	88,844,571.52	115,815,594.36
Urban maintenance and construction tax	9,898,709.39	10,479,696.08
Enterprise income tax	142,062,544.20	248,970,115.59
Property tax	11,023,005.24	10,102,159.56
Land use tax	2,986,251.43	3,551,644.81
Individual income Tax	3,224,879.70	8,704,470.10
Stamp duty	2,531,563.32	3,220,463.11
Education surcharge	6,558,033.24	6,963,481.73
Others	2,395,777.10	2,395,228.75
Total	269,525,335.14	410,202,854.09

30. Other payables

Line items

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends payable	869,370,338.73	12,478,280.13
Other payables	3,708,038,548.62	3,670,125,758.60
Total	4,577,408,887.35	3,682,604,038.73

Dividends payable

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Common shares dividend	858,679,660.56	20,174.46
Dividends payable--Qingyuan Xinbeijiang (Group) Company	1,200,710.00	1,200,710.00
Dividends payable--Other legal persons and individual shares of subsidiaries	5,778,078.98	6,709,282.62
Dividends payable--Staff shares of subsidiaries	3,711,889.19	4,548,113.05
Total	869,370,338.73	12,478,280.13

Other payables

(1) Other payables by nature

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Office expenses	87,030,741.66	83,598,827.70
Security deposits	74,193,390.73	81,936,094.18
Utility bill	38,814,271.41	43,286,467.16
Scientific research expenses	27,153,406.25	38,500,715.04
Business promotion expenses	3,304,455,972.73	3,229,954,810.39
Others	176,390,765.84	192,848,844.13
Total	3,708,038,548.62	3,670,125,758.60

(2) Significant other payables aged over 1 year

Applicable N/A

Other descriptions:

Applicable N/A

The obligations of repurchasing restricted shares of the directors, the senior management and their spouses amounted RMB0.00 at the End of the Period.

31. Non-current liabilities due within one year

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Lease liabilities due within one year	20,894,964.32	22,085,541.56
Long-term loans and interest due within one year	1,572,005,691.95	696,478,602.75
Total	1,592,900,656.27	718,564,144.31

32. Other current liabilities

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Output VAT pending for transfer	6,094,919.10	11,242,363.91
Payables for goods return	7,472,997.14	39,844,637.92
Total	13,567,916.24	51,087,001.83

Change of short-term bonds payable

Applicable N/A

Other descriptions:

Applicable N/A

33. Long-term loans

(1) Classification of long-term loans

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Unsecured loans	1,194,263,260.08	1,626,187,359.91
Guaranteed loans	1,932,024,139.57	2,192,564,521.83
Long-term loans due within one year	-1,572,005,691.95	-696,478,602.75
Total	1,554,281,707.70	3,122,273,278.99

Other descriptions, including interest rate range:

Applicable N/A

The interest rate range of unsecured loan is 2.50% - 2.95%, and the interest rate range of guaranteed loan is 2.65% -3.60%.

34. Lease liabilities

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Lease payments payable	32,481,462.42	37,508,489.97
Lease liabilities due within one year	-20,894,964.32	-22,085,541.56
Total	11,586,498.10	15,422,948.41

Other descriptions:

Interest expenses accrued on lease liabilities during the 6-month period ended 30 June 2024 was RMB1.2248 million, which was recorded in financial expenses-Interest expense.

35. Deferred income

Deferred income

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period	Reason of formation
Government grants	370,179,550.82	8,104,000.00	24,245,095.23	354,038,455.59	/
Total	370,179,550.82	8,104,000.00	24,245,095.23	354,038,455.59	/

Other descriptions:

Applicable N/A

Government grants recorded as deferred income refer to Note IX. Government grants.

36. Other non-current liabilities

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
The overall relocation and expansion project of Sichuan Guangda Pharmaceutical Manufacturing	90,000,000.00	90,000,000.00
Total	90,000,000.00	90,000,000.00

37. Share capital

Applicable N/A

Unit: Yuan Currency: RMB

	Balance at the Beginning of the Period	Changes for the Period (+ -)				Balance at the End of the Period
		Issuance of new shares	Conversion from capital reserve	Others	Subtotal	
I. Tradable shares subject to selling restrictions						
1. Domestic legal person shares	0	0	0	0	0	0
2. Domestic natural person shares	0	0	0	0	0	0
3. Overseas legal person shares	0	0	0	0	0	0
Tradable shares subject to selling restrictions in aggregate	0	0	0	0	0	0
II. Tradable shares						
1. Ordinary shares denominated in RMB	1,865,523,807	0	0	8,495,530	8,495,530	1,874,019,337
2. Domestically listed foreign shares	0	0	0	0	0	0

Tradable shares in aggregate	1,865,523,807	0	0	8,495,530	8,495,530	1,874,019,337
III. Total number of shares	1,865,523,807	0	0	8,495,530	8,495,530	1,874,019,337

Other descriptions:

The increase of share capital in the year: Exercise of share options increased by 8,495,530 shares.

38. Capital reserve

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Share premium	1,352,404,094.10	176,784,312.67	59,184,727.91	1,470,003,678.86
Other capital reserve	249,315,993.61	36,433,576.84	21,683,450.01	264,066,120.44
Total	1,601,720,087.71	213,217,889.51	80,868,177.92	1,734,069,799.30

Other descriptions, including changes for the current period and reasons therefor:

(1) Reasons for increase in chaipital premium:

① 8,495,530 shares of the Company's stock options were exercised, increasing the capital premium by RMB85,465,031.80, and the corresponding accrued share incentive expenses of RMB6,080,589.00 were transferred from other capital reserve to equity premiums;

② The Company's subsidiary Livzon's stock options are exercised, according to the shareholding ratio of the Company, the corresponding increase in the share capital premium of RMB84,552,999.39;

③ After the stock options are exercised, the difference between the pre-taxable expenses and the accrued expenses will reduce the income tax payable by RMB685,692.48, and the share capital premium will be increased accordingly;

(2) Reasons for decrease in chaipital premium:

The Company's subsidiary Livzon Group repurchased shares, resulting in a corresponding decrease in share premium of RMB59,184,727.91.

(3) The increase in other capital reserves for the current period was due to:

① The Company and its subsidiary Livzon Group accrued equity incentive expenses of RMB10,535,972.35;

② The Company and its subsidiary Livzon Group made non-proportional capital contribution to investees under equity accounting method that led to change in shareholding ratio and other equity, resulting in an increase in capital reserves of RMB25,897,604.49.

(4) The decrease in other capital reserves for the current period was due to:

① The subsidiary Livzon Group repurchased and cancelled shares, causing changes in the Company's equity ratio and other equity adjustments, resulting in a decrease in capital reserves of RMB15,602,861.01.

② Equity incentive expenses transferred to capital premium of RMB6,080,589.00.

39. Other comprehensive income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of The Period	For the Period						Balance at the End of the Period
		Amount before tax	Less: Included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: Included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	Amount attributable to parent company after tax	Amount attributable to minority interests after tax	
I. Other comprehensive income not reclassified into profit or loss subsequently	-13,421,336.25	-53,747,271.66	0.00	-664,450.87	-9,796,816.95	-35,135,402.45	-8,150,601.39	-48,556,738.70
Other comprehensive income not reclassified to profit or loss under equity method	10,104,312.52	0.00	0.00	0.00	0.00	0.00	0.00	10,104,312.52
Changes in fair value of other equity instrument investments	-23,525,648.77	-53,747,271.66	0.00	-664,450.87	-9,796,816.95	-35,135,402.45	-8,150,601.39	-58,661,051.22
II. Other comprehensive income that will be reclassified into profit or loss subsequently	1,175,205.03	14,853,147.81	0.00	0.00	0.00	12,124,742.53	2,728,405.28	13,299,947.56
Including: Other comprehensive income that will be transferred to profit or loss under equity method	194,759.70	87,526.33	0.00	0.00	0.00	39,671.05	47,855.28	234,430.75
Translation difference of foreign currency financial statements	980,445.33	14,765,621.48	0.00	0.00	0.00	12,085,071.48	2,680,550.00	13,065,516.81
Total of other comprehensive income	-12,246,131.22	-38,894,123.85	0.00	-664,450.87	-9,796,816.95	-23,010,659.92	-5,422,196.11	-35,256,791.14

40. Surplus reserve

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Increase	Decrease	Balance at the End of the Period
Statutory surplus reserve	817,731,606.40	0.00	0.00	817,731,606.40
Discretionary surplus reserve	40,210,642.44	0.00	0.00	40,210,642.44
Reserve funds	1,103,954.93	0.00	0.00	1,103,954.93
Total	859,046,203.77	0.00	0.00	859,046,203.77

41. Undistributed profits

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Year
Retained earnings in previous period before adjustments	9,441,857,956.80	8,456,778,287.49
Adjustments to opening balance of retained earnings (increase +, decrease -)	0.00	0.00
Opening balance of retained earnings after adjustments	9,441,857,956.80	8,456,778,287.49
Add: Net profit attributable to parent company for the current year	776,424,466.87	1,442,779,722.23
Gains from disposal of other equity instruments investment	-664,450.87	3,371,626.11
Less: Appropriation of statutory surplus reserve	0.00	124,279,622.27
Appropriation of discretionary surplus reserve	0.00	0.00
Appropriation for dividends to ordinary shares	337,353,555.60	336,792,056.76
Dividend converted to share capital of ordinary shares	0.00	0.00
Closing balance of undistributed profits	9,880,264,417.20	9,441,857,956.80

Profit distributions

Unit: RMB

Item	For the Period	For the Previous Period
Dividends:		
2023 year-end dividend (Note 1)	161,217,657.54	
2022 year-end dividend (Note 2)	--	161,217,657.54
Dividends proposed after the balance sheet date:		
2023 year-end dividend distribution (Note 1)	337,353,555.60	--
2022 year-end dividend distribution (Note 2)	--	336,792,056.76

Note 1: On 2 April 2024, the thirty-eighth meeting of the eighth board of directors of the Company passed the 2023 annual profit distribution plan. A cash dividend of RMB1.80 (tax inclusive) for every 10 shares would be distributed to all shareholders based on the Company's total

share capital on the equity registration date determined by the implementation of the Company's 2023 annual profit distribution plan. The remaining undistributed profits are carried forward for distribution in future years. The profit distribution plan was approved by the shareholders' meeting on 7 June 2024, and was subsequently paid.

Note 2: On 7 April 2023, the twenty-third meeting of the eighth board of directors of the Company passed the 2022 annual profit distribution plan. A cash dividend of RMB1.80 (tax inclusive) for every 10 shares would be distributed to all shareholders based on the Company's total share capital, deducted by the repurchased shares held in the Company's special securities account, on the equity registration date determined by the implementation of the Company's 2022 annual profit distribution plan. The remaining undistributed profits are carried forward for distribution in future years. The profit distribution plan was approved by the shareholders' meeting on 9 June 2023, and was subsequently paid.

42. Operating income and operating cost

(1) The information of operating income and operating cost

√Applicable □N/A

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Primary operations	8,173,461,033.34	2,974,282,136.23	8,652,793,987.61	3,225,507,979.30
Other operations	61,173,066.11	46,843,748.10	66,947,611.62	47,912,247.73
Total	8,234,634,099.45	3,021,125,884.33	8,719,741,599.23	3,273,420,227.03

(2) Information on the breakdown of revenue and operating costs

Unit: Yuan Currency: RMB

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Segregation by products				
Chemical pharmaceuticals (化学制剂)	4,074,320,929.95	835,836,224.71	4,477,996,443.20	922,208,230.73
Chemical active pharmaceutical ingredients (APIs) and intermediates (化学原料药及中间体)	2,643,773,625.54	1,688,197,600.29	2,682,754,623.59	1,757,162,775.91
Traditional Chinese medicine (中药制剂)	778,622,417.01	194,904,718.29	985,591,533.02	315,931,826.92
Biological product (生物制品)	87,546,778.71	61,204,545.08	113,409,489.23	59,602,491.18
Health care products (保健食品)	180,090,603.52	52,472,466.39	87,265,994.18	32,129,014.01
Diagnostic reagents and equipment (诊断试剂及设备)	394,351,087.80	131,573,737.70	297,994,623.29	133,676,710.13
Service industry(服务业)	1,656,956.36	477,503.41	1,288,056.69	420,402.81
Others	13,098,634.45	9,615,340.36	6,493,224.41	4,376,527.61
Segregation by operating locations				
Domestic	6,867,367,070.90	2,192,455,629.39	7,274,024,825.06	2,345,678,968.90
Overseas	1,306,093,962.44	781,826,506.84	1,378,769,162.55	879,829,010.40
Total	8,173,461,033.34	2,974,282,136.23	8,652,793,987.61	3,225,507,979.30

Other descriptions:

√Applicable □N/A

Information on the breakdown of other business

Items	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Sales materials, processing fees, etc.	25,800,600.50	18,997,877.26	23,036,382.35	17,149,427.62
Rental fees	3,024,342.21	148,201.49	6,337,567.62	951,349.22
Others	32,348,123.40	27,697,669.35	37,573,661.65	29,811,470.89
Total	61,173,066.11	46,843,748.10	66,947,611.62	47,912,247.73

Segregation by timing of revenue recognition

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Primary operations:				
In which: Recognized at a point in time	8,170,146,927.14	2,974,282,136.23	8,652,793,987.61	3,225,507,979.30
Other operations:				
In which: Recognized at a point in time	58,148,723.90	46,695,546.61	60,610,044.00	46,960,898.51
Rental income	3,024,342.21	148,201.49	6,337,567.62	951,349.22
Total	8,231,319,993.25	3,021,125,884.33	8,719,741,599.23	3,273,420,227.03

Information of top five customers of business revenue

Period	Total operating revenue from top five customers	Proportion to primary operating income in the period (%)
January to June 2024	715,005,732.49	8.75
January to June 2023	804,489,272.38	9.30

43. Taxes and surcharges

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Urban construction tax	37,554,614.36	43,298,169.40
Education surcharge	28,260,945.88	32,598,533.87
Land use tax	5,267,621.69	5,285,696.16
Property tax	16,642,223.76	13,997,948.34
Stamp duty and others	6,273,783.07	7,526,086.18
Total	93,999,188.76	102,706,433.95

Other descriptions:

The bases of calculations for major taxes and surcharges are set out in Note IV. Taxation.

44. Selling expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Marketing and promotional expenses	1,640,113,871.36	2,076,537,470.48
Staff salaries	386,607,163.05	251,267,240.73

Entertainment and travel expenses	27,182,049.32	28,223,785.21
Conference fees	12,546,131.84	10,768,435.82
Others	30,188,605.88	32,266,297.96
Total	2,096,637,821.45	2,399,063,230.20

45. Administrative expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Staff salaries	248,101,172.69	183,700,164.99
Depreciation and amortization	66,928,239.88	59,970,975.61
Shares incentive expenses	19,109,462.08	49,817,409.23
Advisory, consultancy and information disclosure fees	14,251,893.07	13,669,675.15
Quality project expenses	14,317,285.79	22,174,736.40
Office, entertainment and travelling expenses	33,580,656.82	26,242,650.31
Repair of utilities, transportation and miscellaneous expenses	9,835,202.93	18,490,663.47
Recruitment and staff training expenses	3,085,907.19	3,245,797.53
Others	35,814,512.37	57,555,822.63
Total	445,024,332.82	434,867,895.32

46. R&D expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Material costs	116,587,935.74	108,389,222.80
Staff salaries	226,560,094.36	217,004,623.19
Testing fees	186,082,969.68	121,552,481.88
Depreciation and amortization	82,573,107.00	267,976,579.13
Outsourced R&D expenses	73,924,498.23	16,146,220.81
Others	29,001,124.74	34,097,431.95
Total	714,729,729.75	765,166,559.76

47. Finance expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Interest expenses	72,457,072.68	70,061,146.58
Interest income	-187,438,919.12	-135,947,800.19
Exchange (gains)/losses	-11,834,527.48	-60,395,256.87
Bank charges and others	3,087,407.79	3,694,323.10
Total	-123,728,966.13	-122,587,587.38

48. Other income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Related to assets/Related to income
Government grants	20,738,663.26	29,702,173.89	Related to assets
Government grants	31,582,303.89	93,642,570.39	Related to income
Handling fees for tax withholding	2,943,693.85	2,579,796.37	
Tax refund on super-deduction	15,174,169.56	719.61	
Total	70,438,830.56	125,925,260.26	

Other descriptions:

For specific information on government grants, please refer to Note IX Government grants for details; For specific details on government grants as a non-recurring income, please refer to Note XVIII.1.

49. Investment income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Long-term equity investments income under equity method	23,799,217.29	44,824,481.29
Investment income from financial assets held for trading during the holding period	191,174.96	356,166.62
Dividend income from other equity instrument investments	8,551,779.20	17,709,895.19
Investment income from disposal of financial assets held for trading	2,803,134.42	-6,036,503.65
Total	35,345,305.87	56,854,039.45

Note 1. The breakdown of the investment income from the disposal of financial assets held for trading:

Item	For the Period	For the Previous Period
Investment in trading equity instruments - Equity investments		
Derivatives that are not designated as hedges	2,803,134.42	-6,036,503.65
Including: Debt instruments investment	2,803,134.42	-6,036,503.65
Total	2,803,134.42	-6,036,503.65

50. Gains from changes in fair value

√Applicable □N/A

Unit: Yuan Currency: RMB

Sources of gains from changes in fair value	For the Period	For the Previous Period
Financial assets held for trading	-14,957,580.08	-18,426,273.95
Including: Debt instruments investment	41,271.91	9,573.79
Equity instruments investment	-11,276,951.07	-13,003,336.17

Derivative financial assets	-3,135,586.92	-5,432,511.57
Bank wealth management products	-586,314.00	0.00
Financial liabilities held for trading	-4,618,887.47	-20,888,614.43
Including: Derivative financial liabilities	-4,618,887.47	-20,888,614.43
Total	-19,576,467.55	-39,314,888.38

51. Credit impairment loss

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Bad debts of accounts receivable	-1,625,649.65	-20,935,155.87
Bad debts of other receivables	-2,247,797.05	-1,274,235.82
Total	-3,873,446.70	-22,209,391.69

52. Asset impairment losses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
I. Losses on bad debts		
II. Losses on decline in value of inventories and on impairment of contract performance costs	-29,755,574.41	-30,171,594.37
III. Losses on impairment of long-term equity investments		
IV. Losses on impairment of property		
V. Losses on impairment of fixed assets	-25,498.94	0.00
VI. Losses on impairment of project materials		
VII. Losses on impairment of construction in progress		
VIII. Losses on impairment of bearer biological assets		
IX. Losses on impairment on oil and gas assets		
X. Losses on impairment of intangible assets		
XI. Losses on impairment of goodwill		
XII. Losses on impairment of development expenditure	-52,404,181.63	0.00
XIII. Others		
Total	-82,185,254.98	-30,171,594.37

53. Gains on disposal of assets

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Gain from disposal of fixed assets ("-" for Loss)	-76,440.36	-342,359.46

Total	-76,440.36	-342,359.46
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54. Non-operating income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount included in non-recurring gains and losses
Gain from retirement of non-current assets	208,198.42	463,655.86	208,198.42
Income from scraps	1,056,550.93	475,611.19	1,056,550.93
Compensation income	423,432.89	305,178.31	423,432.89
Waiver of payables	2,770,586.34	185,479.70	2,770,586.34
Others	482,333.50	327,525.12	482,333.50
Total	4,941,102.08	1,757,450.18	4,941,102.08

55. Non-operating expenses

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period	Amount included in non-recurring gains and losses
Loss on retirement of non-current assets	1,164,109.18	1,210,440.54	1,164,109.18
Donation expenses	3,127,095.07	3,107,267.57	3,127,095.07
Others	5,539,182.27	3,052,320.30	5,539,182.27
Total	9,830,386.52	7,370,028.41	9,830,386.52

56. Income tax expenses**(1) Table of income tax expenses**

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Current income tax	326,704,262.92	304,266,559.25
Deferred income tax	-40,890,419.06	20,396,502.85
Total	285,813,843.86	324,663,062.10

(2) Reconciliation between income tax expenses and accounting profits

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period
Profit before tax	1,982,029,350.87
Income tax expenses calculated at statutory (or applicable) tax rates	495,507,337.72
Impact from tax preferential rate in certain subsidiaries	622,460.75
Effect of tax reduction and exemption	-240,936,000.19
Effect of non-deductible costs, expenses and losses	3,678,547.47

Effect of deductible tax losses for which no deferred tax assets were recognised in previous periods	-3,456,223.60
Effect of deductible tax losses or deductible temporary differences for which no deferred tax asset was recognised in the current period	42,629,838.12
Others	-12,232,116.41
Income tax expenses	285,813,843.86

57. Notes to cash flows statement

(1) Cash related to operating activities

Other cash received relating to operating activities

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Government grants	39,954,273.83	166,304,476.76
Interest income	206,243,681.08	132,299,641.10
Security deposits	42,029,489.24	1,333,286.78
Current accounts and others	37,142,996.31	89,242,513.12
Total	325,370,440.46	389,179,917.76

Other cash paid relating to operating activities

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Business promotion expenses	1,682,132,413.13	2,238,980,138.14
Research and development expenses	330,004,311.93	278,035,606.39
Bank charges	3,101,436.48	3,454,431.81
Letter of credit and bank acceptance bill deposit, etc.	9,661,803.40	628,328.60
current accounts and others	247,090,496.66	271,627,636.18
Other expenses paid	26,601,157.28	29,937,482.42
Total	2,298,591,618.88	2,822,663,623.54

(2) Cash related to investing activities

Significant cash received relating to investing activities

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Fixed deposits	610,855,000.00	270,000,000.00
Cash management	102,484,966.04	0.00
Total	713,339,966.04	270,000,000.00

Significant cash paid relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Fixed deposits	560,199,497.71	300,000,000.00
Cash management	102,139,574.41	0.00
Haibin Pharma Pingshang New Factory (深圳海滨坪山新厂)	55,517,815.42	50,260,688.87
Total	717,856,887.54	350,260,688.87

Other cash received relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Security deposits	0.00	135,238.13
Compensation for demolition	0.00	6,000,000.00
Fixed deposits	0.00	291,590,000.00
Total	0.00	297,725,238.13

Other cash paid relating to investing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Security deposits	0.00	633,989.87
Foreign exchange forward contract losses	931,044.37	14,627,360.90
Fixed deposits	0.00	200,000,000.00
Total	931,044.37	215,261,350.77

(3) Cash related to financing activities

Other cash receive relating to financing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Discount of acceptance bills	0.00	20,000,000.00
Collection and advance payment of individual income tax	1,040,757.54	0.00
Total	1,040,757.54	20,000,000.00

Other cash paid relating to financing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Repurchase of shares	135,510,814.56	512,626,059.45
Discounted bills matured and redeemed	0.00	120,415,088.50
Rental payments	18,170,767.66	15,457,825.06
Collection and advance payment of individual income tax	50,394.83	14,362.22
Others	0.00	743,288.72
Total	153,731,977.05	649,256,623.95

Changes in liabilities arising from financing activities

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase of the current period		Decrease of the current period		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Short-term loans	2,076,159,347.22	1,850,000,000.00	12,296,333.30	2,088,455,680.52	0.00	1,850,000,000.00
Long term loans	3,818,751,881.72	134,343,152.42	60,664,674.48	887,472,308.97	0.00	3,126,287,399.65
Lease liabilities	37,508,489.98	0.00	13,143,740.10	18,170,767.66	0.00	32,481,462.42
Total	5,932,419,718.92	1,984,343,152.42	86,104,747.88	2,994,098,757.15	0.00	5,008,768,862.07

(4) Notes to the presentation of cash flows on a net basis

□Applicable √N/A

(5) Significant activities and financial effects that do not involve current cash receipts and payments but affect the financial position of the enterprise or may affect the enterprise's cash flows in the future

□Applicable √N/A

58. Supplemental to cash flow statement

(1) Supplemental to cash flow statement

√Applicable □N/A

Unit: Yuan Currency: RMB

Supplemental information	For the Period	For the Previous Period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,696,215,507.01	1,627,570,265.83
Add: Assets impairment loss	82,185,254.98	30,171,594.37
Credit impairment loss	3,873,446.70	22,209,391.69
Depreciation of fixed assets	323,427,510.43	328,414,531.00
Amortization of right-of-use assets	16,677,138.23	15,820,079.48
Amortization of intangible assets	48,998,552.05	234,376,440.79
Long-term prepaid expenses amortization	82,339,421.37	52,111,674.42

Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in “-”)	76,440.36	342,359.46
Loss on retirement of fixed assets (Gain as in “-”)	955,910.76	746,784.68
Losses on changes in fair value (Gain as in “-”)	19,576,467.55	39,314,888.38
Financial expenses (Gain as in “-”)	43,451,326.34	29,379,861.81
Investment losses (Gain as in “-”)	-35,345,305.87	-56,854,039.45
Decrease in deferred tax assets (Increase as in “-”)	-38,050,714.67	19,022,256.19
Increase in deferred tax liabilities (Decrease as in “-”)	-2,839,704.39	1,374,246.66
Decrease in inventories (Increase as in “-”)	31,330,850.55	-318,716,893.25
Decrease in operating receivables (Increase as in “-”)	-817,376,945.52	814,112,912.19
Increase in operating payables (Decrease as in “-”)	275,230,296.80	-1,633,858,286.87
Others	6,574,319.57	51,669,618.16
Net cash flows from operating activities	1,737,299,772.25	1,257,207,685.54
2. Significant investment or finance activities not involving cash:		
Conversion of debt into capital	0.00	0.00
Convertible bonds mature within one year	0.00	0.00
Right-of-use assets added during the period	11,571,656.96	14,230,427.76
3. Net increase/(decrease) in cash and cash equivalents:		
Cash and bank balance as at end of period	15,240,011,240.15	14,104,668,401.83
Less: cash and bank balance at beginning of period	15,340,869,372.73	14,178,465,686.40
Add: cash equivalents at end of period	0.00	0.00
Less: cash equivalents at beginning of period	0.00	0.00
Net increase in cash and cash equivalents	-100,858,132.58	-73,797,284.57

(2) Net cash paid for acquisition of subsidiaries during the period

Applicable N/A

(3). Net cash received from disposal of subsidiaries during the period

Applicable N/A

(4). Details of cash and cash equivalents

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
I. Cash	15,240,011,240.15	14,104,668,401.83
Including: Cash on hand	415,135.73	410,711.67
Cash at bank readily available for payment	15,108,015,439.52	14,088,001,753.69
Other monetary fund readily available for payment	131,580,664.90	16,255,936.47
II. Cash equivalents	0.00	0.00
Including: bonds investment mature within 3 months	0.00	0.00

III. Cash and cash equivalents as at closing balance	15,240,011,240.15	14,104,668,401.83
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(5).Presentation of cash and cash equivalents with restricted use

Applicable N/A

(6).Monetary funds not classified as cash and cash equivalents

Applicable N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Closing balance of Previous year	Reason for not classified as cash and cash equivalents
Security deposits for bank acceptance bills	10,282,230.79	6,627,449.66	Frozen
Accrued interest income	8,591,339.42	44,391,492.44	Accrued interest not yet received
Fixed deposits	0.00	300,000,000.00	Intended to be held until maturity
Total	18,873,570.21	351,018,942.10	

Other descriptions:

Applicable N/A

Cash and cash equivalents do not include any cash and equivalents that are restricted in use.

59. Items in foreign currencies

(1). Items in foreign currencies

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance in foreign currency at the End of the Period	Conversion rate	Equivalent RMB balance at the End of the Period
Cash and bank balances			
Including: HKD	1,223,759,889.70	0.91268	1,116,901,176.13
Euro	180,848.52	7.66170	1,385,607.11
USD	329,290,069.25	7.12680	2,346,784,465.53
MOP	6,429,433.03	0.88570	5,694,548.83
JPY	12,098,247.00	0.044738	541,251.37
GBP	1,690.10	9.04300	15,283.57
MYR	4,336.10	1.50948	6,545.26
Accounts receivable			
Including: USD	88,165,544.78	7.12680	628,338,204.54
JPY	85,008,215.91	0.044738	3,803,097.56
MOP	166,738.45	0.88570	147,680.25
Other receivables			
Including: HKD	3,369,277.30	0.91268	3,075,072.01
Accounts payable			
Including: Euro	5,665.41	7.66170	43,406.67

Other payables			
Including: USD	5,631,207.95	7.12680	40,132,492.82
HKD	14,140.75	0.91268	12,905.98

(2). Descriptions on overseas operating entities, including: for important overseas business entities, their main overseas business locations, bookkeeping currency and selection basis shall be disclosed; in case of any change in the bookkeeping currency, the reasons for such change shall be also disclosed.

Applicable N/A

60. Leases

(1) As lessee

Applicable N/A

Variable lease payments not included in the measurement of lease liabilities

Applicable N/A

Rental of simplified short-term leases and leases of low-value assets

Applicable N/A

Item	For the Period
Short-term rental expenses	2,796,343.75

Sale and leaseback transactions and basis of judgment

Applicable N/A

(2) As lessor

Operating leases as a lessor

Applicable N/A

Item	For the Period	Including: income relating to variable lease payments not recognised as lease receipts
Rental income	3,024,342.21	0.00
Total	3,024,342.21	0.00

Financial leases as a lessor

Applicable N/A

Reconciliation statement of undiscounted lease receipts and net investment in leases

Applicable N/A

Undiscounted lease receipts for the next five years

Applicable N/A

Unit: Yuan Currency: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance

First year	8,038,138.32	8,399,755.50
Second year	2,622,922.40	4,141,314.40
Third year	560,934.00	939,324.00
Fourth year	361,904.00	252,000.00
Fifth year	361,904.00	252,000.00
Thereafter	1,449,000.00	1,554,000.00

(3) Profit or losses on sales recognised under finance leases as a producer or distributor

Applicable N/A

VI. Research and development expenditures

(1) Presented based on nature of expense

Applicable N/A

Item	For the period	For the previous period
Material costs	126,100,191.84	115,686,664.51
Staff salaries	235,158,288.21	226,398,832.87
Testing fees	218,820,116.20	156,172,919.28
Depreciation and amortisation	86,332,766.39	271,696,649.66
External purchase of research projects	111,978,688.97	139,224,420.81
Others	32,420,529.06	35,107,727.80
Total	810,810,580.67	944,287,214.93
Of which: Expenses amount	714,729,729.75	765,166,559.76
Capitalised amount	96,080,850.92	179,120,655.17

(2) Development expenses on R&D projects eligible for capitalisation

Applicable N/A

Item	Beginning balance	Increase		Decrease		Closing balance
		Internal development costs	Other increase	Recognized as intangible assets	Recognized in profit or loss	
Chemical pharmaceuticals and APIs	391,069,478.67	76,145,647.14	19,935,203.78	81,884,300.94	57,349,897.13	347,916,131.52
Biologics	92,425,008.50	0.00	0.00	0.00	0.00	92,425,008.50
Total	483,494,487.17	76,145,647.14	19,935,203.78	81,884,300.94	57,349,897.13	440,341,140.02

Significant capitalised R&D projects

Applicable N/A

Item	R&D progress	Expected method of generating economic benefits	Commencement time of capitalization	Specific basis
Project JP1366	Approved for clinical trials	Marketing	Clinical trials	Obtained clinical approval and evaluated by the company

(3) Significant capitalized research and development projects

Item	Expected method of generating economic benefits	Criteria for determining whether a project is capitalized or expensed	Specific basis
Project JP1366	Marketing	Clinical trials	Obtained clinical approval and evaluated by the company

Other descriptions:

JP1366 has been approved for launching in South Korea. It was purchased to undergo domestic clinical trials managed by the Livzon Group. After evaluation by the Livzon Group, it is determined that the future economic benefits of this project are likely to accrue to the company. Therefore, the purchase price is recognized as development expenses.

VII. Change to Consolidation Scope**1. Business combination not involving enterprises under common control**

Applicable N/A

2. Business combination involving enterprises under common control

Applicable N/A

3. Reverse purchase

Applicable N/A

4. Disposal of subsidiaries

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

Applicable N/A

Other descriptions:

Applicable N/A

Was there any circumstance under which a single disposal of the investment in subsidiaries will lose control

Applicable N/A

Other descriptions:

Applicable N/A

5. Changes in scope of consolidation due to other reasons

Descriptions of changes in scope of consolidation caused by other reasons (such as establishment of a new subsidiary and liquidation of a subsidiary, etc.) and their relevant information:

Applicable N/A

(1) On 9 May 2024, Livzon Group's subsidiary Lian Hong Kong Limited (丽安香港有限公司) established LIAN International Holding LTD, with a registered capital of USD0.05 million, and was interested in 100% of its registered capital.

(2) On 27 May 2024, Livzon Group's subsidiary LIAN International Holding LTD established LIAN SGP HOLDING PTE. LTD, with a registered capital of SGD0.2 million, and was interested in 100% of its registered capital.

(3) On 16 April 2024, Livzon Group's subsidiary Zhuhai Liye Biotechnology Co., Ltd. was registered as de-registered.

(4) On 1 April 2024, the Company's subsidiary JoincarePharmaceutical Group Industry Co., Ltd.(BVI) established JOINCARE PHARMA SINGAPORE HOLDINGS PTE.LTD., with a registered capital of SGD0.2 million, and was interested in 100% of its registered capital.

6. Others

Applicable N/A

VIII Equity in Other Entities

1. Interests in subsidiaries

(1). Group structure

Applicable N/A

Name of subsidiary	Main operating location	Registered Capital	Place of registration	Business nature	Shareholding %		Acquisition method
					Direct	Indirect	
Topsino Industries Limited (天诚实业有限公司) (Topsino Industries)	Hong Kong	HKD896,933,973.00	Hong Kong	Business	100		Set-up by investment
Shenzhen Taitai Genomics Inc. Co., Ltd. (深圳太太基因工程有限公司) (Taitai Genomics)	Shenzhen	RMB50,000,000.00	Shenzhen	Industry	75	25	Set-up by investment
Shenzhen Taitai Pharmaceutical Industry Co., Ltd. (深圳太太药业有限公司) (Taitai Pharmaceutical)	Shenzhen	RMB100,000,000.00	Shenzhen	Industry	100		Set-up by investment

Name of subsidiary	Main operating location	Registered Capital	Place of registration	Business nature	Shareholding %		Acquisition method
					Direct	Indirect	
Health Investment Holdings Ltd. (健康投资公司) (Health Investment)	The British Virgin Islands	USD50,000.00	The British Virgin Islands	Investment		100	Set-up by investment
Joincare Pharmaceutical Group Industry Co.,Ltd.(BVI)	The British Virgin Islands	USD 50,000.00	The British Virgin Islands	Investment		100	Set-up by investment
Joincare Pharmaceutical Group Industry Co.,Ltd.(CAYMAN ISLANDS)	Cayman Islands	USD 50,000.00	Cayman Islands	Investment		100	Set-up by investment
Xinxiang Haibin Pharmaceutical Co., Ltd. (新乡海滨药业有限公司(新乡海滨)) (Xinxiang Haibin)	Henan Xinxiang	RMB 170,000,000.00	Henan Xinxiang	Industry		100	Set-up by investment
Shenzhen Fenglei Electric Power Investment Co., Ltd. (深圳市风雷电力投资有限公司) (Fenglei Electric Power)	Shenzhen	RMB 100,000,000.00	Shenzhen	Investment	100		Set-up by investment
Jiaozuo Joincare Bio Technological Co., Ltd.(焦作健康元生物制品有限公司) (Jiaozuo Joincare)	Henan Jiaozuo	RMB 700,000,000.00	Henan Jiaozuo	Industry	75	25	Set-up by investment
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司) (Shanghai Frontier)	Shanghai	RMB50,000,000.00	Shanghai	Industry	65		Set-up by investment
Shenzhen Taitai Biological Technology Co., Ltd. (深圳太太生物科技有限公司) (Taitai Biological)	Shenzhen	RMB5,000,000.00	Shenzhen	Industry	100		Set-up by investment
Guangzhou Respiratory Medicine Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司) (Guangzhou Respiratory) Note 1	Guangzhou	RMB10,000,000.00	Guangzhou	Industry		26	Set-up by investment
Guangdong Taitai Forensic Test Institute (广东太太法医物证司法鉴定所) (Test Institute)	Shenzhen	RMB0.00	Shenzhen	Business		100	Set-up by investment
Joincare Haibin Pharmaceutical Co., Ltd. (健康元海滨药业有限公司) (Joincare Haibin)	Shenzhen	RMB500,000,000.00	Shenzhen	Industry	25	75	Set-up by investment
Shenzhen Haibin Pharmaceutical Co., Ltd. (深圳市海滨制药有限公司) (Haibin Pharma)	Shenzhen	RMB 700,000,000.00	Shenzhen	Industry	97.87	2.13	Business combination not under common control

Name of subsidiary	Main operating location	Registered Capital	Place of registration	Business nature	Shareholding %		Acquisition method
					Direct	Indirect	
Joincare Daily-Use & Health Care Co., Ltd. (健康元日用保健品有限公司) (Joincare Daily-Use)	Shenzhen	RMB 25,000,000.00	Shenzhen	Business	80	20	Business combination not under common control
Health Pharmaceuticals (China) Limited (健康药业(中国)有限公司) (Health China)	Zhuhai	HKD73,170,000.00	Zhuhai	Industry		100	Business combination not under common control
Livzon Pharmaceutical Group Inc. (丽珠医药集团股份有限公司) (Livzon Group) Note 2	Zhuhai	RMB926,325,484.00	Zhuhai	Industry	23.90	21.32	Business combination not under common control
Hong Kong Health Pharmaceutical Industry Company Limited (香港健康药业有限公司)	Hong Kong	HKD10,000.00	Hong Kong	Investment		100	Business combination not under common control
Health Pharmaceutical Industry Company Limited (健康药业有限公司)	Hong Kong	HKD10,000.00	Hong Kong	Investment		100	Business combination not under common control
Shenzhen Hiyeah Industry Co., Ltd (深圳市喜悦实业有限公司) (Shenzhen Hiyeah)	Shenzhen	RMB178,000,000.00	Shenzhen	Business	97.58	2.42	Business combination not under common control
Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司)	Guangzhou	RMB3,000,000.00	Guangzhou	Industry		100	Business combination not under common control
Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	Zhongshan	RMB500,000.00	Zhongshan	Industry		100	Business combination not under common control
Joincare (Guangdong) Special medicine Food Co., Ltd. (健康元(广东)特医食品有限公司) (Joincare Special medicine Food)	Shenzhen	RMB20,000,000.00	Shenzhen	Industry	100		Set-up by investment
Henan Joincare Biomedical Research Institute Co., Ltd. (河南省健康元生物医药研究院有限公司)	Shaoguan	RMB100,000,000.00	Shaoguan	Industry		70.31	Set-up by investment
Jiaozuo Jianfeng Biotechnology Co., Ltd. (焦作健风生物科技有限公司)	Jiaozuo	RMB50,000,000.00	Jiaozuo	Industry		66.5	Set-up by investment
JOINCARE PHARMA SINGAPORE HOLDINGS PTE.LTD.	Singapore	SGD200,000.00	Singapore	Business		100	Set-up by investment

Note 1: Guangzhou Respiratory Medicine Engineering Technology Co., Ltd. (广州呼吸药物工程技术有限公司) was formerly known as Guangzhou Joincare Respiratory Medicine Engineering Technology Co., Ltd. (广州健康元呼吸药物工程技术有限公司), and it was renamed in July 2024.

Note 2: Livzon Group (丽珠集团) controls the subsidiaries in which this company holds equity stakes

(1) On 30 March 2021, the Company's subsidiary Shanghai Frontier Health Medical Technology Co., Ltd. (上海方予健康医药科技有限公司) and Livzon Group (丽珠集团) established Shanghai Liyu Biopharmaceutical

Technology Co., Ltd (上海丽予生物医药技术有限责任公司). Livzon Group holds 55% of the shares, while Shanghai Frontier Health Medical Technology Co., Ltd. holds 45%.

(2) The Company and Livzon Group jointly established Li Jian (Guangdong) Animal Health Co., Ltd. (丽健(广东)动物保健有限公司) on 1 February 2023. Livzon Group holds a 51% of the shares, while the Company holds 49%.

(3) The Company and Joincare Pharmaceutical Group Co., Ltd. (健康元药业集团股份有限公司) jointly established Wuhan Kangli Health Investment Management Co., Ltd. (武汉康丽健康投资管理有限公司) on 8 February 2023. Livzon Group holds a 60% of the shares, while the Company holds 40%.

(4) Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠生物医药科技有限公司) is a subsidiary within the scope of Livzon Group's consolidation. It was originally 100% indirectly held by Livzon Group. Due to the restructuring and capital increase of the shareholding structure of the subsidiary, Livzon Group holds 60.23% of its shares, the Company holds 26.84% of the shares, YF Pharmab Limited holds 6.84% of the shares, and Hainan Lishengjuyuan Investment Partnership (Limited Partnership) (海南丽生聚源投资合伙企业(有限合伙)) holds 6.09%.

Other descriptions:

Subsidiaries not included in the scope of consolidation in the current period:

Name of subsidiary	Registered Capital	Actual investment	Interest held
Guangzhou Hiyeah Industry Co., Ltd.	3,000,000.00	3,000,000.00	100%
Zhongshan Renhe Health Products Co., Ltd.	500,000.00	500,000.00	100%

Guangzhou Hiyeah Industry Co., Ltd. (广州市喜悦实业有限公司), Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司), are wholly-owned subsidiaries of Shenzhen Hiyeah. They entered the liquidation process in 2008, and has been out of business for many years, and completed the tax cancellation procedures, so they were not included in the scope of the consolidated.

(2). Significant non-wholly owned subsidiaries

Applicable N/A

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding of minority interest (%)	Profit or loss attributable to minority interest	Dividend paid to minority interest	Balance of minority interests at period end
Livzon Group	54.78	639,717,787.25	682,146,005.27	7,610,740,791.31

Descriptions of the difference between the shareholding ratio of minority shareholders and their proportion of voting rights in a subsidiary:

Applicable N/A

(3). Principal financial information of significant non-wholly owned subsidiaries

Applicable N/A

Unit: 100 million Yuan Currency: RMB

Closing balance	Beginning balance

Name of subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Livzon Group	175.07	80.69	255.76	96.97	12.71	109.69	172.66	77.79	250.45	80.87	21.91	102.78

Name of subsidiary	Current period				Previous period			
	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities	Revenue	Net profit	Total Comprehensive income	Cash flow from operating activities
Livzon Group	62.82	13.55	13.46	15.30	66.90	11.74	11.77	12.27

(4). Significant restrictions on the use of enterprise group assets and settlement of enterprise group debts:

Applicable N/A

(5). Financial supports or other supports offered for the structured entities included in the scope of consolidated financial statements:

Applicable N/A

Other descriptions:

Applicable N/A

2. Changes in share of owners' equity in subsidiaries and still controls the subsidiaries

Applicable N/A

(1) Changes of owners' equity of in subsidiaries

Applicable N/A

The Livzon group originally held 55.13% equity interest in LivzonBio, Inc. (珠海市丽珠生物医药科技有限公司) ("LivzonBio"). According to the Capital Contribution Agreement of LivzonBio (《丽珠生物科技之增资协议》) and the resolution of the general meeting of LivzonBio, the registered capital of LivzonBio will be increased from RMB889,023,284.00 to RMB1,095,472,334.00, and the newly-increased registered capital of RMB206,449,050.00 will fully paid by way of cash before 31 December 2028. The subscription consideration is RMB1,000,000,000, and the subscription consideration exceeding the subscribed capital contribution will be accounted in capital reserves. On 25 March 2024, the Livzon Group paid the first installment of capital contribution amounting to RMB160,000,000. such capital increase resulted in an increase of RMB95,290,501.35 in Livzon Group's minority interests and a decrease of RMB95,290,501.35 in capital reserve.

(2) Effect of the transactions on minority interest and equity attributable to the owners of the parent company

√Applicable □N/A

Item	LivzonBio
Acquisition cost	
– Cash	160,000,000.00
Total acquisition cost	160,000,000.00
Less: Difference in net assets shares of subsidiaries calculated based on the proportion of equity acquired	64,709,498.65
Of which: adjustment in capital reserve	95,290,501.35

Other descriptions:

□Applicable √N/A

3. Interests in joint arrangements or associates

√Applicable □N/A

(1). Significant joint arrangements or associates

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of joint arrangements or associates	Main operating location	Place of registration	Business nature	Shareholding(%)		Accounting treatment of joint investment
				Direct	Indirect	
Tianjin Tongrentang Group Co., Ltd.	Tianjin	Tianjin	Manufacture of medicine	0.00	40.00	Equity method

(2). Key financial information of significant joint arrangements

□Applicable √N/A

(3). Main financial information of significant associates

√Applicable □N/A

Item	At the end of period	At the beginning of the period
	Tianjin Tongrentang Group Co., Ltd.	Tianjin Tongrentang Group Co., Ltd.
Share of net assets calculated based on shareholding ratio	237,857,430.49	207,146,749.21
Adjustments		
Including: Goodwill	498,457,683.68	498,457,683.68
Unrealized profit or loss in internal transactions		

Item	At the end of period	At the beginning of the period
	Tianjin Tongrentang Group Co., Ltd.	Tianjin Tongrentang Group Co., Ltd.
Others		
Carrying value of equity investment in associates	736,315,114.17	705,604,432.89
Fair value of publicly quoted equity investments		

Continued:

Item	For the period	For the Previous period
	Tianjin Tongrentang Group Co., Ltd.	Tianjin Tongrentang Group Co., Ltd.
Operating income	490,244,406.64	577,306,842.17
Dividends received by the company from associates in the current period	0.00	0.00

Other descriptions:

√Applicable □N/A

The Company calculated share of assets by shareholding ratio based on the amount attributable to the parent company in the associates' consolidated financial statements. The amounts of associates on the consolidated financial statements take into account the fair value of net identifiable assets and liabilities of the associate when acquiring the investment and the effect of unifying accounting policies.

(4). Summary of financial information of other insignificant associates

√Applicable □N/A

Unit: Yuan Currency: RMB

	Closing balance/ Current period	Beginning balance/ Previous period
Associates:		
Total carrying amount of investment	711,243,850.81	695,058,355.47
The following amount are calculated on the basis of shareholding ratio		
Net profit	-6,911,463.99	-3,754,798.13
Other comprehensive income	87,526.33	0.00
Total comprehensive income	-6,823,937.66	-3,754,798.13

(5) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the company

Applicable N/A

(6) Excess losses incurred by joint ventures or associates

Applicable N/A

(7) . Unconfirmed commitments related to joint venture investment

Applicable N/A

(8) . Contingent liabilities related to investments in joint ventures or associates

Applicable N/A

4. Important joint operations

Applicable N/A

5. Equity in structured entities not included in the scope of consolidated financial statements

Relevant descriptions of structured entities not included in the scope of consolidated financial statements:

Applicable N/A

6. Others

Applicable N/A

IX. Government grants

1. Government grants on the basis of amounts receivable at the end of the reporting period

Applicable N/A

Reasons for not receiving the projected amount of government grants at the projected point in time

Applicable N/A

2. Liability items involving government grants

Applicable N/A

Unit: Yuan Currency: RMB

Financial statement items	Beginning balance	Additions during the period	Amount included in non-operating income for the period	Transfer to other gains for the period	Other changes during the period	Closing balance	Related to assets/ Related to income
Deferred income	367,141,200.67	8,104,000.00	0.00	21,419,924.80	2,812,400.00	351,012,875.87	Related to assets
Deferred income	3,038,350.15	0.00	0.00	12,770.43	0.00	3,025,579.72	Related to income
Total	370,179,550.82	8,104,000.00	0.00	21,432,695.23	2,812,400.00	354,038,455.59	

3. Government grants recognized in current profit or loss

Unit: Yuan Currency: RMB

Category	For the period	For the previous period
Related to assets	20,738,663.26	29,702,173.89
Related to income	31,582,303.89	93,642,570.39
Total	52,320,967.15	123,344,744.28

Other descriptions

(1). Government grants recorded as deferred income and measured at gross amount method subsequently

Projects with grants	Category	Beginning balance	Additions in the period	Transfer to profit or loss	Other movement	Closing balance	Item presented in income statement	Related to assets/ Related to income
Laboratory project of respiratory system inhalation preparation engineering laboratory project (呼吸系统吸入制剂工程实验室项目)	Financial allocation	269,350.00	0.00	269,350.00	0.00	0.00	Other income	Related to assets
Construction of a recycling production base for carbapenem products (碳青霉烯类系列产品循环化生产基地建设)	Financial allocation	3,625,000.00	0.00	105,473.20	0.00	3,519,526.80	Other income	Related to assets
Construction of an integrated production line for fully automatic blister-type dry powder inhalant micro-filling and winding (全自动泡罩型干粉吸入剂微量灌装与卷绕一体化生产线建设)	Financial allocation	443,666.58	0.00	121,000.02	0.00	322,666.56	Other income	Related to assets
Shenzhen Sponge City Construction Fund Reward (深圳市海绵城市建设资金奖励)	Financial allocation	716,185.64	0.00	22,380.78	0.00	693,804.86	Other income	Related to assets
Large-scale development subsidy for new inhalation preparations (新型吸入制剂规模化发展补助)	Financial allocation	1,680,000.00	0.00	0.00	0.00	1,680,000.00	Other income	Related to assets
Central financial subsidy funds for park recycling transformation (园区循环化改造中央财政补助资金)	Financial allocation	191,951.60	0.00	191,951.60	0.00	0.00	Other income	Related to assets

Zhimu total sapogenin project (知母总皂甙元项目)	Financial allocation	8,900,000.00	0.00	0.00	0.00	8,900,000.00	Other income	Related to assets
Glucocorticoid inhalation suspension project (糖皮质混悬液项目)	Financial allocation	7,200,000.00	0.00	0.00	0.00	7,200,000.00	Other income	Related to assets
Financial allocation for small molecule peptide projects (财政拨款用于小分子肽项目)	Financial allocation	159,999.72	0.00	40,000.02	0.00	119,999.70	Other income	Related to assets
Leulu total sterone project (漏芦总甾酮项目)	Financial allocation	2,500,000.00	0.00	0.00	0.00	2,500,000.00	Other income	Related to assets
R&D of active substances with bone and joint repair and health care functions(具有骨关节修复与保健功能的活性物质研发)	Financial allocation	718,237.44	0.00	59,853.12	0.00	658,384.32	Other income	Related to assets
Key technology research and development of budesonide nebulized inhalation solution (布地奈德雾化吸入溶液关键技术研发)	Financial allocation	1,808,333.25	0.00	175,000.02	0.00	1,633,333.23	Other income	Related to assets
Project Subsidy of Marine mollusk kinetic protein (海洋软体动物动能蛋白项目补助)	Financial allocation	3,393,600.00	0.00	442,200.00	0.00	2,951,400.00	Other income	Related to assets
Development of key technologies for new inhaled preparations to treat idiopathic pulmonary fibrosis (治疗特发性肺纤维化的新型吸入制剂关键技术开发)	Financial allocation	1,000,000.00	0.00	0.00	0.00	1,000,000.00	Other income	Related to assets
Development Zone Finance Bureau Grants Entrepreneurial Leadership Talent Project: Research on Common Common Technology for Drug Inhalation Preparation (开发区财政局拨款创业领军人才项目: 药品吸入制剂共性共建技术的研究)	Financial allocation	2,000,000.00	0.00	0.00	0.00	2,000,000.00	Other income	Related to assets
City Service Development	Financial allocation	800,000.00	0.00	0.00	0.00	800,000.00	Other income	Related to assets

Special (市服务发展专项)									
Patent funding (专利资助)	Financial allocation	200,000.00	200,000.00	0.00	0.00	400,000.00	Other income	Related to assets	
high-growth small and micro innovation enterprises (高成长小微科创企业)	Financial allocation	400,000.00	0.00	0.00	0.00	400,000.00	Other income	Related to assets	
First application for corporate postdoctoral project research funding (首次申请企业博士后项目研究资助)	Financial allocation	120,000.00	0.00	0.00	0.00	120,000.00	Other income	Related to assets	
Service industry specialization (服务业专项)	Financial allocation	2,000,000.00	0.00	0.00	0.00	2,000,000.00	Other income	Related to income	
Innovation Voucher (Jingjin Filter Press Equipment) (创新券(景津压滤设备))	Financial allocation	73,332.71	0.00	40,000.02	0.00	33,332.69	Other income	Related to assets	
Return of land holding tax (土地使用税返还)	Financial allocation	3,353,601.93	0.00	53,514.90	0.00	3,300,087.03	Other income	Related to assets	
Xinxiang High-tech Project Fund Support (新乡高新技术项目资金扶持)	Financial allocation	1,748,316.36	0.00	28,198.68	0.00	1,720,117.68	Other income	Related to assets	
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	Financial allocation	19,068,162.28	0.00	920,106.30	0.00	18,148,055.98	Other income	Related to assets	
Subsidies for the development of pharmaceutical APIs industry (医药原料药行业发展支持资金补助)	Financial allocation	38,302,969.58	0.00	609,596.34	0.00	37,693,373.24	Other income	Related to assets	
Atmospheric environmental quality improvement subsidy funds (大气环境质量提升补贴资金)	Financial allocation	136,381.14	0.00	10,766.94	0.00	125,614.20	Other income	Related to assets	
R&D and industrialization of innovative Ilaprazole Series (艾普拉唑系列创新药物研发及产业化)	Financial allocation	6,258,166.17	0.00	2,455,000.02	0.00	3,803,166.15	Other income	Related to assets	
Strategic emerging industries in 2014 (sustained release microspheres) (2014年战略性新兴产业(缓释微球))	Financial allocation	16,700,000.00	0.00	0.00	0.00	16,700,000.00	Other income	Related to assets	
Fund for industrialization of prolonged-action microsphere preparation (长效微	Financial allocation	12,550,000.00	0.00	0.00	0.00	12,550,000.00	Other income	Related to assets	

球制剂的产业化款项)									
Construction project for industrialization of prolonged-action microsphere preparation (phase I) (长效微球制剂产业化建设项目 (一期工程))	Financial allocation	15,908,885.72	0.00	1,202,654.94	0.00	14,706,230.78	Other income	Related to assets	
Pilot-scale enlargement and industrialization of prolonged-action injection microsphere products (长效注射微球产品的中试放大和产业化)	Financial allocation	80,000.00	0.00	0.00	0.00	80,000.00	Other income	Related to assets	
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	Financial allocation	2,400,000.00	0.00	0.00	0.00	2,400,000.00	Other income	Related to assets	
Project subsidy from the Ministry of Industry and Information Technology (工业和信息化部项目补助款)	Financial allocation	904,750.00	0.00	115,500.00	0.00	789,250.00	Other income	Related to assets	
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	Financial allocation	720,000.22	0.00	79,999.98	0.00	640,000.24	Other income	Related to assets	
Special funds for foreign trade and economic development and port construction (外经贸发展与口岸建设专项资金)	Financial allocation	32,232.48	0.00	32,232.48	0.00	0.00	Other income	Related to assets	
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	Financial allocation	18,925,768.37	0.00	5,280,044.64	0.00	13,645,723.73	Other income	Related to assets	
Demonstration project on the application of solar photovoltaic architecture (太阳能光电建筑应用示范项目)	Financial allocation	251,499.27	0.00	251,499.27	0.00	0.00	Other income	Related to assets	
Subsidy for the Tender of	Financial allocation	1,919,419.46	0.00	190,182.90	0.00	1,729,236.56	Other income	Related to assets	

Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金 PVC 软袋)									
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋参芪扶正注射液技改项目)	Financial allocation	8,500,000.22	0.00	499,999.98	0.00	8,000,000.24	Other income	Related to assets	
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	3,200,429.00	0.00	564,781.68	0.00	2,635,647.32	Other income	Related to assets	
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	4,085,234.73	0.00	983,634.22	0.00	3,101,600.51	Other income	Related to assets	
Electricity distribution transformer performance enhancement for energy-saving and emission reduction projects (节能减排项目配电变压器能效提升)	Financial allocation	284,000.00	0.00	24,000.00	0.00	260,000.00	Other income	Related to assets	
R&D and industrialization team of chemical drug liquid preparation (化药液体制剂研发与产业化团队)	Financial allocation	1,848,718.76	0.00	147,589.26	0.00	1,701,129.50	Other income	Related to assets	
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设(抗体药物实验室))	Financial allocation	3,842,385.24	0.00	222,877.68	0.00	3,619,507.56	Other income	Related to assets	
Innovation capacity building of technology center (antibody laboratory) (技术中心创新能力建设(抗体药物实验室))	Financial allocation	84,361.58	0.00	37,665.18	0.00	46,696.40	Other income	Related to assets	
Achievement transfer of blood screening (BCI)	Financial allocation	2,698,032.11	0.00	0.00	0.00	2,698,032.11	Other income	Related to assets	

nucleic acid detection testing (血液筛查 (BCI) 核酸检测试剂成果转化)									
Technological upgrading and transformation projects of workshop for acarbose (APIs for α -glucosidase inhibitor) (α -葡萄糖苷酶抑制剂类原料药阿卡波糖生产车间工艺升级技术改造项目)	Financial allocation	250,000.12	0.00	53,571.42	0.00	196,428.70	Other income	Related to assets	
Zhuhai industrial enterprise “cloud and platform” service coupons supporting funds (珠海市工业企业“云上平台”服务券支持资金)	Financial allocation	38,350.15	0.00	12,770.43	0.00	25,579.72	Other income	Related to income	
Industrial revitalisation supporting funds (产业振兴扶持资金)	Financial allocation	279,500.00	0.00	129,000.00	0.00	150,500.00	Other income	Related to assets	
New industrialization development grant (新型工业化发展奖金)	Financial allocation	5,245,866.67	0.00	0.00	0.00	5,245,866.67	Other income	Related to assets	
Supporting funds for five advantageous industrial clusters and one high-tech industry (五优一新扶持资金)	Financial allocation	100,000.32	0.00	49,999.98	0.00	50,000.34	Other income	Related to assets	
Capital project for innovation and entrepreneurship team funding program (创新创业团队资助计划资金项目)	Financial allocation	11,675,000.00	0.00	675,000.00	0.00	11,000,000.00	Other income	Related to assets	
2020 Zhuhai City Innovation and Entrepreneurship Team (Nanocrystalline) (2020 年度珠海市创新创业团队 (纳米晶))	Financial allocation	4,986,666.67	1,200,000.00	0.00	0.00	6,186,666.67	Other income	Related to assets	
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业链协同平台示范项目)	Financial allocation	2,190,000.00	0.00	0.00	0.00	2,190,000.00	Other income	Related to assets	

Fund for key projects of industrial core and key technologies of Zhuhai (2nd batch) (珠海市产业核心和关键技术攻关方向项目资金(第二批))	Financial allocation	2,000,000.00	0.00	0.00	0.00	2,000,000.00	Other income	Related to assets
Innovative drug of Ilaprazole sodium for injection (创新药注射用艾普拉唑钠针剂)	Financial allocation	2,040,000.00	0.00	120,000.00	0.00	1,920,000.00	Other income	Related to assets
Technological transformation projects of new Cefuroxime (新型头孢粉针剂技术改造项目)	Financial allocation	1,533,100.00	0.00	13,050.00	0.00	1,520,050.00	Other income	Related to assets
Advanced Pharmaceutical Manufacturing Internet Benchmarking Project (先进药品制造互联网标杆项目)	Financial allocation	495,000.00	0.00	45,000.00	0.00	450,000.00	Other income	Related to assets
Cleaner Production Audit Project (清洁生产审核项目)	Financial allocation	160,000.16	0.00	4,999.98	0.00	155,000.18	Other income	Related to assets
Green factory (绿色工厂)	Financial allocation	871,666.79	0.00	64,999.98	0.00	806,666.81	Other income	Related to assets
HCG project construction (HCG项目建设)	Financial allocation	2,596,535.92	0.00	203,477.58	0.00	2,393,058.34	Other income	Related to assets
Sewage treatment system upgrade project (污水处理系统升级改造项目)	Financial allocation	48,179.84	0.00	4,015.02	0.00	44,164.82	Other income	Related to assets
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒促性素研发及产业化)	Financial allocation	837,500.00	0.00	75,000.00	0.00	762,500.00	Other income	Related to assets
Development and Industrialization of Cyclosporin Self-emulsifying Soft Capsules with High Technology Barriers (高技术屏障的环孢素自乳化软胶囊制剂的开发及产业化研究)	Financial allocation	642,000.00	0.00	36,000.00	0.00	606,000.00	Other income	Related to assets
Guangdong Provincial Key Laboratory of Characteristic Drug	Financial allocation	1,121,666.73	0.00	64,999.98	0.00	1,056,666.75	Other income	Related to assets

R&D Enterprises (广东省特色药物研发企业重点实验室)									
Subsidies for online monitoring equipment and installations of coal-fired boilers (燃煤锅炉在线监控设备装置补助资金)	Financial allocation	37,500.00	0.00	11,250.00	0.00	26,250.00	Other income	Related to assets	
Funds for joint R&D and industrialization of integrated platform for molecular diagnostics (集成一体化分子诊断平台的合作研发及产业化资金)	Financial allocation	39,228.59	0.00	0.00	0.00	39,228.59	Other income	Related to assets	
Project supporting fund for the first batch of special funds for scientific and technological innovation in 2019 (2019年度第一批科技创新专项资金立项配套资助)	Financial allocation	600,000.00	0.00	0.00	0.00	600,000.00	Other income	Related to assets	
Provincial industrial innovation (provincial enterprise technology center) project in 2019 (2019年度省产业创新(省级企业技术中心)项目)	Financial allocation	58,814.10	0.00	0.00	0.00	58,814.10	Other income	Related to assets	
Pre-appropriation of special grants for industrialization of diagnostic reagents for COVID-19 (新型冠状病毒检测试剂产业化项目补助金预拨)	Financial allocation	3,543,246.32	0.00	0.00	0.00	3,543,246.32	Other income	Related to assets	
P06 Industrialization Project (P06产业化项目)	Financial allocation	2,788,963.33	6,704,000.00	244,723.33	2,812,400.00	6,435,840.00	Other income	Related to assets	
Xiangzhou District equipment purchase subsidy supporting funds (Special funds for prevention and control) (香洲区采购设备补贴扶持资金(防控专项资金))	Financial allocation	6,970.29	0.00	0.00	0.00	6,970.29	Other income	Related to assets	
Zhuhai innovation and enterprising team and high-level talent enterprising project Phase I	Financial allocation	20,000,000.00	0.00	0.00	0.00	20,000,000.00	Other income	Related to assets	

funds (珠海市创新创业团队和高层次人才创业项目首期资金)									
Overall relocation and deployment expansion project (整体搬迁调迁扩建项目)	Financial allocation	77,654,675.00	0.00	2,814,390.00	0.00	74,840,285.00	Other income	Related to assets	
Environmental protection bureau RTO project special funds (环保局 RTO 项目资金)	Financial allocation	139,999.88	0.00	10,000.02	0.00	129,999.86	Other income	Related to assets	
Fish maw (golden owl) R&D and demonstration of key technologies for the development and utilization of marine traditional Chinese medicine resources (鱼鳔(黄金鳔)海洋中药资源开发与利用关键技术研发与示范)	Financial allocation	1,000,000.00	0.00	0.00	0.00	1,000,000.00	Other income	Related to income	
Recombinant novel coronavirus fusion protein vaccine (V-01) large-scale production capacity building project (重组新型冠状病毒融合蛋白疫苗 (V-01) 规模化生产能力建设项目)	Financial allocation	21,250,140.59	0.00	1,432,593.78	0.00	19,817,546.81	Other income	Related to assets	
National Science and Technology Major Special Project Subsidy Fund LZM009 (国家科技重大专项项目后补助资金 LZM009)	Financial allocation	2,001,207.79	0.00	190,799.56	0.00	1,810,408.23	Other income	Related to assets	
Innovation-driven technology industry itemization in Xiangzhou District to maintain stability (香洲区积极应对保稳创新驱动科技工业分项)	Financial allocation	1,644,800.00	0.00	0.00	0.00	1,644,800.00	Other income	Related to assets	
Guangdong-Hong Kong-Macao Science and Technology Cooperation Fund (粤港澳科技合作资金)	Financial allocation	300,000.00	0.00	0.00	0.00	300,000.00	Other income	Related to assets	
Total		370,179,550.82	8,104,000.00	21,432,695.23	2,812,400.00	354,038,455.59			

(2) Government grants recognized in income for the period by gross method

Projects with grants	Category	Amount recognised in profit or loss in Previous period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Job stabilization subsidy (稳岗补贴)	Financial allocation	350,819.74	158,958.60	Other income	Related to income
Maternity benefits (生育津贴)	Financial allocation	559,167.10	367,950.66	Other income	Related to income
COVID-19 emergency technology special emergency fund and special grants for industrialization (新冠应急科技攻关专项款及产业化项目补助金)	Financial allocation	238,765.63	1,438,593.78	Other income	Related to assets
Land purchase subsidies (购地补助)	Financial allocation	0.00	1,200,000.00	Other income	Related to income
Enterprise R&D Investment Support Program Projects (企业研发投入支持计划项目)	Financial allocation	0.00	1,000,000.00	Other income	Related to income
Overall relocation and deployment expansion project (整体搬迁调迁扩建项目)	Financial allocation	0.00	2,814,390.00	Other income	Related to assets
Amortization of special funding program for engineering laboratories(工程实验室专项资金项目摊销)	Financial allocation	808,050.00	269,350.00	Other income	Related to assets
Grants to high-growth technology companies from Dazhangjiang project A04 (大张江项目 A04 对高速增长技术企业资助款)	Financial allocation	0.00	500,000.00	Other income	Related to income
Expand production and increase efficiency (扩产增效)	Financial allocation	2,840,000.00	740,000.00	Other income	Related to income
Subsidies for the development of pharmaceutical APIs industry (医药原料药行业发展支持资金补助)	Financial allocation	0.00	609,596.34	Other income	Related to income
2023 Special Funding Program for Stabilizing Growth of Industries Above Scale (2023 年规上工业稳增长专项资助项目)	Financial allocation	0.00	686,300.00	Other income	Related to income
Premium support for export insurance (出口用保险保费资助款)	Financial allocation	160,000.00	350,000.00	Other income	Related to income
VAT relief for ex-servicemen (退役军人减免增值税)	Financial allocation	0.00	211,500.00	Other income	Related to income
Grants for major projects in provincial areas (省区域重大项目补助)	Financial allocation	0.00	300,000.00	Other income	Related to income
Shenzhen National Innovation Demonstration Zone-Pingshan Park Recycling Transformation Subsidy (深圳国家自主创新示范区坪山园区循环化改造补助)	Financial allocation	0.00	297,424.80	Other income	Related to assets
Yantian District Industrial Development Fund (盐田区产业发展基金)	Financial allocation	1,574,275.12	0.00	Other income	Related to income
2020 Enterprise R&D Financial Assistance Special Grant Funds - District Matching Funds (2020 年企业研发财政补助专项补助资金区配套资金)	Financial allocation	280,000.00	2,000.00	Other income	Related to income
Funds to support business development (扶持企业发展资金)	Financial allocation	1,200,000.00	0.00	Other income	Related to income

Projects with grants	Category	Amount recognised in profit or loss in Previous period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Return of land holding tax (土地使用税返还)	Financial allocation	703,111.26	53,514.90	Other income	Related to assets
HCG project construction (HCG 项目建设)	Financial allocation	197,824.98	203,477.58	Other income	Related to assets
P06 Industrialization Project (P06 产业化项目)	Financial allocation	0.00	244,723.33	Other income	Related to assets
Special Funding for Science, Technology and Innovation (科技创新专项资金资助)	Financial allocation	863,994.00	127,100.00	Other income	Related to income
Subsidies for high and new technology enterprises and high and new technology products (高新技术企业及高新技术产品项目补贴)	Financial allocation	1,568,004.00	200,000.00	Other income	Related to income
“Specialized and new” subsidy (“专精特新”补贴)	Financial allocation	600,000.00	0.00	Other income	Related to income
Technological Innovation Project Support Plan (技术创新项目扶持计划)	Financial allocation	2,000,000.00	0.00	Other income	Related to income
Financial incentive funds for full-load production in industries above scale(规上工业满负荷生产财政奖励资金)	Financial allocation	200,000.00	0.00	Other income	Related to income
Demonstration Project on Preparation of Functional Protein Peptides for Marine Mollusks and Their Application(海洋软体动物功能蛋白肽制备及其应用示范项目)	Financial allocation	442,200.00	442,200.00	Other income	Related to assets
Nanshan District Special Support Program for Promoting High-Quality Development of Life Science and Technology-Related Industries (南山区促进生命科技相关产业高质量发展专项支持计划)	Financial allocation	1,000,000.00	0.00	Other income	Related to income
Science and technology help the economy key special projects (科技助力经济重点专项)	Financial allocation	500,000.00	0.00	Other income	Related to assets
2020 Shanghai Professional Technology Platform Capacity Enhancement Project (2020 年度上海市专业技术平台能力提升项目立项)	Financial allocation	1,000,000.00	0.00	Other income	Related to assets
Shanghai Technology Giants in 2022 (2022 年上海市科技小巨人)	Financial allocation	1,200,000.00	0.00	Other income	Related to assets
2023 Jiaozuo City Industrial High Quality Development Incentive Bonus(2023 年焦作市工业高质量发展奖励奖金)	Financial allocation	250,000.00	0.00	Other income	Related to income
Special support for market access of drugs and medical devices (药品和医疗器械市场准入专项扶持)	Financial allocation	736,044.78	0.00	Other income	Related to income
Industrialization Technology Upgrading Grant(产业化技术升级资助项)	Financial allocation	665,900.00	0.00	Other income	Related to income
Enterprise green low-carbon development(企业绿色低碳发展)	Financial allocation	300,000.00	0.00	Other income	Related to income
Specialized, Special and New Enterprise Incentive Program (专精特新企业奖励项目)	Financial allocation	300,000.00	0.00	Other income	Related to income
New inhalation drug formulation creation project (新型吸入给药制剂创制项目)	Financial allocation	920,106.30	920,106.30	Other income	Related to assets

Projects with grants	Category	Amount recognised in profit or loss in Previous period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Export credit insurance subsidies(出口信保补贴)	Financial allocation	751,524.46	831,000.00	Other income	Related to income
R&D subsidy (研究开发费补助)	Financial allocation	70,300.00	1,187,400.00	Other income	Related to income
2023 Centralized Guided Local Science and Technology Development Funds(2023 年中央引导地方科技发展资金)	Financial allocation	0.00	200,000.00	Other income	Related to income
Government Subsidy for Long-acting Microspheres Major New Drug Creation (长效微球重大新药创制政府补助)	Financial allocation	1,202,654.94	1,877,654.94	Other income	Related to assets
R&D and industrialization of innovative Ilaprazole Series (艾普拉唑系列创新药物研发及产业化)	Financial allocation	2,455,000.02	2,455,000.02	Other income	Related to assets
Fiscal Subsidy and Operating Subsidy (财政补贴及经营运营补贴)	Financial allocation	42,998,690.80	14,730,518.03	Other income	Related to income
R&D and Commercialisation of Mouse Nerve Growth Factor for Injection (注射用鼠神经生长因子研发及产业化)	Financial allocation	5,280,044.64	5,280,044.64	Other income	Related to assets
Import discount and supporting funds (进口贴息及配套资金)	Financial allocation	0.00	129,008.00	Other income	Related to income
Key technology research and development of budesonide nebulized inhalation solution (布地奈德雾化吸入溶液关键技术研发)	Financial allocation	0.00	175,000.02	Other income	Related to assets
Amortization of a special funding project for inhalation power production lines(粉雾生产线专项资金项目摊销)	Financial allocation	0.00	121,000.02	Other income	Related to assets
Incentive program for small and micro-industrial enterprises to go to scale(小微企业上规模奖励项目)	Financial allocation	0.00	100,000.00	Other income	Related to income
Innovative drug of Ilaprazole sodium for injection (创新药注射用艾普拉唑钠针剂)	Financial allocation	120,000.00	120,000.00	Other income	Related to assets
Conformity Evaluation Research of Quality of Varieties such as Livzon Dele (丽珠得乐等品种质量一致性评价研究)	Financial allocation	115,500.00	115,500.00	Other income	Related to assets
Special Funds for Provincial Science and Technology Innovation Strategy(省科技创新战略专项资金)	Financial allocation	28,999.92	147,589.26	Other income	Related to assets
Subsidy for the Tender of Technology Upgrade Project for PVC Soft Bag Supported by Provincial Finance Departments (省财政支持技改招标项目补助金 PVC 软袋)	Financial allocation	190,182.90	190,182.90	Other income	Related to assets
Technology transformation of recycling system of Acarbose project (阿卡波糖回收系统技术改造项目)	Financial allocation	198,909.24	198,909.24	Other income	Related to assets
Special Fund and Encouraging Funds for Energy Saving and Emission Reduction (节能减排专项资金及奖励金)	Financial allocation	70,000.00	130,000.00	Other income	Related to income
Reward Fund for Industry Growth and Production Expansion (工业保值增长及增产奖励)	Financial allocation	0.00	100,000.00	Other income	Related to income

Projects with grants	Category	Amount recognised in profit or loss in Previous period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
R&D of active substances with bone and joint repair and health care functions(具有骨关节修复与保健 功能的活性物质研发)	Financial allocation	0.00	59,853.12	Other income	Related to assets
VAT relief for employment of key populations(重点人群就业减免增值税)	Financial allocation	0.00	67,600.00	Other income	Related to income
Construction of Drug Conformity Evaluation Research Center Platform (药物一致性评价研究中心平台建设)	Financial allocation	79,999.98	79,999.98	Other income	Related to assets
R&D and industrialization of Recombinant Human Chorionic Gonadotropin for Injection (注射用重组人绒毛促性素研发及产业化)	Financial allocation	75,000.00	75,000.00	Other income	Related to assets
Technological upgrading and transformation projects of workshop for acarbose (APIs for α -glucosidase inhibitor) (α -葡萄糖苷酶抑制剂类原料药阿卡波糖生产车间工艺升级技术改造项目)	Financial allocation	53,571.42	53,571.42	Other income	Related to assets
Government support funds for industrial transformation(工业转型政府扶持资金)	Financial allocation	75,000.09	75,000.00	Other income	Related to assets
Green factory (绿色工厂)	Financial allocation	64,999.98	64,999.98	Other income	Related to assets
Guangdong Provincial Key Laboratory of Characteristic Drug Research and Development Enterprises (广东省特色药物研发企业重点实验室)	Financial allocation	54,999.98	64,999.98	Other income	Related to assets
Development and industrialization of long-acting injections of micro- and nanocrystalline drugs(微纳米晶体药物长效注射剂的研究和产业化)	Financial allocation	0.00	79,999.98	Other income	Related to assets
Special Funds for Foreign Trade and Economic Development(外贸经济发展专项资金)	Financial allocation	190,505.51	0.00	Other income	Related to income
Technical transformation project of Shenqi Fuzheng Injection with flexible bag (软袋参芪扶正注射液技改项目)	Financial allocation	1,911,764.70	499,999.98	Other income	Related to assets
Demonstration project on the application of solar photovoltaic architecture (太阳能光电建筑应用示范项目)	Financial allocation	551,000.04	251,499.27	Other income	Related to assets
Small and medium enterprise market development project funds (中小企业开拓市场项目资金)	Financial allocation	2,139,156.30	1,021,217.00	Other income	Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	0.00	1,148,400.00	Other income	Related to income
Provision for technology transformation funds and subsequent grants (技术改造资金拨款及事后补奖)	Financial allocation	1,257,556.68	1,398,356.24	Other income	Related to assets
Scientific technology award and subsidy for technological innovative project (科学技术奖及科技创新项目资助)	Financial allocation	-100,000.00	35,000.00	Other income	Related to income
Patent (Intellectual Property) Support Fund (专利(知识产权)资助资金)	Financial allocation	457,096.00	41,807.00	Other income	Related to income

Projects with grants	Category	Amount recognised in profit or loss in Previous period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Industrial revitalisation supporting funds (产业振兴扶持资金)	Financial allocation	579,000.00	129,000.00	Other income	Related to assets
Employment Assurance and Re-employment and Attraction to Graduates of Tertiary Academic Institutions Subsidy (企业稳岗及再就业和吸纳高校毕业生补贴款)	Financial allocation	398,303.65	371,020.98	Other income	Related to income
Enterprise Technology Center Innovation Capacity Building (Antibody Drug Laboratory)(企业技术中心创新能力建设(抗体药物实验室))	Financial allocation	222,877.68	222,877.68	Other income	Related to assets
Enterprise Technology Center Innovation Capacity Building (Antibody Drug Laboratory)(企业技术中心创新能力建设(抗体药物实验室))	Financial allocation	37,665.18	37,665.18	Other income	Related to income
Special Funds for Industry and Informatization (工业和信息化专项资金)	Financial allocation	223,500.00	0.00	Other income	Related to income
Supporting subsidy for "Talents Plan" and subsidy for talents introduction and cultivation ("人才计划"配套补贴及引才育才补贴)	Financial allocation	638,700.00	0.00	Other income	Related to income
Special funds for key leading enterprises in the 13th Five-Year Plan (2019) (十三五重点领军企业专项资金 (2019年))	Financial allocation	8,501,100.00	0.00	Other income	Related to income
Special Funds for Promoting High-quality Economic Development (促进经济高质量发展专项资金)	Financial allocation	4,609,789.46	0.00	Other income	Related to assets
Special Funds for Promoting High-quality Economic Development (促进经济高质量发展专项资金)	Financial allocation	11,837,821.00	4,296,300.00	Other income	Related to income
National Science and Technology Major Special Project Subsidy Fund LZM009 (国家科技重大专项项目后补助资金 LZM009)	Financial allocation	190,799.56	0.00	Other income	Related to assets
Data-driven industrial chain collaboration platform demonstration project (数据驱动的产业链协同平台示范项目)	Financial allocation	365,000.00	0.00	Other income	Related to assets
Fund for key projects of industrial core and key technologies of Zhuhai (Dantrolene sodium) (珠海市产业核心和关键技术攻关方向项目资金 (丹曲林钠))	Financial allocation	3,000,000.00	0.00	Other income	Related to assets
Project funds for promoting the development of the biomedical industry (促进生物医药产业发展用途项目资金)	Financial allocation	9,415,420.00	300,000.00	Other income	Related to income
Application of artificial intelligence in triptorelin long-acting microsphere preparation (人工智能在曲普瑞林长效微球制剂中的应用)	Financial allocation	-479,813.48	0.00	Other income	Related to income
Others	Financial allocation	1,009,464.49	318,843.90	Other income	Related to assets
Others	Financial allocation	1,044,396.23	401,962.10	Other income	Related to income

Projects with grants	Category	Amount recognised in profit or loss in Previous period	Amount recognised in profit or loss in the period	Presented in income statement	Related to assets/ Related to income
Total		123,344,744.28	52,320,967.15		

The above government subsidies mainly come from various government departments at the provincial and municipal levels where the Company and its subsidiaries operate. These subsidies are provided by departments such as the Development and Reform Commission, Finance Bureau, Commerce Bureau, Science and Technology Bureau, Industry and Information Technology Bureau, Human Resources and Social Security Bureau, and other relevant government departments. They are intended to support projects related to enterprise operation, research and development, technological transformation, technological innovation, export credit insurance, epidemic emergency response, and job stability.

(1) Government grants offsetting related costs using the net method

None.

(2) Government grants refunded in this year

Item	Amount	Reason
Special Fund for Promoting High-quality Development of the Real Economy of Zhuhai in 2023 (P06 industrialization project) (2023 年珠海市促进实体经济高质量发展专项资金 (P06 产业化项目))	2,812,400.00	Return of re-appropriation

X. Risks Management of Financial Instruments

1. Financial instrument risk

Applicable N/A

The major financial instruments of the Company include cash, notes receivable, accounts receivable, other receivables, non-current assets due within one year, other current assets, financial assets held for trading, other equity instrument investments, notes payable, accounts payable, other payables, short-term borrowings, financial liabilities held for trading, non-current liabilities due within one year, long-term borrowings and long-term payables. The details of these financial instruments are disclosed in the respective notes. The financial risk of these financial instruments and financial management policies used by the Company to minimize the risk are disclosed as below. The management of the Company manages and monitors the exposure of these risks to ensure the above risks are controlled in the limited range.

1. Management objectives and policies of risks

The operation activities of the Company are subject to various financial risks: market risks (mainly including foreign exchange risks and interest rate risks), credit risks and liquidity risks. The

Company formulates an overall risk management plan with respect to the unforeseeability of the financial market in order to minimise the potential adverse impacts on the financial performance of the Company.

(1) Foreign exchange risks

The Company conducts its operation primarily in China. Substantially all of the transactions were denominated and settled in Renminbi. However, the Company still has certain imports and exports businesses regarding APIs and diagnostic reagents that are settled in U.S. dollar, Euro and Japanese Yen. The Company's businesses outside China (mainly in Hong Kong, India, Europe) are settled in Hong Kong dollars, U.S. dollar and Euro. In addition, the Company will have foreign currency loans according to the operating needs. In respect of the above, the Company still exposes to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable by the Company, the Company adopted Derivative instruments to control foreign exchange risk. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend of the exchange rate of Renminbi, and timely adjust the extent of borrowings, so as to minimise its risks.

Financial assets and liabilities in foreign currencies held by the Company expressed in Renminbi are stated below:

① As at 2024.06.30

Unit: 1,000 Yuan

Item	HKD	USD	EUR	JPY	GBP	MOP	MYR
Financial assets in foreign currency —							
Cash and bank balances	1,116,901.18	2,346,784.47	1,385.61	541.25	15.28	5,694.55	6.55
Financial assets held for trading	57,795.06	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	628,338.20	0.00	3,803.10	0.00	147.68	0.00
Other receivables	3,075.07	0.00	0.00	0.00	0.00	0.00	0.00
Other equity instruments investment	345,099.25	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,522,870.56	2,975,122.67	1,385.61	4,344.35	15.28	5,842.23	6.55
Financial liabilities in foreign currency —							
Accounts payable	0.00	0.00	43.41	0.00	0.00	0.00	0.00
Other payables	12.91	40,132.49	0.00	0.00	0.00	0.00	0.00
Subtotal:	12.91	40,132.49	43.41	0.00	0.00	0.00	0.00

② As at 2023.12.31

Unit: 1,000 Yuan

Item	HKD	USD	EUR	JPY	GBP	MOP	MYR
Financial assets in foreign currency —							
Cash and bank balances	910,327.19	2,089,301.02	728.44	178.35	15.28	5,534.73	15.10
Financial assets held for trading	64,572.80	0.00	0.00	0.00	0.00	0.00	0.00
Accounts receivable	0.00	138,377.75	0.00	0.00	0.00	147.35	0.00
Other receivables	3,057.18	0.00	0.00	0.00	0.00	158.67	0.00
Other current assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other equity instruments investment	345,535.96	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal:	1,323,493.13	2,227,678.77	728.44	178.35	15.28	5,840.75	15.10
Financial liabilities in foreign currency -							
Accounts payable	0.00	2,623.80	44.53	21,132.48	0.00	0.00	0.00
Other payables	3,674.30	28,937.74	0.00	0.00	0.00	0.00	0.00
Subtotal:	3,674.30	31,561.54	44.53	21,132.48	0.00	0.00	0.00

As at 30 June 2024, in respect of the Company's financial assets and liabilities denominated in foreign currencies such as Hong Kong dollar, U.S. dollar, Euro, Japanese Yen and Macau dollar, should the value of RMB appreciate or depreciate by 5% against foreign currencies such as Hong Kong dollar, U.S. dollar, Euro, Japanese Yen and Macau dollar, and other factors remain unchanged, the Company would be subject to an increase or decrease in profit of approximately RMB223,469.92 thousand (31 December 2023: approximately RMB192,353.65 thousand).

(2) Interest rate risk

The Company's exposures to interest rate risk are mainly arising from interest-bearing liabilities such as bank borrowings. The interest rates are affected by the macro monetary policies of China, hence the Company will face the risks arising from fluctuation of interest rates in the future.

The finance department of the head office of the Company continues to monitor the level of interest rate of the Company. The rise in the interest rate will increase the cost of additional interest-bearing liabilities and the interest expenses of the Company's outstanding interest-bearing liabilities of which the interests are calculated at floating rates, and impose material adverse impact on the financial results of the Company. The management will make timely adjustment based on the

updated market conditions. The directors of the Company consider that the future changes in the interest rate will have no material adverse impact on the operating results of the Company.

(3) Credit risk

Credit risk is primarily attributable to cash and cash equivalents, restricted funds, accounts receivables and other receivables. In respect of cash at banks, they were placed at several banks with good reputations, for which the credit risk was limited. In respect of receivables, the Company shall assess the credit limit granted to customers for credit purpose. Moreover, as the customer base of the Company is large, the credit risk on accounts receivables is not concentrated. In terms of bills receivable settlement, external payments are settled with bills receivable with priority and most of the remaining bills are high-quality bills with maturity within three months; thus none expected major credit risk exists. In addition, the provision made on the impairment of accounts receivables and other receivables are adequate to manage the credit risk.

Among the accounts receivables of the Company, the accounts receivable of the top five customers accounted for 9.98% (31 December 2023: 8.39%); among the other receivables of the Company, the other receivables of the top five customers accounted for 42.10% (31 December 2023: 40.48%).

(4) Liquidity risk

The Company adopts prudent liquidity risk management for the sufficient supply of monetary funds and liquidity. It secures readily available credit loans from banks mainly by maintaining adequate monetary funds and banking facilities. Apart from indirect financing from banks, a number of financing channels were available, such as direct financing by inter-bank market including short-term financing bills and medium-term financing bills, corporate bonds etc. These instruments can effectively reduce the effects of scale of financing and the macro monetary policies of China on indirect bank financing, which shall secure adequate funds in a flexible manner.

As at the date of the balance sheet, the contractual cash flows of financial assets and financial liabilities are presented below by term of maturity:

①As at 2024.06.30

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	15,258,884,810.36	0.00	0.00	0.00	15,258,884,810.36

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Financial assets held for trading	67,941,574.16	0.00	0.00	0.00	67,941,574.16
Notes receivable	1,935,409,221.86	0.00	0.00	0.00	1,935,409,221.86
Accounts receivable	2,914,597,896.01	0.00	0.00	0.00	2,914,597,896.01
Other receivables	74,787,590.93	0.00	0.00	0.00	74,787,590.93
Other current assets	1,405,461.96	0.00	0.00	0.00	1,405,461.96
Other non-current assets	0.00	861,841,888.12	50,000,000.00	0.00	911,841,888.12
Subtotal:	20,253,026,555.28	861,841,888.12	50,000,000.00	0.00	21,164,868,443.40
Financial liabilities:					
Short-term loans	1,850,000,000.00	0.00	0.00	0.00	1,850,000,000.00
Financial liabilities held for trading	4,705,704.59	0.00	0.00	0.00	4,705,704.59
Notes payable	1,594,250,319.52	0.00	0.00	0.00	1,594,250,319.52
Accounts payable	790,115,965.56	0.00	0.00	0.00	790,115,965.56
Other payables	4,577,408,887.35	0.00	0.00	0.00	4,577,408,887.35
Other current liabilities	7,472,997.14	0.00	0.00	0.00	7,472,997.14
Non-current liabilities due within one year	1,592,900,656.27	0.00	0.00	0.00	1,592,900,656.27
Lease liabilities	0.00	9,660,728.43	1,925,769.67	0.00	11,586,498.10
Long term loans	0.00	1,222,458,786.81	331,822,920.89	0.00	1,554,281,707.70
Subtotal:	10,416,854,530.43	1,232,119,515.24	333,748,690.56	0.00	11,982,722,736.23

②As at 2023.12.31

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Financial assets:					
Cash and bank balances	15,691,888,314.83	0.00	0.00	0.00	15,691,888,314.83
Financial assets held for trading	82,899,154.24	0.00	0.00	0.00	82,899,154.24
Notes receivable	1,941,200,568.00	0.00	0.00	0.00	1,941,200,568.00
Accounts receivable	2,692,941,866.24	0.00	0.00	0.00	2,692,941,866.24
Other receivables	46,010,624.61	0.00	0.00	0.00	46,010,624.61
Other current assets	6,536,364.62	0.00	0.00	0.00	6,536,364.62
Subtotal:	20,461,476,892.54	0.00	0.00	0.00	20,461,476,892.54
Financial liabilities:					

Item	Within a year	1-2 years	2-5 years	Over 5 years	Total
Short-term loans	2,076,159,347.22	0.00	0.00	0.00	2,076,159,347.22
Financial liabilities held for trading	86,817.12	0.00	0.00	0.00	86,817.12
Notes payable	1,469,148,287.38	0.00	0.00	0.00	1,469,148,287.38
Accounts payable	894,286,243.28	0.00	0.00	0.00	894,286,243.28
Other payables	3,682,604,038.73	0.00	0.00	0.00	3,682,604,038.73
Other current liabilities	39,844,637.92	0.00	0.00	0.00	39,844,637.92
Non-current liabilities due within one year	718,564,144.31	0.00	0.00	0.00	718,564,144.31
Lease liabilities	0.00	11,783,457.28	3,639,491.13	0.00	15,422,948.41
Long term loans	0.00	2,288,854,277.01	833,419,001.98	0.00	3,122,273,278.99
Subtotal:	8,880,693,515.96	2,300,637,734.29	837,058,493.11	0.00	12,018,389,743.36

2. Capital management

The capital management policies are made to keep the continuous operation of the Company, to enhance the return to shareholders, to benefit other stakeholders and to maintain the best capital structure to minimize the cost of capital.

For the maintenance or adjustment of the capital structure, the Company might adjust financing method, the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and other equity instruments or make an asset disposal to reduce the liabilities.

The Company monitors the capital structure with gearing ratio (calculated by dividing total liabilities by total assets). As of 30 June 2024, the Company's gearing ratio is 36.67% (31 December 2023: 37.73%).

2. Hedging

(1) The Company conducts hedging operations for risk management

Applicable N/A

Other descriptions

Applicable N/A

(2) The Company conducts qualifying hedging operations and applies hedge accounting

Applicable N/A

Other descriptions

Applicable N/A

(3) The Company conducts hedging operations for risk management, expects to achieve its risk management objectives, but does not apply hedge accounting

Applicable N/A

Other descriptions

Applicable N/A

3. Transfer of financial assets

(1) Classification of transfer methods

Applicable N/A

Unit: Yuan Currency: RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Termination of recognition	Judgment basis for termination of recognition
Endorsement of notes	Transfer the right to receive the cash flow of the financial asset to the other party	276,118,314.99	Termination of confirmation	The contractual right to collect the cash flow of the said financial asset is terminated.
Notes discounting	Transfer the right to receive the cash flow of the financial asset to the other party	9,767,218.08	Termination of confirmation	The contractual right to collect the cash flow of the said financial asset is terminated.
Total	/	285,885,533.07	/	/

(2) Financial assets derecognized due to transfer

Applicable N/A

Unit: Yuan Currency: RMB

Project	Transfer method	Amount of derecognition	Gains or losses related to derecognition
Notes receivable	Endorsement of notes	276,118,314.99	
Notes receivable	Notes discounting	9,767,218.08	
Total	/	285,885,533.07	--

(3) Transferred financial assets that continue to be involved

Applicable N/A

Other descriptions

√Applicable N/A

In the current period, the Company discounted bank acceptance bills of RMB9,767,218.08 (the previous period: RMB206,754,529.57). As the main risks and rewards related to these bank notes, such as interest rate risk, have been transferred to the banks, the Company derecognizes the discounted undue bank notes. According to the discount agreement, if the bank notes are not accepted upon maturity, the bank has the right to require the Company to pay off the outstanding balance. Therefore, the Company continues to be involved in the discounted bank notes. As at 30 July 2024, the undue bank notes discounted amounted to RMB9,767,218.08 (31 December 2023: RMB136,098,199.33).

As at 30 June 2024, the carrying amount of the Company's undue bank notes endorsed to suppliers in settlement of accounts payable was RMB276,118,314.99 (31 December 2023: RMB180,125,188.50). There are no undue commercial notes endorsed to suppliers for settlement of accounts payable (December 31, 2023: RMB 0.00). As of 30 June 2024, its maturity date is 1 to 6 months. According to the relevant provisions of the Negotiable Instruments Law, if the accepting bank refuses to pay, its holder has the right to recourse against the Company ("continued involvement"). The Company considers that it has transferred substantially all of its risks and rewards and therefore derecognizes the carrying amount of its and the related settled accounts payable. The maximum loss and undiscounted cash flow of continuing involvement and repurchase are equal to its book value. The Company considers that the continuing involvement in fair value is not material.

January to June 2024, the Company did not incur any gain or loss on the date of transfer of the Note. The Company has no current and accumulatively recognized income or expenses due to continuous involvement in the derecognized financial assets. Endorsements occur roughly evenly in the current period.

XI. Fair Value

1. Closing balance of the fair value of assets and liabilities measured at fair value

√Applicable N/A

Unit: Yuan Currency: RMB

Item	Closing balance of fair value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	

I. Recurring fair value measurement				
(I) Financial assets held for trading	67,940,425.79	1,148.37	0.00	67,941,574.16
1. Financial assets at fair value through profit or loss				
(1) Debt instruments investment	978,860.38	0.00	0.00	978,860.38
(2) Equity instruments investment	66,961,565.41	0.00	0.00	66,961,565.41
(3) Derivative financial assets	0.00	1,148.37	0.00	1,148.37
(4) Financial products	0.00	0.00	0.00	0.00
2. Financial asset designated as at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(II) Other debt investments				
(III) Other investments in equity instruments	60,335,442.58	0.00	1,040,194,157.80	1,100,529,600.38
(IV) Investment properties				
1. A land use right that is used to be leased out.				
2. A building that is leased out.				
3. A land use right held for transfer upon capital appreciation				
(V) Biological asset				
1. Consumable biological assets				
2. Productive biological assets				
Total assets measured at fair value on a recurring basis	128,275,868.37	1,148.37	1,040,194,157.80	1,168,471,174.54
(VI) Financial liabilities held for trading				
1. Financial liabilities at fair value through profit or loss				
Including: Issued tradable bonds				
Derivative financial liabilities	0.00	4,705,704.59	0.00	4,705,704.59
Others				
2. Financial liabilities designated as at fair value through profit or loss				
Total liabilities measured at fair value on a recurring basis	0.00	4,705,704.59	0.00	4,705,704.59
II. Non-recurring fair value measurement				
(I) Assets held-for-sale	0.00	0.00	0.00	0.00
Total assets measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00
Total liabilities measured at fair value on a non-recurring basis	0.00	0.00	0.00	0.00

2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items

√Applicable □N/A

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

3.Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 2 fair value measurement items

√Applicable N/A

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Relevant information of level 2 fair value measurement:

Item	Fair value at the End of the Period	Valuation techniques
Derivative financial assets	1,148.37	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract
Derivative financial liabilities	4,705,704.59	Calculated and determined based on the quoted forward exchange rate corresponding to the expiring contract

4.Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous and non-continuous level 3 fair value measurement items

√Applicable N/A

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

5.Reconciliation between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 fair value measurement items

√Applicable N/A

Item	Fair value at the end of the period	Valuation techniques
Other equity instruments investment-Shanghai Yunfeng Xinchuang Equity Investment Centre (上海云锋新创股权投资中心)	55,065,646.50	Net assets
Other equity instruments investment-Shanghai JingYi Investment Centre (上海经颐投资中心)	72,689,623.25	Net assets
Other equity instruments investment-Qianhai Equity Investment Fund (前海股权投资基金)	223,029,956.58	Net assets
Other equity instruments investment-Apricot Forest, Inc (杏树林)	102,198,869.30	Income method
Other equity instruments investment-Zhuhai China Resources Bank Co., Ltd. (珠海华润银行股份有限公司)	226,644,000.00	Market method
Other equity instruments investment-Yizun Biopharmaceutics (Shanghai) Co., Ltd. (羿尊生物医药(上海)有限公司)	35,147,356.03	Market method
Other equity instruments investment-Zhuhai Medpha Biotechnology Co., Ltd. (珠海麦得发生物科技股份有限公司)	32,099,443.70	Recent financing price

Other equity instrument investments - Xiangrong (Shanghai) Biotechnology Co, Ltd. (享融(上海)生物科技有限公司)	19,613,667.00	Recent financing price
Other equity instruments investment-GLOBAL HEALTH SCIENCE	213,366,291.71	Net assets
Other equity instruments investment-SCC VENTURE VI 2018-B,L.P.	234,721.11	Net assets
Other equity instruments investment-Nextech V Oncology S.C.S., SICAV-SIF	17,594,582.62	Net assets
Other equity instruments investment- Others	42,510,000.00	Cost
Total	1,040,194,157.80	

6. In case of transfers among levels for the current period, explain the transfer reasons and policies for determining transfer time point for continuous fair value measurement items

Applicable N/A

7.Changes in valuation techniques for the current period and reasons for changes

Applicable N/A

8.Fair value of financial assets and liabilities not measured at fair value

Applicable N/A

9.Others

Applicable N/A

XII. Related Parties and Related Party Transactions

1. Information of parent company

Applicable N/A

Unit: Yuan Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio by parent company (%)	Voting right by parent company (%)
Shenzhen Baiyeyuan Investment Co., Ltd.	Shenzhen	investment and establishment of industry, domestic commerce, and material supply and marketing	80,000,000.00	47.79	47.79

Notes to the parent company of the Company:

The parent company of the Company is Shenzhen Baiyeyuan Investment Co., Ltd., which was established on 21 January 1999, and its main business scope is investment and establishment of industry, domestic commerce, and material supply and marketing.

The ultimate controller of the Company: Zhu Baoguo

Other descriptions:

(1) Registered capital of parent company and its changes

Name of parent company	2023.12.31	Increase for the Period	Decrease for the Period	2024.06.30
Shenzhen Baiyeyuan Investment Co., Ltd.	80,000,000.00	0.00	0.00	80,000,000.00

(2) Shares of the company held by the parent company and its changes

Name of parent company	2023.12.31	Ratio	Increase for the Period	Decrease for the Period	2024.06.30	Ratio
Shenzhen Baiyeyuan Investment Co., Ltd.	895,653,653.00	48.01%	0.00	0.00	895,653,653.00	47.79%

2. Subsidiaries of the Company

Details of subsidiaries refer to Note

√Applicable □N/A

Please refer to notes VIII.1. for the details of subsidiaries.

3. Joint ventures and associates of the Company

For details of the significant joint ventures or associates of the Company, please see the notes.

√Applicable □N/A

Details of significant joint ventures or associates refer to Note V. 10 and Note VIII. 3.

Other joint ventures or associates entered into transactions with the Company during the period, or during the Previous period with remaining closing balance were as follows:

√Applicable □N/A

Name of joint ventures and associates	Relationship with the Company
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Associates
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Associates
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	Associates
AbCyte Therapeutics Inc.	Associates
L&L Biopharma, Co. Ltd. (上海健信生物医药科技有限公司)	Associates
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Associates
Aetio Biotherapy Inc	Associates
Jiangsu Atom Bioscience and Pharmaceutical Co., Ltd. (江苏新元素医药科技有限公司)	Associates
Tianjin Tongrentang Group Co., Ltd. (天津同仁堂集团股份有限公司)	Associates
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	Associates
Shenzhen Kangti Biomedical Technology Co., Ltd. (深圳康体生物医药科技有限公司)	Associates
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	Associates
Novastage Pharmaceuticals (Shenzhen), Ltd. (新领医药技术(深圳) 有限公司)	Associates

Feellife Health Inc. (深圳来福士雾化医学有限公司)	Associates
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Entity controlled by an associate
Zhuhai Hengqin Weisheng Precision Medicine Technology Co., Ltd. (珠海横琴维胜精准医学科技有限公司)	Entity controlled by an associate

Other descriptions

Applicable N/A

4. Other related parties of the Company

Applicable N/A

Name of other related parties	Relationship with the Company
Shenzhen Taitelixing Investment Development Co., Ltd. (深圳泰特力兴投资发展有限公司)	Others
Zhuozhou Jingnan Yongle Golf Club Co., Ltd. (涿州京南永乐高尔夫俱乐部有限公司)	Others
Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	Others
Sichuan Healthy Deer Hospital Management Co., Ltd. and its subsidiaries (四川健康阿鹿医院管理有限公司及其子公司)	Others
Shenzhen Qianhai WeBank Co., Ltd. (深圳前海微众银行股份有限公司)	Others
Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	Others
Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙))	Others
Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙))	Others
Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司)	Others
Zhuhai Pu Xiaoying Enterprise Management Co., Ltd. (珠海市蒲小英企业管理有限公司)	Others
Directors, Supervisors and other senior management personnel	Others

5. Related party transactions

(1). Sales and purchase of goods, rendering and receipt of services

Purchase of goods, receipt of services

Applicable N/A

Unit: Yuan Currency: RMB

Name of related parties	Nature of transaction	Current period	Approved transaction line (if applicable)	Overthe transaction line or not (if applicable)	Previous period
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Raw materials	1,660,884.96			1,458,973.45

Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Testing	0.00			53,443.40
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	Modern service	0.00			871,765.00
Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司) and its subsidiary	Modern service	29,816.00			368,692.00
Infinite Intelligence Pharmaceutical Co. Ltd. (北京英飞智药科技有限公司)	Research and development	0.00			339,805.83
Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	Electricity, Steam	132,280,409.42	300,000,000	No	129,081,366.42
Total		133,971,110.38			132,174,046.10

Sales of goods/rendering of services

√Applicable □N/A

Unit: Yuan Currency: RMB

Name of related parties	Nature of transaction	Current period	Previous period
Guangdong Blue Treasure Pharmaceutical Co. Ltd. (广东蓝宝制药有限公司)	Finished goods, water and electricity, power	16,066,909.24	15,282,052.21
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Finished goods, power and others	1,056,011.80	194,261.12
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Finished goods, power and others	305,727.56	325,180.92
Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司) and its subsidiaries	Finished goods	1,744,679.12	1,987,679.87
Total		19,173,327.72	17,789,174.12

Descriptions of related party transactions with respect to the sales and purchase of goods, rendering and receipt of services

□Applicable √N/A

(2). Related entrusted management/contracting and entrusting management/outsourcing

Table of the entrusted management/contracting of the Company:

□Applicable √N/A

Descriptions of related trusteeship/outsourcing

□Applicable √N/A

Table of the entrusting management/outsourcing of the Company:

Applicable N/A

Descriptions of related management/outsourcing

Applicable N/A

(3). Related party leases

The Company as a lessor

Applicable N/A

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in Previous period
Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	Buildings	948,587.04	1,113,149.50
Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	Buildings	120,000.00	120,000.00
Novastage Pharmaceuticals (Shenzhen) , Ltd. (新领医药技术(深圳)有限公司)	Buildings & Equipment	0.00	468,302.76
Shenzhen Baiyeyuan Investment Co., Ltd. (深圳市百业源投资有限公司)	Buildings	9,445.88	9,445.88
Shenzhen Taitelixing Investment Development Co., Ltd. (深圳泰特力兴投资发展有限公司)	Buildings	9,360.00	9,360.00
Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	Buildings	0.00	8,587.16
Shenzhen City Youbao Technology Co., Ltd. (深圳市有宝科技有限公司)	Buildings	0.00	8,587.16
Total		1,087,392.92	1,737,432.46

The Company as a lessee:

Applicable N/A

Descriptions of related leases

Applicable N/A

(4). Related party guarantees

The Company as the guarantor

Applicable N/A

Unit: 10,000 Yuan Currency: RMB

Name of guaranteed party	Guarantee amount	Actual date of event	Guarantee maturity date	Performance completed or not
Jinguan Electric Power	1,495.20	2023/7/24	2024/7/19	No
Jinguan Electric Power	1,532.64	2023/7/28	2024/7/28	No

Jinguan Electric Power	332.01	2023/8/10	2024/8/9	No
Jinguan Electric Power	4,000.00	2023/9/22	2024/9/20	No
Jinguan Electric Power	5,076.44	2023/10/16	2024/10/15	No
Jinguan Electric Power	5,123.00	2023/10/19	2024/10/18	No
Jinguan Electric Power	3,000.00	2023/11/9	2024/8/15	No
Jinguan Electric Power	2,790.00	2023/11/14	2024/8/26	No
Jinguan Electric Power	3,000.00	2023/11/24	2024/11/22	No
Jinguan Electric Power	2,000.00	2023/12/6	2024/12/6	No
Jinguan Electric Power	3,100.00	2023/12/13	2024/12/12	No
Jinguan Electric Power	3,100.00	2023/12/19	2024/12/18	No
Jinguan Electric Power	1,000.00	2024/2/27	2025/2/26	No
Jinguan Electric Power	2,400.00	2024/2/28	2025/2/27	No

The Company as the guaranteed party

Applicable N/A

Descriptions of guarantees with related parties

Applicable N/A

① In order to ensure the stable development of production and operation of Jinguan Electric Power, the Company and its controlling subsidiary Jiaozuo Jincare jointly provided a revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts) according to “the Resolution on Providing Loan Guarantee for Jinguan Electric Power by the Company and Its Controlling Subsidiary Jiaozuo Jincare” considered and approved at the First Extraordinary General Meeting of the Company on 6 July 2016, with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2019. Pursuant to “the Resolution on Providing Loan Guarantee for Jinguan Electric Power by the Company and Its Controlling Subsidiary Jiaozuo Jincare” considered and approved at the 2017 Annual General Meeting of the Company on 22 May 2018, the Company and its controlling subsidiary Jiaozuo Jincare jointly provided a revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts), with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2023. In order to ensure the stable development of production and operation of Jinguan Electric Power, the revolving guarantee facility with balance of no more than RMB350 million (inclusive) for Jinguan Electric Power (specific guarantors shall be specified in the guarantee contracts) considered and approved at the 2017 General Meeting of the Company was changed to the revolving guarantee facility with balance of no more than RMB450 million (inclusive) on 10

May 2019 due to the actual business needs of Jinguan Electric Power, with the guarantee period starting from the date when the resolution was considered and approved to 31 December 2023. On 18 May 2022, the "Proposal on the Company and its subsidiary Jiaozuo Joincare in Providing Loan Guarantee for Jinguan Electric Power" was reviewed and approved by the Company's 2021 annual general meeting, the Company and its subsidiary Jiaozuo Joincare jointly provided a guarantee for Jinguan Electric Power on its revolving loans facility with a balance of not more than RMB 450 million (including RMB 450 million) (the specific guarantor will be specified in each guarantee contract), and the term is from the date of approval of this guarantee proposal at the Company's annual general meeting to 31 December 2025.

As at 30 June 2024, the Company provided Jinguan Electric Power with guarantees for loans of RMB379.4929 million; of which RMB197.9944 million in Shenzhen Branch of China Everbright Bank, and RMB70 million in Shenzhen Branch of Zheshang BankXIII, and RMB91.4984 million in Shenzhen Branch of Nanyang Commercial Bank, and RMB20 million in Jiaozuo Branch of China CITIC Bank.

In order to ensure the safety of secured loans, Jinguan Electric Power provided counter guarantees for the said guarantees provided by the Company and its subsidiary, Jiaozuo Joincare, based on its owned assets, and undertook that it would unconditionally provide mutual guarantees for the Company or its controlling subsidiary designated with total facility of no more than RMB450 million (inclusive) whenever the Company deemed necessary.

② Another shareholder of Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司) – the Company has issued a "Counter Guarantee Commitment", promising that it will share the joint and several guarantee liability to the extent of 33.07% of the scope of guarantee responsibility in relation to the guarantee provided to Livzon MABPharm Inc. (珠海市丽珠单抗生物技术有限公司), and the counter guarantee period will expire on the date when the Company's guarantee responsibility expiry.

③ Zhuhai Zhong Hui Yuan Investment Partnership (Limited Partnership) (珠海中汇源投资合伙企业(有限合伙)), being another shareholder of Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司) has issued a "Counter Guarantee Commitment", promising that it will share the joint and several guarantee liability to the extent of 8.44% of the scope of guarantee responsibility incurred by the Livzon Group in relation to the

guarantee provided to Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (丽珠集团新北江制药股份有限公司), and the counter guarantee period will expire on the date when the Livzon Group's guarantee responsibility expiry.

(5). Lending funds of related parties

Applicable N/A

(6). Asset transfer and debt restructuring between related parties

Applicable N/A

(7). Remuneration of key management personnel

Applicable N/A

Unit: 10,000 Yuan Currency: RMB

Item	For the current period	For the Previous period
Remuneration of key management personnel	876.38	782.04

For the 6-month period ended 30 June 2024

Unit: 10,000 Yuan Currency: RMB

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus	Severance pay	Others	Total
Directors:								
Zhu Baoguo (朱保国)	162.50	0.00	3.43	1.48	0.00	0.00	0.00	167.41
Liu Guangxia (刘广霞)	162.50	9.80	4.83	1.48	0.00	0.00	0.00	178.62
Yu Xiong (俞雄)	0.00	130.00	0.00	0.00	0.00	0.00	0.00	130.00
Lin Nanqi (林楠棋)	0.00	79.51	3.85	1.48	0.00	0.00	0.00	84.85
Qiu Qingfeng (邱庆丰)	0.00	67.50	3.85	1.48	0.00	0.00	0.00	72.84
Huo Jing (霍静)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Qin Yezhi (覃业志)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Peng Juan (彭娟)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Yin Xiaoxing (印晓星)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Supervisors:								
Yu Xiaoyun (余孝云)	2.40	19.08	3.73	1.12	0.00	0.00	0.00	26.34
Peng Jinhua (彭金花)	2.40	0.00	0.00	0.00	0.00	0.00	0.00	2.40
Li Nan (李楠)	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.88
Other senior management:								
Zhao Fengguang (赵风光)	0.00	67.50	3.85	1.48	0.00	0.00	0.00	72.84
Zhang Leiming (张雷明)	0.00	67.50	3.85	1.48	0.00	0.00	0.00	72.84
Xing zhiwei (幸志伟)	1.52	43.26	3.41	1.19	0.00	0.00	0.00	49.38
Total	350.20	484.15	30.81	11.21	0.00	0.00	0.00	876.38

Note: Mr. Zhu Baoguo (朱保国) serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Yu Xiong (俞雄) and Mr. Qiu Qingfeng (邱庆丰) serve as non-executive directors of Livzon. The remuneration presented in above does not include the portion paid by Livzon.

For the 6-month period ended 30 June 2023

Unit: 10,000 Yuan Currency: RMB

Item	Director/ Supervisor Allowance	Wages and allowances	Social security	Housing fund	Bonus	Severance pay	Others	Total
Directors:								
Zhu Baoguo (朱保国)	162.50	0.00	3.17	1.40	0.00	0.00	0.00	167.07
Liu Guangxia (刘广霞)	162.50	9.65	4.82	1.40	0.00	0.00	0.00	178.37
Yu Xiong (俞雄)	0.00	130.00	0.00	0.00	0.00	0.00	0.00	130.00
Lin Nanqi (林楠棋)	0.00	67.50	3.86	1.40	0.00	0.00	0.00	72.76
Qiu Qingfeng (邱庆丰)	0.00	67.50	3.86	1.40	0.00	0.00	0.00	72.76
Cui Ligu (崔利国)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Huo Jing (霍静)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Qin Yezhi (覃业志)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Peng Juan (彭娟)	6.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
Supervisors:								
Yu Xiaoyun (余孝云)	2.40	19.08	3.54	1.12	0.00	0.00	0.00	26.14
Peng Jinhua (彭金花)	2.40	0.00	0.00	0.00	0.00	0.00	0.00	2.40
Xing zhiwei (幸志伟)	2.40	28.88	3.44	1.05	0.00	0.00	0.00	35.77
Other senior management:								
Zhao Fengguang (赵风光)	0.00	67.50	3.86	1.40	0.00	0.00	0.00	72.76
Total	356.20	390.11	26.56	9.17	0.00	0.00	0.00	782.04

Note: Mr. Zhu Baoguo serves as the chairman of Livzon, a controlled subsidiary of the Company; and Mr. Yu Xiong and Mr. Qiu Qingfeng serve as non-executive directors of Livzon, Mr. Cui Ligu has resigned. The remuneration listed above does not include the part paid by Livzon.

Other related transactions

Applicable N/A

6. Receivables and payables with related parties

(1). Receivables from related parties

Applicable N/A

Unit: Yuan Currency: RMB

Item	Name of related parties	Balance at the End of the Period		Balance at the Beginning of the Period	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	9,288,000.00	0.00	0.00	0.00

Accounts receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	6,192,000.00	61,920.00	9,288,000.00	93,808.80
Accounts receivables	Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	100,691.84	1,006.92	180,820.75	1,844.37
Accounts receivables	Sichuan Healthy Deer Hospital Management Co., Ltd. (四川健康阿鹿医院管理有限公司) and its subsidiaries	0.00	0.00	434,422.80	87,318.98
Accounts receivables	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	529,566.82	5,295.67	0.00	0.00
Prepayments	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	211,200.00	0.00	211,200.00	0.00
Prepayments	Jiangsu One Winner Medical Technology Co., Ltd. (江苏一赢家医疗科技有限公司)	0.00	0.00	29,816.00	0.00
Prepayments	Feellife Health Inc. (深圳来福士雾化医学有限公司)	1,188,816.82	0.00	1,259,566.37	0.00
Prepayments	Jiaozuo Jinguan Jiahua Electric Power Co., Ltd. (焦作金冠嘉华电力有限公司)	42,364,698.90	0.00	65,814,779.87	0.00
Prepayments	Beijing Shuobai Pharmaceutical Technology Co., Ltd. (北京硕佰医药科技有限责任公司)	39,360.00	0.00	0.00	0.00
Other receivables	Zhuhai Sanmed Gene Diagnostics Ltd. (珠海市圣美基因检测科技有限公司)	33,413.57	334.14	0.00	0.00
Other receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	625,903.96	6,259.04	860,233.52	9,118.48
Other receivables	Zhuhai Sanmed Biotech Inc. (珠海圣美生物诊断技术有限公司)	7,446.71	569.67	2,263.89	52.75
Other receivables	Zhongshan Renhe Health Products Co., Ltd. (中山市仁和保健品有限公司)	469,895.78	469,895.78	469,895.78	469,895.78
Other receivables	Shenzhen Healthy Deer Information Technology Co., Ltd. (深圳市健康阿鹿信息科技有限公司)	0.00	0.00	4,680.00	129.99

(2). Payables to related party

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Related parties	Balance at the End of the Period	Balance at the Beginning of the Period
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Contract liabilities	Sichuan Healthy Deer Hospital Management Co., Ltd.(四川健康阿鹿医院管理有限公司) and its subsidiaries	10,711.72	255,459.93
Notes receivables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	1,490,400.00	883,200.00
Accounts payables	Guangdong Blue Treasure Pharmaceutical Co., Ltd. (广东蓝宝制药有限公司)	607,200.00	195,398.23

7. Related-party commitments

Applicable N/A

8. Others

Applicable N/A

XIII. Share-Based Payment

1. Various equity instruments

Applicable N/A

Quantity unit: 10,000 Shares Amount unit: 10,000Yuan Currency: RMB

Tye of grant recipients	Granted in the current period		Vested in the current period		Unlocked in the current period		Expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales personnel	0		456.37	9,278.09	0		780.72	
Administrative personnel	0		625.15	10,971.72	0		1,151.69	
R&D personnel	0		283.87	5,312.79	0		475.47	
Total	0		1,365.38	25,562.60	0		2,407.88	

Outstanding stock options or other equity instruments at the end of the period

Applicable N/A

Tye of grant recipients	Outstanding stock options at the end of the period		Outstanding other equity instruments at the end of the period	
	Range of exercise price	Remaining duration of the contract	Range of exercise price	Remaining duration of the contract
Managers and business leaders of the Company	RMB11.06/share	27months		
Managers and business leaders of the Livzon Group	RMB31.31/share (initial) RMB36.26/share (reserved)	29months		

Other descriptions:

(1) The Company

A. On 29 August 2022, the Company held the third extraordinary general meeting of shareholders in 2022, and reviewed and approved the "Proposal on the Company's 2022 Share

option Incentive Plan (Draft) and its Summary", Proposal on the Company's 2022 Share option Incentive Plan Implementation Appraisal Management Measures" and "Proposal on Requesting the Company's Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to Shares Incentive". The Company held the 16th meeting of the eighth board of directors on 5 September 2022, and reviewed and passed the "Proposal on First Time Granting Share options to Incentive Participants". With 5 September 2022 as the grant date, 49.45 million share options were granted to 423 incentive participants at a price of RMB11.24 per share. The date of completion and effective date of registration of share options granted is 16 September 2022.

In 2022, the share option incentive plan initially granted 32 former incentive recipients (a total of 2.37 million options) had their options revoked due to their resignation and no longer meeting the incentive conditions. Following the forfeiture, the number of share options initially granted under the Company's 2022 share option incentive plan was adjusted from 49.45 million to 47.08 million, and the number of initial incentive recipients was adjusted from 423 to 391.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period	From the first trading day 12 months after the first grant date to the last trading day within 24 months from the first grant date	40%
Second vesting period	From the first trading day 24 months after the first grant date to the last trading day within 36 months from the first grant date	30%
Third vesting period	From the first trading day 36 months after the first grant date to the last trading day within 48 months from the first grant date	30%

Company-level performance appraisal requirements: The share options granted by this incentive plan are subject to annual performance appraisal and vesting. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the first-time grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2022 shall not be less than 15%;
Second vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Third vesting period	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

The calculation of the above "net profit" and "net profit growth rate" indicators is based on the net profit attributable to shareholders of listed company after deducting non-recurring gains and losses, and excluding the impact of share-based payments in this incentive plan. If the Company fails to meet the above-mentioned performance appraisal targets, all incentive participants whose share options are exercisable in the year corresponding to the appraisal shall not be exercised and shall be canceled by the Company.

B. On 11 August 2023, the Company convened the 28th meeting of the eighth board of directors to deliberate and approve the "Proposal on Reserving Share Options for Incentive

Recipients". The grant date was set as 11 August 2023, and 5.5 million share options were granted to 149 incentive recipients at a price of RMB11.06 per share. The registration completion date and effective date for this grant of share options were 30 August 2023.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period of reserved options	From the first trading day 12 months after the grant date of reserved options to the last trading day within 24 months from the first grant date	50%
Second vesting period of reserved options	From the first trading day 24 months after the grant date of reserved options to the last trading day within 36 months from the first grant date	50%

Company-level performance appraisal requirements: The share options granted by this incentive plan are subject to annual performance appraisal and vesting. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the reserved grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period of reserved options	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Second vesting period of reserved options	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

The calculation of the above "net profit" and "net profit growth rate" indicators is based on the net profit attributable to shareholders of listed company after deducting non-recurring gains and losses, and excluding the impact of share-based payments in this incentive plan. If the Company fails to meet the above-mentioned performance appraisal targets, all incentive participants whose share options are exercisable in the year corresponding to the appraisal shall not be exercised and shall be canceled by the Company.

In view of the fact that 15 first granted incentive participants and 7 reserved granted incentive participants under the 2022 Share Options Incentive Scheme of the Company were no longer eligible as incentive participants due to resignation, retirement or other reasons, a total of 1,120,000 share options granted but not yet exercised were cancelled; meanwhile, as the Company's performance level in 2023 did not meet the performance assessment requirements at the corporate level, the Company cancelled a total of 16,314,000 share options granted to all active incentive participants for the second exercise period of the first grant portion and for the first exercise period of the reserved grant portion. A total of 17,434,000 share options were cancelled this time. The aforesaid cancellation of 17,434,000 share options has been completed on 16 May 2024.

(2) The Company's subsidiary Livzon Group

① Share options

A. On 14 October 2022, Livzon Group's 2022 Second Extraordinary Shareholders' Meeting, 2022 Second A-Share Class Shareholders' Meeting and 2022 Second H-Share Class Shareholders' Meeting reviewed and approved the "Proposal on the Company's 2022 Share option Incentive Plan (Revised Draft) and Its Summary", "Proposal on the company's 2022 Share option Incentive Plan

Implementation Appraisal Management Measures", "Proposal on submitting to the company's general meeting of shareholders to authorize the board of directors to handle matters related to the 2022 share options incentive plan". On 7 November 2022, the 39th meeting of the 10th Board of Directors of Livzon Group reviewed and approved the "Proposal on Matters Related to the First Time Grant of the 2022 Share option Incentive Plan". With 7 November 2022 as the grant date, 17,973,500 share options were granted to 1,026 incentive participants at a price of RMB31.31 per A share. The date of completion and effective date of registration of share options granted is 23 November 2022.

In 2022, the share option incentive plan initially granted share options to 25 former incentive recipients (a total of 361,000 options), which were revoked due to their resignation and no longer meeting the incentive conditions. Following the forfeiture, the number of share options initially granted under the Livzon Group's 2022 share option incentive plan was adjusted from 17.9735 million to 17.6125 million, and the number of initial incentive recipients was adjusted from 1,026 to 1,001.

As the Company failed to meet the performance targets at the Company level for the second exercise period for share options under the First Grant, 5.28375 million share options corresponding to the second exercise period for share options under the First Grant cannot be exercised and have been cancelled. As at 30 June 2024, the remaining number of share options under the First Grant was 7.1626 million.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period of stock options granted for the first time	From the first trading day 12 months after the completion of the first time grant registration to the last trading day within 24 months from the completion of the first time grant registration	40%
Second vesting period of stock options granted for the first time	From the first trading day 24 months after the completion of the first time grant registration to the last trading day within 36 months from the completion of the first time grant registration	30%
Third vesting period of stock options granted for the first time	From the first trading day 36 months after the completion of the first time grant registration to the last trading day within 48 months from the completion of the first time grant registration	30%

Livzon Group performance appraisal requirements: The stock options granted by this incentive plan are subject to annual performance appraisal and vesting during three fiscal years of the vesting period. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the first-time grant are shown in the table below:

Vesting period	Performance appraisal targets

First vesting period of stock options granted for the first time	Based on the net profit in 2021, the compound growth rate of net profit in 2022 shall not be less than 15%;
Second vesting period of stock options granted for the first time	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Third vesting period of stock options granted for the first time	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

B. On 12 October 2023, Livzon Group convened the 4th meeting of the eleventh board of directors to deliberate and approve the " Proposal on matters related to the planned reserved grant of share option incentive plan in 2022". The grant date was set as 30 October 2023, and 2.0 million share options were granted to 243 incentive recipients at a price of RMB36.26 per A share. The registration completion date and effective date for this grant of share options were 28 November 2023.

As the Company failed to meet the performance targets at the Company level for the first exercise period for share options under the Reserved Grant, 1 million share options corresponding to the first exercise period for share options under the Reserved Grant cannot be exercised and have been cancelled. As at 30 June 2024, the remaining number of share options under the Reserved Grant was 1 million.

The exercise period of the options granted this time and the exercise time schedule for each period are shown in the following table:

Vesting period	Vesting date	Vesting ratio
First vesting period of reserved options	From the first trading day 12 months after the grant date of reserved options to the last trading day within 24 months from the first grant date	50%
Second vesting period of reserved options	From the first trading day 24 months after the grant date of reserved options to the last trading day within 36 months from the first grant date	50%

Livzon Group performance appraisal requirements: The stock options granted by this incentive plan are subject to annual performance appraisal and vesting during two fiscal years of the vesting period. To achieve the performance appraisal target as the vesting condition for incentive participants, the annual performance appraisal targets for the first-time grant are shown in the table below:

Vesting period	Performance appraisal targets
First vesting period of reserved options	Based on the net profit in 2021, the compound growth rate of net profit in 2023 shall not be less than 15%;
Second vesting period of reserved options	Based on the net profit in 2021, the compound growth rate of net profit in 2024 shall not be less than 15%.

② Other Shares incentive

Pursuant to “ the Resolution on the Disposal of Certain Equity of a Holding Subsidiary and Connected Transaction” considered and approved at the 34th Meeting of the 9th Session of the

Board of Livzon Group on 8 November 2019, it was agreed that 9.5% equity interests (totally 8,382,100 shares) in Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) held by Livzon Group shall be transferred to Zhuhai Liying Investment Management Partnership (Limited Partnership) (珠海丽英投资管理合伙企业(有限合伙)) at the consideration of RMB21,122,892. Pursuant to the Assets Appraisal Report on the Valuation of the Shareholders'. According to "Assets evaluation report of all shareholders' equity value project of Zhuhai Livzon Diagnostics Inc. (珠海丽珠试剂股份有限公司) involved in the proposed transfer of equity by Livzon Pharmaceutical Group Co., Ltd.". (Huaya Zhengxin Appraisal Report [2019] No. A02-0011), the valuation of all shareholders' equity of Zhuhai Livzon Diagnostics Inc. as at 30 June 2019 was RMB647.3075 million, and the above equity transfer price was lower than its fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB40.4017 million, which should be amortized within 5 years according to the partnership agreement and share incentive expenses were recognised due to the share-based payment as a result of the change in the shareholding of the shareholders of Zhuhai Liying Investment Management Partnership (Limited Partnership).

Pursuant to "the Resolution on the Implementation of Employee Equity Incentive Scheme by a Holding Subsidiary" considered and approved at the 34th Meeting of the 9th Session of the Board of Livzon Group on 8 November 2019, the total number of shares of new issuance by Zhuhai Livzon Diagnostics Inc. for implementation of employee equity incentive scheme shall not be more than 4,643,839 shares, and the scheme participants shall contribute a total of RMB11,702,474.28 to directly subscribe for the above shares or indirectly subscribe for the such shares through the holding of the limited partnership shares of the employee shareholding platform. In December 2019, pursuant to the Capital Increase Agreement of Zhuhai Livzon Diagnostics Inc., the total shares of Zhuhai Livzon Diagnostics Inc. increased from 88,232,932 shares to 92,876,771 shares with par value of RMB1 per share. The increased number of shares were subscribed for by Zhuhai Haoxun Enterprise Management Consulting Partnership (Limited Partnership) (珠海豪汛企业管理咨询合伙企业(有限合伙)), Zhuhai Yichen Enterprise Management Consulting Partnership (Limited Partnership) (珠海熠臣企业管理咨询合伙企业(有限合伙)) and Zhuhai Qijing Enterprise Management Consulting Partnership (Limited Partnership) (海启靖企业管理咨询合伙企业(有限合伙)) at the consideration of RMB11,702,474. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB20,709,000, which should be amortized within 5 years according to the Partnership Agreement, and share incentive expenses were recognized due to the share-based payment as a result of the change in the shares/shareholding of the shareholders or employee stock ownership platform of Zhuhai Livzon Diagnostics Inc.

On 31 August 2021, the general meeting of Livzon Bio considered and approved the Equity Incentive Scheme of Zhuhai Livzon Biotechnology Co., Ltd. (珠海市丽珠医药生物科技有限公

司), granting 66,666,667 restricted shares of Livzon Biologics to incentive participants, among which 42 million shares were granted in the first batch and 24,666,667 shares were reserved. Incentive participants indirectly subscribed for the above shares through the holding of the limited partnership shares of the employee shareholding platform. The subscription price is lower than the fair value, therefore it constitutes a share-based payment. The total share-based payment of the transaction is RMB33.6 million, which should be amortized during the lock-up period according to the Equity Incentive Scheme of LivzonBio and the Grant Agreement and RMB2.24 million was amortized from January to June 2024.

2. Equity-settled share-based payments

Unit: Yuan Currency: RMB

Method in determining the fair value of equity instruments at the date of grant	Black-Scholes Model, market price
Important parameters of fair value of equity instruments on grant date	Risk-free interest rate, validity period, historical stock price volatility, dividend rate
Basis in determining the quantity of exercisable equity instruments	Determined according to exercisable conditions and estimated attrition rate
Reason for significant difference of estimation between current year and previous year	No significant differences
Accumulated amount recorded in capital reserve for equity-settled share-based payments	257,304,427.89

3. Information on cash-settled share-based payments

Applicable N/A

4. Information on share-based payments

Unit: Yuan Currency: RMB

Grant recipients	Share-based compensation expense settled in equity	Share-based compensation expense settled in cash
Middle and high-level managers and key business personnel	15,075,545.08	0.00
Total	15,075,545.08	0.00

5. Particulars on modification and termination of share-based payment

Applicable N/A

6. Others

Applicable N/A

XIV. Commitments and Contingencies

1. Significant commitments

Applicable N/A

Significant commitments to outsiders as of the balance sheet data, and their nature and amount

(1) Capital commitments

Capital commitments entered into but not recognized in the financial statements	Closing balance	Beginning balance
Commitments in relation to acquisition of long-term assets	382,342,949.85	522,447,456.93
Commitments in relation to external investment	13,000,000.00	13,000,000.00
Commitments in relation to research and development expenditures	883,047,181.34	683,619,716.31

(2) Other commitments

None.

(3) Performance of previous commitments

The Company has duly performed the capital expenditure commitments and the operating lease commitments and the other commitments as at 30 June 2024.

2. Contingencies

(1). Significant contingencies as of the balance sheet date

Applicable N/A

(2). Please also make explanations thereof if the Company has no significant contingency to be disclosed:

Applicable N/A**3. Others**Applicable N/A**XV. Events after the Balance Sheet Date****1. Significant non-adjustment events**Applicable N/A**2. Profit distribution**Applicable N/A**3. Sales returns**Applicable N/A**4. Descriptions of other events after the balance sheet date**Applicable N/A**XVI Other significant events****1. Correction of prior period accounting errors**

(1) Retroactive Restatement

Applicable N/A

(2) Future application

Applicable N/A

2. Major debt restructurings

Applicable N/A

3. Assets replacement

(1) Non-monetary assets replacement

Applicable N/A

(2) Other assets replacement

Applicable N/A

4. Annuity plans

Applicable N/A

5. Termination of operations

Applicable N/A

6.Segments

(1).Basis for determining reporting segments and accounting policies applicable to reporting segments

Applicable N/A

(2).Financial information of reporting segments

Applicable N/A

(3).Note on reasons why the Company has no reporting segments or cannot disclose the total assets and total liabilities of each reporting segmen

Applicable N/A

(4) Other descriptions:

Applicable N/A

7. Other significant transactions or events affecting investors' decisions

Applicable N/A

8. Others

Applicable N/A

XVII. Notes to the Key Components of Financial Statements item of the Parent Company**1. Notes receivables**

Category	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for bad debts	Carrying value	Book balance	Provision for bad debts	Carrying value
Bank acceptance bills	161,842,055.77	0.00	161,842,055.77	191,417,091.37	0.00	191,417,091.37
Commercial acceptance bill	0.00	0.00	0.00	0.00	0.00	0.00
Total	161,842,055.77	0.00	161,842,055.77	191,417,091.37	0.00	191,417,091.37

(1) Notes receivable pledged at the end of the period

Category	Amount pledged at the End of the Period
Bank acceptance bills	129,204,499.69

(2) Notes receivable endorsed or discounted to other parties but not yet expired at balance sheet date

Category	Amount derecognised at the End of the Period	Amount not derecognised at the End of the Period
Bank acceptance bills not yet mature but already endorsed	0.00	—
Bank acceptance bills not yet mature but already discounted	9,767,218.08	—
Total	9,767,218.08	

(3) There were no bills transferred into accounts receivables for non-performance by the issuer at the End of the Period.

(4) Classification by the method of bad debt provision

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Book balance	Provision for bad debts		Book balance		Provision for bad debts
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debt on an individual basis										
Provision for bad debt on a collective basis	161,842,055.77	100.00	0.00	0.00	161,842,055.77	191,417,091.37	100.00	0.00	0.00	191,417,091.37
Including:										
Bank acceptance bills	161,842,055.77	100.00	0.00	0.00	161,842,055.77	191,417,091.37	100.00	0.00	0.00	191,417,091.37
Total	161,842,055.77	100.00	0.00	0.00	161,842,055.77	191,417,091.37	100.00	0.00	0.00	191,417,091.37

(5) Provision for bad debt made, recovered or reversed during the Period
None

(6) There are no bills receivables actually written-off for the Period.

2. Accounts receivables

(1). Disclosure using the aging analysis method

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period	Balance at the Beginning of the Period
Within 1 year	203,967,401.25	315,521,678.52
1-2 years	4,905,081.18	2,252,749.01
2-3 years	1,195,294.39	218,363.74
3-4 years	218,363.74	1,136,271.11
4-5 years	71,501.21	125,802.16
Over 5 years	7,457,226.41	8,102,724.93
Total	217,814,868.18	327,357,589.47

(2). Classification by the method of bad debt provision

Applicable N/A

Unit: Yuan Currency: RMB

Category	Balance at the End of the Period					Balance at the Beginning of the Period				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Expected credit loss rate (%)		Amount	Percentage (%)	Amount	Expected credit loss rate (%)	
Provision for bad debts on individual basis	771,300.68	0.35	771,300.68	100.00	0.00	771,300.68	0.24	771,300.68	100.00	0.00
Including:										
Receivables from domestic customers	771,300.68	0.35	771,300.68	100.00	0.00	771,300.68	0.24	771,300.68	100.00	0.00
Provision for bad debts on portfolio basis	217,043,567.50	99.65	10,687,622.95	4.92	206,355,944.55	326,586,288.79	99.76	11,407,005.81	3.49	315,179,282.98
Including:										
Receivables from domestic customers	217,043,567.50	99.65	10,687,622.95	4.92	206,355,944.55	326,586,288.79	99.76	11,407,005.81	3.49	315,179,282.98
Total	217,814,868.18	100.00	11,458,923.63	5.26	206,355,944.55	327,357,589.47	100.00	12,178,306.49	3.72	315,179,282.98

Provision for bad debts on individual item:

√Applicable □N/A

Unit: Yuan Currency: RMB

Name	Balance at the End of the Period			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason for provision made
Purchase of goods	771,300.68	771,300.68	100.00	Not expected to be recoverable
Total	771,300.68	771,300.68	100.00	/

Statements of provision for bad debt on individual basis:

□Applicable √N/A

Provision for bad debts on portfolio basis:

√Applicable □N/A

Item on portfolio basis: Due from domestic customers

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period		
	Accounts receivables	Provision for bad debts	Carrying Value (%)
Within 1 year	203,196,100.57	2,460,171.32	1.21
1-2 years (inclusive of 2 years)	4,905,081.18	245,254.06	5.00
2-3 years (inclusive of 3 years)	1,195,294.39	358,588.32	30.00
3-4 years (inclusive of 4 years)	218,363.74	109,181.87	50.00
4-5 years (inclusive of 5 years)	71,501.21	57,200.97	80.00
Over 5 years	7,457,226.41	7,457,226.41	100.00
Total	217,043,567.50	10,687,622.95	4.92

Standards of provision for bad debts made by portfolio and descriptions thereof:

□Applicable √N/A

The provision for bad debts is made in accordance with the general model of expected credit losses

□Applicable √N/A

Descriptions of significant changes in the carrying amount of accounts receivable for which a change in the allowance for losses occurred during the period:

□Applicable √N/A

(3). Provision for bad debts

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the Beginning of the Period	Changes for the current period				Balance at the End of the Period
		Provision	Recovery or reversal	Removal/write-off	Other changes	

Accounts receivables	12,178,306.49	-719,382.86	0.00	0.00	0.00	11,458,923.63
Total	12,178,306.49	-719,382.86	0.00	0.00	0.00	11,458,923.63

Significant recovery or reversal of bad debt provision for the current period:

Applicable N/A

Other descriptions:

As at 30 June 2024 and 31 December 2023, the Company had no accounts receivables that are past due but not impaired.

(4). Accounts receivable actually written off for the current period

Applicable N/A

(5). The top five balances of accounts receivable by debtors as at the End of the Period

Applicable N/A

Unit: Yuan Currency: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of closing balance of total accounts receivable and contract assets (%)	Closing balance of provision for bad debts
1	11,749,750.80	0.00	11,749,750.80	5.39	117,497.51
2	10,133,799.66	0.00	10,133,799.66	4.65	101,338.00
3	7,630,886.38	0.00	7,630,886.38	3.50	76,308.86
4	6,410,506.15	0.00	6,410,506.15	2.94	64,105.06
5	6,351,967.01	0.00	6,351,967.01	2.92	63,519.67
Total	42,276,910.00	0.00	42,276,910.00	19.41	422,769.10

Other descriptions:

The total amount of the top five debtors in closing balance is RMB42,276,910.00, accounting for 19.41% of the total amount of closing balance of accounts receivable, and the corresponding closing balance of provision for bad debts is total RMB422,769.10.

3. Other receivables

Line items

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Dividends receivable	519,999,500.00	519,999,500.00
Other receivables	167,016,587.52	166,368,334.30
Total	687,016,087.52	686,367,834.30

Other descriptions:

Applicable N/A

Dividends receivable

(1). Dividends receivable

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Topsino	499,999,500.00	499,999,500.00
Fenglei Electric Power	20,000,000.00	20,000,000.00
Total	519,999,500.00	519,999,500.00

(2) Significant dividends receivable with an age of more than one year

Applicable N/A

(3) Disclosure by nature of the amount

Applicable N/A

(4) Provision for bad debts based on the general model of expected credit losses

Applicable N/A

(5) Provision for bad debts

Applicable N/A

(6) Actual written-off of dividends receivable at the End of the Period

Applicable N/A

Other receivables

(1).Disclosure by aging

Applicable N/A

Unit: Yuan Currency: RMB

Aging	Balance at the End of the Period	Balance at the Beginning of the Period
Subtotal within 1 year	166,800,135.48	165,941,822.03
1-2 years	732,166.33	195,161.27
2-3 years	46,000.00	276,497.86
3-4 years	168,845.48	147,742.10
4-5 years	92,586.44	201,676.00
Over 5 years	17,790,259.60	18,223,163.69
Total	185,629,993.33	184,986,062.95

(2).Disclosure by nature of the amount

Applicable N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period	Balance at the Beginning of the Period
Other receivables of each company within the scope of combination	163,237,300.95	162,423,627.30
Treasury bonds and security deposits	16,954,735.37	16,954,735.37
External entities balances	0.00	2,021,697.55
Security deposits	868,514.70	886,662.78
Amounts of exercised options	419,284.60	597,240.00
Others	4,150,157.71	2,102,099.95
Total	185,629,993.33	184,986,062.95

(3).Provision made for bad debts

√Applicable □N/A

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit losses over the lifetime (without impairment of credit)	Expected credit losses over the lifetime (with impairment of credit)	
Balance at the Beginning of the Period	0.00	1,662,993.28	16,954,735.37	18,617,728.65
Movement of beginning balance during the period				
-- Transferred to Second stage	0.00	0.00	0.00	0.00
-- Transferred to third stage	0.00	0.00	0.00	0.00
-- Reversed to second stage	0.00	0.00	0.00	0.00
-- Reversed to first stage	0.00	0.00	0.00	0.00
Provisions made for the Period	0.00	-4,322.84	0.00	-4,322.84
Reversals for the Period	0.00	0.00	0.00	0.00
Write-off for the Period	0.00	0.00	0.00	0.00
Settlement for the Period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Balance at the End of the Period	0.00	1,658,670.44	16,954,735.37	18,613,405.81

Basis of classification of stages and percentage of provision for bad debts

As at the End of the Period, provision for bad debts in first stage:

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	419,284.60	0.00	0.00	419,284.60	
Amounts of exercised options	419,284.60	0.00	0.00	419,284.60	Expected to be recoverable
Provision for bad debt on portfolio basis	163,237,300.95	0.00	0.00	163,237,300.95	

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Other receivables of each company within the scope of combination	163,237,300.95	0.00	0.00	163,237,300.95	Expected to be recoverable
Total	163,656,585.55	0.00	0.00	163,656,585.55	

As at the End of the Period, provision for bad debts in second stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item					
Provision for bad debt on portfolio basis	5,018,672.41	33.05	1,658,670.44	3,360,001.97	
Receivables of security deposits	868,514.70	32.43	281,624.17	586,890.53	
Other receivables	4,150,157.71	33.18	1,377,046.27	2,773,111.44	
Total	5,018,672.41	33.05	1,658,670.44	3,360,001.97	

As at the End of the Period, provision for bad debts in third stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	16,954,735.37	100.00	16,954,735.37	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Likelihood of recovery is expected to be low
Provision for bad debt on portfolio basis	0.00	0.00	0.00	0.00	
Total	16,954,735.37	100.00	16,954,735.37	0.00	

As at 31 December 2023, provision made for bad debts:

As at 31 December 2023, provision for bad debts in first stage:

Category	Book balance	Expected credit losses rate over the next 12 months (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on individual item	597,240.00	0.00	0.00	597,240.00	
Amounts of exercised options	597,240.00	0.00	0.00	597,240.00	
Provision for bad debt on portfolio basis	162,423,627.30	0.00	0.00	162,423,627.30	
Other receivables of each company within the scope of combination	162,423,627.30	0.00	0.00	162,423,627.30	Expected to be recovered
Total	163,020,867.30	0.00	0.00	163,020,867.30	

As at 31 December 2023, provision for bad debts in second stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
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Provision for bad debt on an individual basis	0.00	0.00	0.00	0.00	
Provision for bad debt on a collective basis	5,010,460.28	33.19	1,662,993.28	3,347,467.00	
Receivable deposits and deposits and rental fees	886,662.78	32.56	288,715.23	597,947.55	
Other receivables	4,123,797.50	33.33	1,374,278.05	2,749,519.45	
Total	5,010,460.28	33.19	1,662,993.28	3,347,467.00	

As at 31 December 2023, provision for bad debts in the third stage:

Category	Book balance	Expected credit losses rate over the lifetime (%)	Provision for bad debts	Carrying value	Reason
Provision for bad debt on an individual basis	16,954,735.37	100.00	16,954,735.37	0.00	
Treasury bonds and security deposits	16,954,735.37	100.00	16,954,735.37	0.00	Likelihood of recovery is expected to be low
Provision for bad debt on a collective basis	0.00	0.00	0.00	0.00	--
Total	16,954,735.37	100.00	16,954,735.37	0.00	

Descriptions of the significant changes in the gross carrying amount of other receivables for which the changes in loss allowance occur for the current period:

Applicable N/A

Provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments have increased significantly:

Applicable N/A

(4) Provision for bad debts

Applicable N/A

Of which, a significant amount of the provision for bad debts was reversed or recovered during the Period:

Applicable N/A

(5). Actual written-off of other receivables at the End of the Period

Applicable N/A

(6) Other receivables due from the top five debtors at the End of the Period

Applicable N/A

Unit: Yuan Currency: RMB

Name of entity	Nature of receivables	Balance at the End of the Period	Ageing	Proportion to total other receivables at the End of the Period (%)	Balance of provision for bad debts at the End of the Period
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Shenzhen Fenglei Electric Power Investment Co., Ltd. (深圳市风雷电力投资有限公司)	Other receivables of each company within the scope of combination	129,956,104.29	Within one year, 3-4 years	70.01	0.00
Joincare (Guangdong) Special medicine Food Co., Ltd. (健康元(广东)特医食品有限公司)	Other receivables of each company within the scope of combination	20,078,608.49	2-4 years	10.82	0.00
Hua Xia Securities Co., Ltd. (华夏证券股份有限公司)	Treasury bonds and security deposits	16,954,735.37	Over 5 years	9.13	16,954,735.37
Xinxiang Haibin Pharmaceutical Co., Ltd. (新乡海滨药业有限公司)	Other receivables of each company within the scope of combination	7,216,565.02	Within 1 years	3.89	0.00
Shanghai Frontier Health Pharmaceutical Technology Co., Ltd. (上海方予健康医药科技有限公司)	Other receivables of each company within the scope of combination	5,502,098.01	Within 2 years	2.96	0.00
Total	/	179,708,111.18	/	96.81	16,954,735.37

(7). Other receivables derecognised due to centralized management of funds

□Applicable √N/A

Other descriptions:

□Applicable √N/A

4. Long-term equity investments

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Balance at the End of the Period			Balance at the Beginning of the Period		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Investments in subsidiaries	3,676,678,312.11	7,010,047.91	3,669,668,264.20	3,676,678,312.11	7,010,047.91	3,669,668,264.20
Investments in associates and joint ventures	79,129,168.10	0.00	79,129,168.10	78,827,454.82	0.00	78,827,454.82
Total	3,755,807,480.21	7,010,047.91	3,748,797,432.30	3,755,505,766.93	7,010,047.91	3,748,495,719.02

(1). Investments in subsidiaries

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Period	Increase during the Period	Decrease during the Period	Balance at the End of the Period	Provision for impairment for the Period	Balance of provision for impairment at the End of the Period
Livzon	608,741,654.08	0.00	0.00	608,741,654.08	0.00	0.00
Haibin Pharma	783,054,186.38	0.00	0.00	783,054,186.38	0.00	0.00

Joincare Daily-Use	24,116,498.56	0.00	0.00	24,116,498.56	0.00	1,610,047.91
Topsino	813,552,689.31	0.00	0.00	813,552,689.31	0.00	0.00
Taitai Genomics	37,500,000.00	0.00	0.00	37,500,000.00	0.00	0.00
Taitai Pharmaceutical	105,939,709.72	0.00	0.00	105,939,709.72	0.00	0.00
Shenzhen Hiyeah	170,100,000.00	0.00	0.00	170,100,000.00	0.00	5,400,000.00
Fenglei Electric Power	100,763,433.06	0.00	0.00	100,763,433.06	0.00	0.00
Jiaozuo Joincare	525,000,000.00	0.00	0.00	525,000,000.00	0.00	0.00
Shanghai Frontier	32,500,000.00	0.00	0.00	32,500,000.00	0.00	0.00
Taitai Biological	4,832,950.00	0.00	0.00	4,832,950.00	0.00	0.00
Joincare Haibin	100,000,000.00	0.00	0.00	100,000,000.00	0.00	0.00
Joincare Special medicine Food	3,000,000.00	0.00	0.00	3,000,000.00	0.00	0.00
Livzon Biotechnology	294,037,191.00	0.00	0.00	294,037,191.00	0.00	0.00
Lijian (Guangdong) Animal Health Co., Ltd.	73,500,000.00	0.00	0.00	73,500,000.00	0.00	0.00
Wuhan Kangli Health Investment Management Co., Ltd.	40,000.00	0.00	0.00	40,000.00	0.00	0.00
Total	3,676,678,312.11	0.00	0.00	3,676,678,312.11	0.00	7,010,047.91

(2) Investment in associates and joint ventures

√Applicable □N/A

Unit: Yuan Currency: RMB

Investee	Balance at the Beginning of the Period	Change during the Period								Balance at the End of the Period	Balance of provision for impairment at the End of the Period
		Increased investment	Decreased investment	Investment profit and loss under the equity method	Adjustment in other comprehensive income	Other equity changes	Cash dividend or profit distribution declared	Provision for Impairment	Others		
II Associates											
Ningbo Ningrong Biomedical Co., Ltd. (宁波宁融生物医药有限公司)	27,785,384.63	0.00	0.00	-114,311.19	0.00	0.00	0.00	0.00	0.00	27,671,073.44	0.00
Feellife Health Inc. (深圳来福士雾化医学有限公司)	11,416,182.59	0.00	0.00	-791,167.79	0.00	52,177.59	0.00	0.00	0.00	10,677,192.39	0.00
Jiangsu Baining Yingchuang Medical Technology Co., Ltd. (江苏)	30,097,462.89	0.00	0.00	1,256,104.04	0.00	0.00	0.00	0.00	0.00	31,353,566.93	0.00

百宁盈创医疗科技有限公司)											
Shanghai Sheo Pharmaceutical Technology Co., Ltd. (上海偕怡医药科技有限公司)	9,528,424.71	0.00	0.00	-101,089.37	0.00	0.00	0.00	0.00	0.00	9,427,335.34	0.00
Subtotal	78,827,454.82	0.00	0.00	249,535.69	0.00	52,177.59	0.00	0.00	0.00	79,129,168.10	0.00
Total	78,827,454.82	0.00	0.00	249,535.69	0.00	52,177.59	0.00	0.00	0.00	79,129,168.10	0.00

(3) Impairment testing of long-term equity investments

Applicable N/A

Other descriptions:

Applicable N/A

5. Operating income and operating cost

(1) Operating income and operating cost

Applicable N/A

Unit: Yuan Currency: RMB

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Principal activities	961,415,921.07	568,495,093.42	1,077,437,728.28	554,833,929.81
Other activities	12,499,902.79	7,680,249.90	12,095,953.20	7,540,550.84
Total	973,915,823.86	576,175,343.32	1,089,533,681.48	562,374,480.65

(2). Descriptions of operating income and operating cost

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Segregation by products				
Chemical pharmaceuticals	796,972,609.10	488,029,412.76	965,727,948.21	492,012,624.44
Traditional Chinese medicine	33,650,115.39	12,962,049.38	31,093,955.39	18,301,781.00
Health care products	130,793,196.58	67,503,631.28	80,615,824.68	44,519,524.37
Segregation by operating location				
Domestic	961,104,940.74	568,398,928.40	1,077,437,728.28	554,833,929.81
Overseas	310,980.33	96,165.02	0.00	0.00
Total	961,415,921.07	568,495,093.42	1,077,437,728.28	554,833,929.81

Other descriptions

Applicable N/A

Segregation by timing of revenue recognition

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost

Commodities (transferred at a point in time)	961,415,921.07	568,495,093.42	1,077,437,728.28	554,833,929.81
Total	961,415,921.07	568,495,093.42	1,077,437,728.28	554,833,929.81

Disaggregate information of other operations

Item	For the Period		For the Previous Period	
	Revenue	Cost	Revenue	Cost
Rental fees	4,151,769.93	484,596.92	4,513,807.00	583,020.25
Technical services	2,035,973.59	556,932.22	0.00	0.00
Others	6,312,159.27	6,638,720.76	7,582,146.20	6,957,530.59
Total	12,499,902.79	7,680,249.90	12,095,953.20	7,540,550.84

6. Investment income

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	For the Period	For the Previous Period
Long-term equity investments income under cost method	322,222,209.30	381,892,988.80
Long-term equity investments income under equity method	249,535.69	-562,949.79
Investment income from disposal of long-term equity investments	0.00	0.00
Dividend income from other equity instrument investments	0.00	0.00
Total	322,471,744.99	381,330,039.01

7. Others

□Applicable √N/A

XVIII Supporting Information**1. Statement of non-recurring profit or loss**

√Applicable □N/A

Unit: Yuan Currency: RMB

Item	Amount
Gain or loss on disposal of non-current assets (including the reversal of previously recognized asset impairment provisions).	-76,440.36
Government grants recognized in profit or loss for the current period (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable polices and standards of the country).	52,320,967.15
Excluding effective hedging activities related to the company's ordinary operating business, this refers to gains and losses arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as gains and losses from the disposal of financial assets and financial liabilities.	-16,773,332.93
Other non-operating income and expenditure apart from the above items	-4,889,284.44

Less: Income tax effect	5,813,752.50
Effect of minority interests (after tax)	10,250,259.77
Non-recurring items attributable to the shareholders of the Company	14,517,897.15

For the items not listed in the “Explanatory Announcement No.1 for Public Company Information Disclosures-Extraordinary Gains or Losses” that the company identifies as non-recurring gains and losses, especially those with significant amounts, as well as the extraordinary gain or loss items as illustrated in the “Explanatory Announcement No.1 for Public Company Information Disclosures-Extraordinary Gains or Losses” which has been defined as its recurring gain or loss items, the reasons for such classification should be explained.

Applicable N/A

Other descriptions

Applicable N/A

2. Rate of return on net assets and earnings per share

Applicable N/A

Profit for the Reporting Period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net loss attributable to the Company's ordinary shareholders	5.50	0.4158	0.4154
Net profit attributable to the parent company's shareholders, excluding non-recurring profit or loss	5.39	0.4080	0.4076

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

Applicable N/A

4. Others

Applicable N/A

Chairman: Zhu Baoguo

Date of Submission Approved by the Board: 23August, 2024

Revised information

Applicable N/A